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31st March 2016

Mr Paul Bwiso

Chief Executive Officer
Uganda Securities Exchange
PO Box 23552, Kampala,

UGANDA

Dear

Paul Bwiso,

REF: KENYA AIRWAYS - STAFF RATIONALISATION EXERCISE

Last year we embarked on a turnaround program "Operation Pride" to improve our profitability, revisit our operating model and network, and seek a long term sustainable financial structure for our business. In the last few months, we have taken some hard decisions on the aircraft we fly as well as making substantial changes on other aspects of our business.

Operation Pride will deliver over USD 200 million of value, half of which focuses on decrease of costs and the other half on revenues. We are on track with our plan, having successfully implemented some of the initiatives such as the sale and sublease of aircrafts, the reduction of waste in catering, and renegotiation of some contracts. So as to achieve these targets, the Board has, after re-evaluating the various options, come to the painful decision that part of the required overhead savings will be derived from a decrease in staff headcount.

In light of the foregoing, we will embark on a restructuring process that will result in approximately 600 (six hundred) members of staff being declared redundant or redeployed elsewhere should their terms of service allow it. The exercise will affect various departments and all cadres of staff. These measures are among the many that we are undertaking and account for less than 10% of the overall turnaround plan.

Needless to say, the redundancy process will be in full compliance with labour laws, Collective Bargaining Agreements and individual staff members' contracts as appropriate. We intend to conclude the rationalization by the beginning of May 2016, which will cover unionisable and non-unionised members of staff.

The decision communicated above was not made lightly. I have recognised all employees for their tremendous resilience and commitment in serving our guests in challenging times for the

company. I am confident that with the support of all staff, unions, shareholders, creditors, financiers and all other stakeholders, Operation Pride will bring back the airline's long term profitability and reconfirm our position as the Pride of Africa.

Please be advised accordingly, whilst thanking you I remain.

Yours faithfully,


Mbuvi Ngunze
GROUP MANAGING DIRECTOR & CEO