



KfW
Frankfurt/Main
Federal Republic of Germany

NOK 500,000,000 4.375% Bonds due May 25, 2021

to be consolidated and form a single Series
with the outstanding NOK 500,000,000 4.375% Bonds due May 25, 2021 issued on January 19, 2011

	Issue Price	Aggregate Principal Amount
Tranche B Bonds	110.09%	NOK 500,000,000

KfW (the "**Issuer**") will issue on September 5, 2012 (the "**Issue Date**") fixed rate bonds (the "**Bonds**") in an aggregate principal amount of NOK 500,000,000 in one tranche (the "**Tranche B Bonds**") at an issue price of 110.09% of their aggregate principal amount plus accrued interest of NOK 6,172,945.21.

The Bonds will bear interest from (and including) May 25, 2012 to (but excluding) May 25, 2021 (the "**Maturity Date**") at a fixed rate of 4.375% per annum. Interest will be payable on the Bonds annually in arrear in Norwegian Kroner on May 25 in each year (subject to adjustment as specified herein for non-Payment Business Days) (each, an "**Interest Payment Date**"), commencing on May 25, 2013. See "TERMS AND CONDITIONS OF THE BONDS – Interest; Payments". The Bonds are expected to be redeemed in full on the Maturity Date (subject to adjustment as specified herein for non-Payment Business Days). See "TERMS AND CONDITIONS OF THE BONDS – Redemption; Payments".

The Manager will purchase the Bonds from the Issuer on the Issue Date. The Manager will offer Bonds, from time to time, in negotiated transactions or otherwise at varying prices to be determined at the time of the sale.

Application has been made to the Luxembourg Stock Exchange for the admission of the Bonds to listing on the official list and to trading on the regulated market (within the meaning of the Markets in Financial Instruments Directive 2004/39/EC) of the Luxembourg Stock Exchange.

Manager
Nordea
Markets

The date of this Simplified Prospectus is September 5, 2012.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND UNLESS SO REGISTERED MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE BONDS ARE BEING OFFERED AND SOLD ONLY TO PERSONS (OTHER THAN U.S. PERSONS) OUTSIDE THE UNITED STATES PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "SUBSCRIPTION AND SALE" BELOW.

The Bonds are governed by the laws of the Kingdom of Norway ("**Norway**").

The Bonds will be issued in the form of dematerialised bonds registered in, and held through, Verdipapirsentralen ASA (the "**VPS**"). VPS is the Norwegian paperless centralised securities registry. It is a computerised book-entry system in which the ownership of, and all transactions relating to, registered securities must be recorded. All transactions relating to securities registered with VPS are made through computerised book entries. VPS confirms each entry by sending a transcript to the registered holder irrespective of any beneficial ownership. To effect such entries, the individual holder of securities must establish a securities account with an account agent. Norwegian banks, the Bank of Norway, authorised securities brokers in Norway and credit institutions and authorised securities brokers with its head office in another EEA state and which are subject to supervision in their home state are allowed to act as account agents. It is also possible to register a holding of securities through a nominee approved by the Financial Supervisory Authority of Norway. The entry of a transaction in VPS is prima facie evidence in determining the legal rights of parties as against the issuing entity or a third party claiming an interest in the given security. VPS is liable for any economic loss resulting from an error in connection with its registration activities unless the error is caused by matters outside the control of the VPS and which the VPS could not reasonably be expected to avoid or overcome. The VPS's liability is as a main rule limited to NOK 500,000,000 for each error. The VPS is only liable for indirect economic loss to the extent such indirect economic loss is a result of wilful misconduct or gross negligence on the part of the VPS. In cases of wilful misconduct or gross negligence on the part of VPS, the above-mentioned liability cap does not apply. The courts may reduce or set aside VPS's liability if the person making the claim has wilfully or negligently contributed to the loss.

The Bonds may be transferred in book-entry form only. The Bonds will be issued in a denomination of NOK 500,000.

Clearing through Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear SA/NV ("**Euroclear**"), each an international central securities depository (together the "**ICSDs**"), will also be possible upon issue of the Bonds.

In this Simplified Prospectus references to "**NOK**" or "**Norwegian Kroner**" or "**Kroner**" or "**Kr**" are to the currency of Norway and references to "**euro**" or "**EUR**" or "**€**" are to the single unified currency of the members of the European Union that have adopted the euro in accordance with the Treaty on European Union, as amended.

[THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK.]

TABLE OF CONTENTS

Page

This Prospectus.....	6
Responsibility Statement.....	6
Notice	6
Investment Considerations	7
Summary	8
Terms and Conditions of the Bonds	10
KfW.....	14
Use of Proceeds	18
Taxation.....	19
Clearing and Settlement	23
Subscription and Sale.....	24
Selling Restrictions	24
General Information.....	27

[THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK.]

THIS PROSPECTUS

This prospectus (hereinafter, the "**Prospectus**") has been drawn up in order to permit the admission of the Bonds to listing on the official list and to trading on the regulated market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**"). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (the "**Regulated Market**").

This Prospectus fulfils the requirements for a simplified prospectus pursuant to Chapter 2 of Part III of the *Loi relative aux prospectus pour valeurs mobilières* (the "**Luxembourg Prospectus Act**") and application has been made to the Luxembourg Stock Exchange for the approval of this Prospectus. It does not constitute a prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"), as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010, nor does it constitute a prospectus pursuant to Part II of the Luxembourg Prospectus Act transforming the Prospectus Directive into law in Luxembourg. Accordingly, this Prospectus does not purport to meet the format and the disclosure requirements of the Prospectus Directive and Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Directive. The Bonds will therefore not qualify for the benefit of the single European passport pursuant to the Prospectus Directive.

RESPONSIBILITY STATEMENT

KfW with its registered office at Palmengartenstraße 5-9, 60325 Frankfurt am Main, Federal Republic of Germany, accepts responsibility for the contents of this Prospectus and has taken all reasonable care to ensure that the facts stated therein are true and accurate and that no material facts have been omitted.

NOTICE

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue and sale of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Manager (the "**Manager**") named on the cover page of this Prospectus.

Neither the delivery of this Prospectus nor any offering, sale or delivery of any Bonds shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer which is material in the context of the issue and offering of the Bonds since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented or (iii) that any other information supplied in connection with the issue of the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the extent permitted by the laws of any relevant jurisdiction the Manager accepts no responsibility for the accuracy and completeness of the information contained in this Prospectus. This Prospectus does not constitute an offer or an invitation by the Issuer or by the Manager to subscribe for or purchase any of the Bonds. Neither this Prospectus nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer or the Manager to a recipient hereof and thereof that such recipient should purchase any Bonds. This Prospectus may not be used for or in connection with any offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is unlawful or unauthorised.

No action has been taken by the Issuer or the Manager other than as set out in this Prospectus that would permit a public offering of the Bonds, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any offering circular, prospectus, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Manager has represented that all offers and sales by it have been made on such terms.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus (or of any part thereof) and the offer, sale and delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. In

particular, the Bonds represent obligations of the Issuer only, and do not represent obligations of the Manager or any of its respective affiliates or any affiliate of the Issuer or any other third person or entity.

For a further description of certain restrictions on offerings and sales of the Bonds and distribution of this Prospectus (or of any part thereof) see "SELLING RESTRICTIONS".

In connection with the issue and distribution of the Bonds, the Manager, or any person acting for it, may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Manager or any person acting for it will undertake such action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the Bonds and 60 calendar days after the date of the allotment of the Bonds. In doing so, the Manager or any person acting for it shall act as principal and not as agent of the Issuer. Any stabilisation action or over-allotment must be conducted by the Manager or any person acting for it in accordance with all applicable laws and rules.

INVESTMENT CONSIDERATIONS

Each person contemplating making an investment in the Bonds (each a "**Potential Investor**") must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment, either alone or with the help of a financial adviser. In particular, each Potential Investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds, including where the currency for principal or interest payments is different from the currency in which the Potential Investor undertakes its principal financial activities;
- (iv) understand thoroughly the terms and conditions of the Bonds and be familiar with the behaviour of financial markets and of any financial variable which might have an impact on the return on the Bonds (e.g. interest rates, currencies, or any indices);
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) be aware that there is no assurance that a liquid secondary market for the Bonds develops or, if it so develops, that it will continue to exist until maturity of the Bonds and that it might not be able to sell the Bonds at any time at fair market prices if no liquid secondary market for the Bonds develops or if it ceases to exist prior to maturity of the Bonds.

Prospective purchasers should also consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Bonds. Under certain circumstances, the Issuer or any other non-United States financial institution through which payments under the Bonds are made may be required to withhold U.S. tax in respect of Bonds issued after January 1, 2013 pursuant to the foreign account provisions of the U.S. Foreign Account Tax Compliance Act of 2010 (FATCA) for more information, see "TAXATION".

SUMMARY

The following summary should be read as an introduction to this Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus. Any decision by an investor to invest in the Bonds should be based on consideration of this Prospectus as a whole.

Expressions defined in the Terms and Conditions of the Bonds (see below "TERMS AND CONDITIONS OF THE BONDS") shall have the same meaning in the following summary.

Summary regarding the Bonds

Issuer	KfW
Guarantee	The Federal Republic of Germany guarantees the servicing of the Bonds under Article 1a of the Law Concerning KfW (<i>Gesetz über die Kreditanstalt für Wiederaufbau</i> , or the " KfW Law ").
Aggregate Principal Amount	NOK 500,000,000
Principal Amounts of single Tranche	Tranche B: NOK 500,000,000;
Manager	Nordea Bank Danmark A/S
Fiscal Agent	Danske Bank A/S 2-12 Holmens Kanal 1092 København K Denmark Attn. Corporate Actions
German Paying Agent	Deutsche Bank Aktiengesellschaft Große Gallusstraße 10-14 60272 Frankfurt am Main Federal Republic of Germany
Luxembourg Paying and Listing Agent	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer 1115 Luxembourg Luxembourg
Issue Price	Tranche B: 110.09%
Issue Date	September 5, 2012
Maturity Date	May 25, 2021 (or if such day is not a Payment Business Day, the next succeeding day which is a Payment Business Day)
Denomination	The Bonds are issued in a denomination of NOK 500,000 each.
Method of Issue	The Bonds are issued in tranches (each a " Tranche ") consisting of Bonds which are identical in all respects. One or more Tranches, which are expressed to be consolidated and form a single series and are identical in all respects, but having different issue dates, interest commencement dates, issue prices and/or dates for first interest payments, may form a series (" Series ") of Bonds. Further Bonds may be issued as part of existing Series.

Form and Clearing	<p>The Bonds are issued in the form of dematerialised bonds registered in Verdipapirsentralen ASA (the "VPS").</p> <p>The Bonds are held through VPS, which is the Norwegian paperless centralised securities registry. It is a computerised book-entry system in which the ownership of, and all transactions relating to, registered securities must be recorded. All transactions relating to securities registered with VPS are made through computerised book entries. The Bonds will be created and held in uncertificated book entry form in accounts with VPS and title to the Bonds will be evidenced by book entry interests in accordance with the provisions of applicable legislation and regulations for the VPS as subsequently amended and supplemented and no physical document of title will be issued in respect of the Bonds.</p> <p>Clearing through the ICSDs CBL and Euroclear will also be possible upon issue of the Bonds.</p>
Clearing Codes	The Bonds have been assigned an ISIN of NO 0010598469, a German Security Code of A1H3FA and a Common Code of 057837721.
Interest	<p>The Bonds bear interest at a fixed rate of 4.375% per annum.</p> <p>Interest shall be payable in arrear on each Interest Payment Date. The first payment of interest will be made on May 25, 2013.</p>
Accrued Interest	NOK 6,172,945.21 for the period from (and including) May 25, 2012 to (but excluding) September 5, 2012.
Yield	The reoffer yield is calculated on the basis of the issue price of the Bonds and amounts to 3.038% per annum in the case of the Tranche B Bonds.
Interest Payment Dates	On May 25 of each year (or if any such day is not a Payment Business Day, the next succeeding day which is a Payment Business Day).
Status of Bonds	The obligations under the Bonds constitute unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer.
Taxation	<p>All payments by the Issuer in respect of the Bonds will be made with deduction of taxes and other duties, if such deduction is required by law.</p> <p>There will be no call option for tax reasons.</p>
Redemption	Unless previously redeemed in whole or in part or purchased and cancelled, the Bonds shall be redeemed at their outstanding principal amount on the Maturity Date.
Events of Default	None
Negative Pledge	None
Listing and admission to trading	Application has been made for the admission of Bonds to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange.
Governing Law	The Bonds are governed by Norwegian law.
Jurisdiction	The legal venue for any disputes arising from the Terms and Conditions of the Bonds is Oslo Tingrett.
Selling Restrictions	Subject to certain exceptions, the Bonds are not being offered, sold or delivered within the United States or to U.S. persons. For a description of these and other restrictions on sale and transfer see "SELLING RESTRICTIONS".
Use of Proceeds	<p>The net proceeds from the issuance of the Bonds (after deducting fees and expenses) will amount to</p> <p>Tranche B: NOK 550,450,000 (excluding accrued interest)</p> <p>and will be used for general corporate purposes of the Issuer.</p>

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the terms and conditions (the "**Terms and Conditions**") applicable to the **NOK 500,000,000 4.375% Bonds due May 25, 2021** to be consolidated and form a single Series with the outstanding NOK 500,000,000 4.375 % Bonds due May 25, 2021 issued on January 19, 2011. In the case of any overlap or inconsistency in the definition of a term or expression in the Terms and Conditions and elsewhere in this Prospectus, the definition in the Terms and Conditions will prevail.

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* These Bonds (the "**Bonds**") of KfW (the "**Issuer**") are being issued in Norwegian Kroner (NOK) (the "**Specified Currency**") in the aggregate principal amount of NOK 500,000,000 (in words: NOK five hundred million) (the "**Aggregate Principal Amount**") in the denomination of NOK 500,000 (the "**Specified Denomination**"). The Aggregate Principal Amount may be increased by the Issuer.

(2) *Identification; Terms and Conditions.* The Bonds have been assigned an ISIN number of NO 0010598469, a German Security Code of A1H3FA and a Common Code of 057837721. These Terms and Conditions govern the Bonds.

(3) *Form.* The Bonds are being issued in the form of dematerialised bonds registered in Verdipapirsentralen ASA, (the "**VPS**").

(4) *Clearing System.* The Bonds are held through VPS, which is the Norwegian paperless centralised securities registry. It is a computerised book-entry system in which the ownership of, and all transactions relating to, registered securities must be recorded. All transactions relating to securities registered with VPS are made through computerised book entries. The Bonds will be created and held in uncertificated book entry form in accounts with VPS and title to the Bonds will be evidenced by book entry interests in accordance with the provisions of applicable legislation and regulations for the VPS as subsequently amended and supplemented and no physical document of title will be issued in respect of the Bonds. Norwegian laws, regulations and operating procedures applicable to and/or issued by VPS are referred to as "**VPS-Rules**".

The Bonds will also be eligible with the international central securities depositories ("**ICSDs**"). ICSDs mean Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear SA/NV ("**Euroclear**").

(5) *Holder of Bonds.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Bonds.

(6) *Registered Holder of Bonds.* "**Registered Holder**" means any holder of a securities account with the VPS (including nominee securities accounts) on which any Bonds are registered.

(7) *Business Day.* In these Conditions, "**Business Day**" means any day (other than a Saturday or a Sunday) on which VPS as well as the Trans-European Automated Real-time Gross Settlement Express Transfer System ("**TARGET**") are open and commercial banks and foreign exchange markets are open for general business and settle payments in Oslo.

§ 2

STATUS

The obligations under the Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

§ 3

INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Bonds shall bear interest on the outstanding Aggregate Principal Amount at the rate of 4.375% per annum from (and including) May 25, 2012 to (but excluding) the Maturity Date (as defined in § 4(1)). Interest shall be payable in arrear on May 25 in each year (each such date, an "**Interest Payment Date**"), subject to adjustment in accordance with § 5(4).

(2) *Accrual of Interest.* The Bonds shall cease to bear interest from the beginning of the day on which they are due for redemption. If the Issuer shall fail to redeem the Bonds when due, interest shall continue to accrue on the outstanding Aggregate Principal Amount of the Bonds from and including the due date to but excluding the date of the actual redemption of the Bonds at the default rate of interest according to the Norwegian Default Interest Act, (1976), (*Norwegian: Forsinkelsesrenteloven*).

(3) *Calculation for the first payment of interest.* The amount for the first payment of interest for the period commencing on May 25, 2012 (inclusive) and ending on May 25, 2013 (exclusive) will be calculated on the basis of the day count fraction as defined in subparagraph (4) below.

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of interest on any Bond for any period of time from and including the first day of such period but excluding the last day (the "**Calculation Period**"): the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).

(5) *Accrued Interest for Partial Periods.* If it is necessary to compute interest for a period of less than a full year (other than for the period as referred to in subparagraph (3)), from and including the first day of such period but excluding the last day ("**Partial Period**"), interest shall be calculated on the basis of the actual number of days in the Partial Period divided by 365.

§ 4 REDEMPTION

Redemption at Maturity. Unless previously redeemed in whole or in part or purchased and cancelled, the Bonds shall be redeemed at their Final Redemption Amount on May 25, 2021 (the "**Maturity Date**"). The Final Redemption Amount in respect of the Bonds shall be the outstanding Aggregate Principal Amount of such Bonds.

§ 5 PAYMENTS

(1)(a) *Payment of Principal.* Payment of principal in respect of the Bonds shall be made, subject to subparagraph (2) below, to VPS or to its order for credit to the accounts of the relevant Registered Holders in accordance with the VPS-Rules.

(b) *Payment of Interest.* Payment of interest on the Bonds shall be made, subject to subparagraph (2) below, to VPS or to its order for credit to the accounts of the relevant Registered Holders in accordance with the VPS-Rules.

(2) *Manner of Payment.* Payments of principal, interest and/or any other amounts due in respect of the Bonds shall be made to the Registered Holders recorded as such on the fourteenth business day (as defined by the then applicable VPS Rules) before the due date for such payment, or such other business day falling closer to the relevant due date as then may be stipulated in said rule. The payments will be effected through the facilities of the VPS in accordance with the VPS-Rules, and will be made to the bank account designated for this purpose as registered by the Registered Holder according to payment details recorded with the Registered Holder's VPS-account.

Subject to applicable laws and regulations, payments of amounts due on the Bonds shall be made in freely negotiable and convertible funds of the currency which on the respective due date is the currency of the country of the Specified Currency.

If the Issuer determines that the amount payable on the respective due date is not available to it in such freely negotiable and convertible funds for reasons beyond its control or that the Specified Currency or any successor currency to it provided for by law (the "**Successor Currency**") is no longer used for the settlement of international financial transactions, the Issuer may fulfill its payment obligations by making such payment in euro on, or as soon as reasonably practicable after, the respective due date (such date the "**Payment Date**") on the basis of the Applicable Exchange Rate. Holders shall not be entitled to further interest or any other payment as a result thereof. The "**Applicable Exchange Rate**" shall be, (i) if available, the euro foreign exchange reference rate for the Specified Currency or the Successor Currency determined and published by the European Central Bank for the most recent practicable date falling within a reasonable period prior to the Payment Date (as determined by the Issuer in its equitable discretion) or, (ii) if such rate is not available, the foreign exchange rate of the Specified Currency or the Successor Currency against the euro as determined by the Issuer in its equitable discretion.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Registered Holder, as set out in this § 5.

(4) *Payment Business Day.* If the date for payment of any amount in respect of the Bonds is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day. The Holder shall not be entitled to further interest or other payment in respect of any such delay.

"Payment Business Day" means any day which is (i) a day on which VPS is open, and on which the Fiscal Agent or the relevant Paying Agents settle payments in the relevant place of presentation (if applicable) and which is (ii) a TARGET Business Day and a Business Day in Oslo.

(5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Bonds shall be deemed to include, as applicable: the Final Redemption Amount of the Bonds, any premium and any other amounts which may be payable under or in respect of the Bonds.

(6) *Deposit of Principal and Interest.* The issuer may deposit with Norges Bank, in accordance with the Norwegian Deposit Act, 1939, (*Norwegian: Lov om deponering i gjeldshøve*), principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 6 AGENTS

(1) *Appointment; Specified Offices.* The initial Fiscal Agent and Paying Agents and their respective initial specified offices are:

Fiscal Agent:	Danske Bank A/S 2-12 Holmens Kanal 1092 København K Attn. Corporate Actions Denmark
Luxembourg Paying Agent:	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer 1115 Luxembourg Luxembourg
German Paying Agent:	Deutsche Bank Aktiengesellschaft Große Gallusstraße 10-14 60272 Frankfurt am Main Federal Republic of Germany

The Fiscal Agent and the Paying Agents reserve the right at any time to change their respective specified offices to some other specified offices in the same city. The Luxembourg Paying Agent and the German Paying Agent are jointly referred to as Paying Agents.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent, and (ii) so long as the Bonds are listed on the Luxembourg Stock Exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in Luxembourg and/or in such other place as may be required by the rules of such stock exchange. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as practicable upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agents act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 7 TAXATION

All payments by the Issuer in respect of the Bonds shall be made with deduction of taxes or other duties, if such deduction is required by law.

§ 8 LIMITATION PERIOD

Claims for payment of principal and interest respectively cease to be enforceable by legal action in accordance with regulations in the Norwegian Act Relating To Limitation Period For Claims, 1979 (*Norwegian: Foreldelsesloven*).

§ 9

FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Bonds.

(2) *Purchases.* The Issuer may at any time purchase Bonds in the open market or otherwise and at any price. Bonds purchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled.

Cancellation is done by a notice to the Fiscal Agent, documenting that cancellation is permitted in accordance with the agreement, and that a relevant decision has been made regarding the redemption of the Bonds. The Fiscal Agent will handle this with VPS.

(3) *Cancellation.* All Bonds redeemed in full or surrendered for cancellation pursuant to subparagraph (2) shall be cancelled forthwith and may not be reissued or resold.

§ 10

NOTICES

(1) *Publication.* All notices regarding the Bonds shall be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and, if legally required, in the form of media determined by law in addition thereto. Any notice will become effective for all purposes on the third day following the date of its publication, or, if published more than once or on different dates, on the third day following the first date of any such publication.

(2) *Notification to Clearing System and Holders.* If the publication of notices pursuant to subparagraph (1) is not required by law, the Issuer may deliver the relevant notice to VPS and the Fiscal Agent for communication by VPS and the Fiscal Agent to the Holders, in lieu of publication in the media set forth in subparagraph (1) above; any such notice shall be deemed to have been given to the Holders on the third day after the day on which the said notice was given to VPS and the Fiscal Agent.

§ 11

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

These Terms and Conditions are governed by Norwegian law, and the legal venue for any disputes arising from these Terms and Conditions is Oslo Tingrett.

§ 12

LANGUAGE

These Terms and Conditions are written in the English language only.

KfW

Overview

KfW is a public law institution (*Anstalt des öffentlichen Rechts*) serving domestic and international public policy objectives of the Federal Government ("**Federal Government**") of the Federal Republic of Germany ("**Federal Republic**").

KfW was established on November 5, 1948, under the KfW Law as a public law institution with unlimited duration. Its offices are located at Palmengartenstraße 5-9, 60325 Frankfurt am Main, Federal Republic. KfW also maintains branch offices in Berlin and Bonn, Federal Republic as well as a liaison office to the European Union in Brussels, Belgium.

According to Article 2 of the KfW Law, KfW's business purposes are the following:

- Performance of promotional tasks, in particular financings, pursuant to a state mandate in the following areas: financing of small and medium-sized enterprises ("**SMEs**"), liberal professions and business start-ups; risk capital; housing; environmental protection; infrastructure; technical progress and innovations; internationally agreed promotional programmes; development cooperation; and in other promotional areas, which are specifically stated in laws, regulations or published guidelines on state economic policy that are assigned to KfW by the Federal Republic or one of the federal states (each a "**Land**" and together, the "**Länder**");
- Granting of loans and other forms of financing to territorial authorities (*Gebietskörperschaften*) and special purpose associations under public law (*öffentlich-rechtliche Zweckverbände*);
- Financing of measures with purely social goals as well as for the promotion of education;
- Granting of other financings in the interest of the German and European economy.

Except with a special mandate from the Federal Government, KfW may conduct other business only insofar as such business is directly connected with the performance of its functions described above. In such capacity, KfW may, in particular, purchase and sell claims and securities, incur obligations in the form of bills of exchange and promissory notes, and conduct its treasury and risk management. KfW may also refinance at market conditions the project and export finance subsidiary which has been established as a result of the understanding with the European Commission (see "Relationship with the Federal Republic – Understanding with the European Commission").

KfW promotes its financing activities under the umbrella brand name KfW Bankengruppe. In accordance with its business purposes pursuant to Article 2 of the KfW Law, KfW currently conducts its business in the following business areas:

- KfW Mittelstandsbank (KfW SME Bank) promotes SMEs, business founders, start-ups and self-employed professionals;
- KfW Privatkundenbank (KfW Private Client Bank) provides housing-related loans and grants as well as financing for education to private individuals;
- KfW Kommunalbank (KfW Municipal Bank) offers financing for infrastructure projects, primarily for municipalities, and grants global funding instruments to promotional institutes of the German Länder (*Landesförderinstitute*);
- Export and project finance: KfW IPEX-Bank GmbH ("**KfW IPEX-Bank**") offers customised financing for exports and project and corporate financing worldwide. KfW IPEX-Bank is a legally independent entity wholly owned by KfW;
- Promotion of developing and transition countries: KfW Entwicklungsbank (KfW Development Bank) is responsible for KfW's public sector development cooperation activities, and DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH (German Investment and Development Company, "**DEG**") finances private-sector investments in developing countries. DEG is a legally independent entity wholly owned by KfW; and
- Capital markets, which comprises KfW's treasury, funding, securitisation and other capital markets-related activities.

Ownership

The Federal Republic holds 80% of KfW's capital, and the *Länder* hold the remaining 20%. The KfW Law does not provide for shareholders' meetings; instead, the Board of Supervisory Directors assumes the responsibilities of a shareholders' meeting. Shares in KfW's capital may not be pledged or transferred to entities other than the Federal Republic or the *Länder*. Capital contributions have been, and are expected to continue to be, made to KfW in such proportions as to maintain the relative shares of capital held by the Federal Republic and the *Länder*.

Legal Status

KfW is organised under the KfW Law as a public law institution with unlimited duration. As a public law institution serving public policy objectives of the Federal Government, KfW itself is not subject to corporate taxes (although certain of its subsidiaries are) and as a promotional bank does not seek to maximise profits. KfW does, however, seek to maintain an overall level of profitability that allows it to strengthen its equity base in order to support its promotional activities and to grow the volume of its business. KfW is prohibited from distributing profits, which are instead allocated to statutory and special reserves. KfW is also prohibited from taking deposits, conducting current account business or dealing in securities for the account of others.

Relationship with the Federal Republic

Guarantee of the Federal Republic

The KfW Law expressly provides that the Federal Republic guarantees all existing and future obligations of KfW in respect of money borrowed, bonds and notes issued and derivative transactions entered into by KfW, as well as obligations of third parties that are expressly guaranteed by KfW (KfW Law, Article 1a). Under this statutory guarantee (the "**Guarantee of the Federal Republic**"), if KfW fails to make any payment of principal or interest or any other amount required to be paid with respect to securities issued by KfW, or if KfW fails to make any payment required to be made under KfW's guarantee when that payment is due and payable, the Federal Republic will be liable at all times for that payment as and when it becomes due and payable. The Federal Republic's obligation under the Guarantee of the Federal Republic ranks equally, without any preference, with all of its other present and future unsecured and unsubordinated indebtedness. Holders of securities issued by KfW or issued under KfW's guarantee may enforce this obligation directly against the Federal Republic without first having to take legal action against KfW. The Guarantee of the Federal Republic is strictly a matter of statutory law and is not evidenced by any contract or instrument. It may be subject to defenses available to KfW with respect to the obligations covered.

Institutional Liability ("Anstaltslast")

KfW is a public law institution (*Anstalt des öffentlichen Rechts*). Accordingly, under the German administrative law principle of *Anstaltslast*, the Federal Republic, as the constituting body of KfW, has an obligation to safeguard KfW's economic basis. Under *Anstaltslast*, the Federal Republic must keep KfW in a position to pursue its operations and enable it, in the event of financial difficulties, through the allocation of funds or in some other appropriate manner, to meet its obligations when due. *Anstaltslast* is not a formal guarantee of KfW's obligations by the Federal Republic, and creditors of KfW do not have a direct claim against the Federal Republic. Nevertheless, the effect of this legal principle is that KfW's obligations, including the obligations to the holders of securities issued by it or issued under KfW's guarantee, are fully backed by the credit of the Federal Republic. The obligation of the Federal Republic under *Anstaltslast* would constitute a charge on public funds that, as a legally established obligation, would be payable without the need for any appropriation or any other action by the German Parliament.

Understanding with the European Commission

In order to clarify that the Federal Republic's responsibility for KfW's obligations was and is compatible with European Union ("EU") law prohibitions against state aid, the German Federal Ministry of Finance and the European Commissioner for Competition held discussions which were formalised in an understanding reached on March 1, 2002. In the understanding with the European Commission, it was agreed that, in respect of the promotional activities for which KfW is responsible, KfW will continue to benefit from *Anstaltslast* and the Guarantee of the Federal Republic. The understanding acknowledged that KfW's role in providing financing for, in particular, small and medium-sized enterprises, risk capital, environmental protection, technology/innovation, infrastructure and housing, as well as its cooperation with developing countries, is promotional and thus compatible with EU rules.

In the area of export and project finance, the understanding with the European Commission required KfW to transfer to a legally independent subsidiary that portion of export finance and domestic and international project

finance activities which the European Commission deemed to fall outside the scope of the promotional activities of KfW. The transfer of such activities was to be effected by December 31, 2007, and as from that date KfW has not been permitted to fund the subsidiary at other than market rates of interest or to extend to the subsidiary any benefits of *Anstaltslast* or the Guarantee of the Federal Republic.

KfW continues to be permitted, however, to engage directly in the following promotional export and project finance activities:

- implementation of international promotional programmes, such as the interest-rate subsidised CIRR (Commercial Interest Reference Rate) and LASU (Large Aircraft Sector Understanding) schemes, which are recognised as promotional activities in accordance with the OECD (Organisation for Economic Cooperation and Development) consensus;
- participation in syndicated financing activities outside the EU, the European Economic Area and countries holding the status of official candidate for EU membership, subject to certain conditions, and sole financing activities in countries in which sufficient sources of financing do not exist; and
- participation in projects in the interest of the EU that are co-financed by the European Investment Bank or similar European financing institutions.

The European Commission transformed the understanding into a decision, which the Federal Republic formally accepted. A part of the Promotional Bank Restructuring Act (*Förderbankenneustrukturierungsgesetz*) implemented the understanding with the European Commission and amended the KfW Law and KfW's by-laws accordingly.

On January 1, 2008, KfW IPEX-Bank, a limited liability corporation (*Gesellschaft mit beschränkter Haftung*) formed as a wholly owned subsidiary of KfW, commenced operations as a legally independent entity, thus satisfying the requirements set forth in the understanding with the European Commission. KfW IPEX-Bank conducts those export and project finance activities which the European Commission deemed to fall outside the scope of KfW's promotional activities directly and on its own behalf. KfW provides funding for KfW IPEX-Bank at market rates based on the ratings assigned to KfW IPEX-Bank by international rating agencies. The permitted promotional export and project finance activities are conducted by KfW IPEX-Bank in its own name on behalf of KfW on a trust basis. In accordance with the understanding with the European Commission, KfW IPEX-Bank obtained a banking license and is subject to the German Banking Act (*Gesetz über das Kreditwesen – KWG*) and the corporate tax regime.

Supervision

Under the KfW Law, the Federal Ministry of Finance, in consultation with the Federal Ministry of Economics and Technology, supervises KfW and has the power to adopt all measures necessary to safeguard the compliance of KfW's business operations with applicable laws, KfW's by-laws and other regulations. Subject to the foregoing, the Federal Ministry of Finance does not have the right to influence business decisions made by KfW's Executive Board or Board of Supervisory Directors. KfW's overall activities are supervised by its Board of Supervisory Directors, which consists of seven Federal Ministers, seven appointees of each of the two houses of Parliament, the *Bundesrat* and the *Bundestag*, and representatives of various sectors and institutions of the German economy.

Effective January 1, 2011, KfW's by-laws were amended, primarily with a view to bringing them broadly in line with the recommendations and proposals of the Public Corporate Governance Code of the Federation (the "**Code**"). The Code sets forth standards for the sound and responsible management of unlisted entities in which the Federal Republic holds a majority interest – in particular, with respect to the management and supervision of such entities by their governing bodies. Amendments to KfW's by-laws in response to the Code's standards involved, among other things, specifying the required qualifications of members of the Executive Board and the Board of Supervisory Directors, introducing references to the applicability of the business judgment rule to members of the Executive Board and the Board of Supervisory Directors, and providing for a regular review of the quality and efficiency of the Board of Supervisory Directors' activities. Further, certain limits on decisions by the Executive Board, which need to be submitted to the Board of Supervisory Directors for approval, were raised.

Effective May 1, 2011, KfW's by-laws were amended. The amendment was designed to enhance the efficiency of the decision-making processes of the Board of Supervisory Directors, primarily by delegating all approvals of loan commitments to its Credit Committee (*Kreditausschuss*).

KfW is generally exempt from the requirements of the German Banking Act (*Gesetz über das Kreditwesen – KWG*). Nevertheless, KfW applies certain rules of the German Banking Act on a voluntary basis. KfW plans to broaden its voluntary application of the German Banking Act to the extent appropriate. The plans may lead to further amendments of KfW's by-laws. Any decision with respect to such amendments will be determined by KfW's

Board of Supervisory Directors and approved by the Federal Ministry of Finance. KfW is currently unable to predict whether, when or in what form such plans may be realised or such amendments will be implemented.

In addition to the annual audit of its financial statements, KfW, as a government-owned entity, is subject to an audit that meets the requirements of the Budgeting and Accounting Act (*Haushaltsgrundsätze-gesetz*). The Budgeting and Accounting Act requires that this audit and the resulting reporting be designed so as to enable the Board of Supervisory Directors, the responsible Federal Ministries, and the Federal Court of Auditors (*Bundesrechnungshof*) to form their own opinions and to take action as and when required. One of the specific aspects to be covered by this audit and the related reporting is the proper conduct of KfW's business by its management.

Under the terms of various agreements concluded between KfW and the government authorities sponsoring KfW's programmes, KfW is required to have an auditor report on the proper discharge of KfW's duties and the efficiency and effectiveness of its administration.

USE OF PROCEEDS

The net proceeds from the issuance of the Bonds (after deducting fees and expenses) will amount to Tranche B: NOK 550,450,00 (excluding accrued interest) and will be used for general corporate purposes of the Issuer.

TAXATION

Taxation in the Federal Republic of Germany

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposition of the Bonds. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Bonds. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of the Federal Republic of Germany currently in force and as applied on the date of this Prospectus. These laws are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF BONDS, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS IN THE FEDERAL REPUBLIC OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Income Tax

Bonds held by tax residents as private assets

- Taxation of interest

Payments of interest on the Bonds to Holders who are tax residents of the Federal Republic of Germany (*i.e.*, persons whose residence or habitual abode is located in the Federal Republic of Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or interest claims are disposed of separately (*i.e.* without the Bonds), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Bond is disposed of separately.

On payments of interest on the Bonds to individual tax residents of the Federal Republic of Germany income tax is generally levied as a flat income tax at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Bonds are held in a custodial account which the Holder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in the Federal Republic of Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Bond does not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Bond together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Holder will have to include its income on the Bonds in its tax return and the flat income tax of 25% plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

- Taxation of capital gains

From January 1, 2009, also capital gains realised by individual tax residents of the Federal Republic of Germany from the disposition or redemption of the Bonds acquired after December 31, 2008 will be subject to the flat income tax on investment income at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax), irrespective of any holding period. This will also apply to Bonds on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Bonds are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Bonds. If the Bonds have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept

the Bonds in its custodial account, withholding tax will be levied on 30% of the proceeds from the disposition or redemption of the Bonds.

If no Disbursing Agent is involved in the payment process the Holder will have to include capital gains from the disposition or redemption of the Bonds in its tax return and the flat income tax of 25% plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

Bonds held by tax residents as business assets

Payments of interest on Bonds and capital gains from the disposition or redemption of Bonds held as business assets by German tax resident individuals or corporations (including via a partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax if the Bonds form part of the property of a German trade or business.

If the Bonds are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax and, if applicable, church tax) will also be withheld from interest payments on Bonds and (since January 1, 2009) generally also from capital gains from the disposition or redemption of Bonds held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Holder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Holder.

With regard to capital gains no withholding will generally be required in the case of Bonds held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Bonds held by individuals or partnerships as business assets.

Bonds held by non-residents

Interest and capital gains are not subject to German taxation in the case of non-residents, *i.e.* persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in the Federal Republic of Germany, unless the Bonds form part of the business property of a permanent establishment maintained in the Federal Republic of Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German situs property or income from certain capital investments directly or indirectly secured by German situs real estate.

Non-residents of the Federal Republic of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Bonds are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Bonds held by tax residents as business assets*" or at "*Bonds held by tax residents as private assets*", respectively.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Bond will generally arise under the laws of the Federal Republic of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of the Federal Republic of Germany and such Bond is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in the Federal Republic of Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in the Federal Republic of Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in the Federal Republic of Germany in connection with the issuance, delivery or execution of the Bonds. Currently, net assets tax (*Vermögensteuer*) is not levied in the Federal Republic of Germany.

EU Savings Tax Directive

Under the EU Council Directive 2003/48/EC dated June 3, 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**") each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 35% since July 1, 2011. As from January 1, 2010, Belgium applies the information procedure described above.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland, agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

In Germany, provisions for implementing the EU Savings Tax Directive were enacted by legislative regulations of the Federal Government. These provisions apply since July 1, 2005.

Taxation in the Kingdom of Norway

The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Bonds. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Bonds.

Introduction

The tax consequences described below apply to Holders tax resident in Norway ("**Norwegian Holders**"). Holders that are not tax resident in Norway ("**Non-resident Holders**") are as a main rule not subject to Norwegian income taxation or Norwegian net wealth taxation in connection with acquisition, holding and disposal of Bonds. Non-resident Holders should consult with and rely upon local tax advisors as regards the tax position in their country of residence.

In the following, it is assumed that the Bonds are bearer bonds or debentures (in Norwegian "*mengdegjeldsbrev*"). In general, debt instruments issued in several tranches with identical terms are regarded as bearer bonds/debentures.

There is no withholding tax for non-resident Holders for Bonds issued by Norwegian issuers with respect to payments to Holders.

Taxation of interest

For Norwegian Holders, interest on Bonds is taxable as "*ordinary income*" subject to a flat rate of 28%. This applies irrespective of whether the Norwegian Holders are individuals or corporations. For taxpayers with statutory obligation to keep accounting records interest is taxed on accruals basis (i.e. regardless of when the return is actually paid). For other taxpayers accrued interest is as the main rule taxed when the interest is actually paid.

When Bonds are issued at a price below their nominal amount, such discount is regarded as interest for Norwegian tax purposes, and taxed accordingly.

Taxation upon disposal or redemption of Bonds

Redemption at the end of the term as well as prior disposal is treated as a realisation of the Bond and will trigger a capital gain or loss for Norwegian Holders. Capital gains will be taxable as "*ordinary income*", subject to the flat rate of 28%. Losses will be deductible in the Holder's "*ordinary income*", taxed at the same tax rate.

Any capital gain or loss is computed as the difference between the amount received by the Norwegian Holder on realisation and the cost price of the Bond. The cost price is equal to the price for which the Holder acquired the Bonds. Costs incurred in connection with the acquisition and realisation of the Bonds may be deducted from the Holder's taxable income in the year of the realisation.

Net wealth taxation

The value of Bonds at the end of each income year will be included in the computation of the Norwegian Holder's taxable net wealth for municipal and state net wealth tax purposes. Bonds are valued at their quoted value, alternatively at their estimated sales value if the bonds are not quoted, on January 1 in the assessment year. The maximum marginal rate of net wealth tax is 1.1%.

Limited liability companies and certain similar entities are exempted from net wealth taxation.

Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, disposal or redemption of Bonds. Further, there is no VAT on transfer of Bonds.

Inheritance tax

When Bonds are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway. However, in the case of inheritance tax, if the decedent was a citizen but not a resident of Norway,

Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the decedent's country of residence. Irrespective of residence or citizenship, Norwegian inheritance tax may be levied if the Bonds are held in connection with the conduct of a trade or business in Norway. The basis for the inheritance or gift tax computation is the market value of the Bonds at the time the transfer takes place.

Certain Foreign Account Tax Compliance Act Considerations

A 30% withholding tax will be imposed on certain payments to non-United States financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States account holders. It is not yet clear whether KfW would qualify for an exemption from these requirements. To avoid becoming subject to the 30% withholding tax on payments to them, non-United States financial institutions may be required to report information to the Internal Revenue Service regarding the Holders of the Bonds and, in the case of Holders who (i) fail to provide the relevant information, (ii) are non-United States financial institutions who have not agreed to comply with these information reporting requirements, or (iii) hold Bonds directly or indirectly through such a non-compliant non-United States financial institution, withhold on a portion of payments under the Bonds. Under proposed regulations, such withholding would not apply to payments on the Bonds made before January 1, 2017. In addition, under proposed regulations, these requirements would only apply to Bonds issued on or after January 1, 2013. However, the rules for the implementation of these regulations have not yet been finalised, so it is impossible to determine at this time what impact, if any, these regulations will have on Holders of the Bonds. Holders are urged to consult their tax advisors regarding the application of these regulations to their ownership of the Bonds.

CLEARING AND SETTLEMENT

The information set out below in connection with VPS, which is referred to as the clearing system, is subject to any change in or reinterpretation of the rules, regulations and procedures of the clearing system currently in effect. The information in this section under the caption "The Clearing Systems" has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Manager takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, interests in the Bonds held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Certification and Custody

The Bonds will not be evidenced by any physical bond, document of title other than statements made by the Verdipapirsentralen ASA ("**VPS**") in accordance with the provisions of applicable legislation and regulations for the VPS as amended and supplemented from time to time. Accordingly, Holders of the Bonds will not be entitled to receive physical delivery of definitive certificates representing individual bonds and interest coupons.

All transactions relating to Bonds registered with the VPS are made through computerised book entries. The VPS confirms each entry by sending a transcript to the registered holder of Bonds irrespective of any beneficial ownership. To effect such entries, the individual Holder of the Bonds must establish an account with an account agent (*kontoførende institut*). The entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the Issuer or a third party claiming an interest in the given Bond.

The Bonds have been assigned an ISIN of NO 0010598469, a German Security Code of A1H3FA and a Common Code of 057837721.

Payment Information

Payments and transfers of the Bonds will be settled through VPS in accordance with Norwegian laws, regulations and operating procedures applicable to and/or issued by VPS.

All notices regarding the Bonds will be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and, if legally required, in the form of media determined by law in addition thereto, or, if not required by law, by delivering the relevant notice to the VPS and the Fiscal Agent for communication by the VPS and the Fiscal Agent to the Holders.

The Clearing Systems

Verdipapirsentralen ASA

Verdipapirsentralen ASA is the Norwegian paperless centralised securities registry. It is a computerised book-entry system in which the ownership of, and all transactions relating to, registered securities must be recorded. All transactions relating to securities registered with VPS are made through computerised book entries. VPS confirms each entry by sending a transcript to the registered holder irrespective of any beneficial ownership. To effect such entries, the individual holder of securities must establish a securities account with an account agent. Norwegian banks, the Bank of Norway, authorised securities brokers in Norway and credit institutions and authorised securities brokers with its head office in another EEA state and which are subject to supervision in their home state are allowed to act as account agents. It is also possible to register a holding of securities through a nominee approved by the Financial Supervisory Authority of Norway. The entry of a transaction in VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing entity or a third party claiming an interest in the given security. VPS is liable for any economic loss resulting from an error in connection with its registration activities unless the error is caused by matters outside the control of the VPS and which the VPS could not reasonably be expected to avoid or overcome. The VPS' liability is as a main rule limited to NOK 500,000,000 for each error. The VPS is only liable for indirect economic loss to the extent such indirect economic loss is a result of wilful misconduct or gross negligence on the part of the VPS. In cases of wilful misconduct or gross negligence on the part of VPS, the above-mentioned liability cap does not apply. The courts may reduce or set aside VPS's liability if the person making the claim has wilfully or negligently contributed to the loss.

Euroclear and Clearstream Banking, société anonyme, Luxembourg

The Bonds are eligible with the ICSDs Euroclear ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and have been assigned a Common Code of 057837721 by Euroclear. Holders wishing to use the facilities of these international clearing systems have to instruct their bank or financial services institution with which they maintain their custodial account.

SUBSCRIPTION AND SALE

Subscription of the Bonds

Pursuant to the Subscription Agreement dated September 3, 2012, the Manager has agreed, subject to certain conditions, to purchase and pay for the Bonds at a price equal to 110.09% of the aggregate principal amount of Tranche B plus accrued interest in the total amount of NOK 6,172,945.21. Conditions as referred to in the previous sentence are customary closing conditions as set out in the Subscription Agreement.

In the Subscription Agreement, the Issuer has made certain representations and warranties in respect of its legal and financial matters. The Subscription Agreement entitles the Manager to terminate its obligations thereunder in certain circumstances prior to payment of the purchase price of the Bonds. The Issuer has agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Bonds. The Issuer has also agreed to reimburse the Manager for certain of expenses incurred in connection with the management of the issue of the Bonds. The Subscription Agreement is governed by German law.

The Manager (or its affiliates) has (have) provided from time to time, and expect to provide in the future, investment services to the Issuer (or its affiliates), for which the Manager (or its affiliates) has (have) received or will receive customary fees and commissions.

There are no interests of natural and legal persons involved in the issue, including conflicting interests, which are material to the issue.

This Prospectus

This Prospectus constituting a simplified prospectus does not purport to meet the format and disclosure requirements of the Prospectus Directive and Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Directive. The Bonds will therefore not qualify for the benefit of the single European passport pursuant to the Prospectus Directive.

SELLING RESTRICTIONS

General

No action has been or will be taken in any jurisdiction by the Manager or the Issuer that would permit a public offering of the Bonds, or possession or distribution of the Prospectus (in proof or final form) or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required unless otherwise expressly provided herein. Accordingly, the Bonds may not be offered, sold or distributed, directly or indirectly, and no offering material may be distributed in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. The Manager will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes the Prospectus (in proof or final form) or any such other material, and will obtain or make, give or fulfil any consent, approval, registration, notice, permission or other regulatory requirement required by it or the Issuer for the purchase, offer, sale, distribution or delivery of the Bonds and the possession or distribution of the Prospectus or any offering or publicity material under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any such purchase, offer, sale, distribution or delivery, in all cases at the Manager's own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Issuer will have no responsibility for and the Manager will obtain any consent, approval or permission required by the Manager for, the acquisition, offer, sale, distribution or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale, distribution or delivery. The Manager is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as consistent with the Terms and Conditions and the Prospectus (in final form) or any amendment or supplement to it.

European Economic Area

The Manager has represented and agreed that:

- (a) in relation to each Relevant Member State, with effect from and including the Relevant Implementation Date, it has not made and will not make an offer of Bonds to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State at any time in any circumstances which do not require the publication by the

Issuer of a prospectus (i) pursuant to Article 3(2) of the Prospectus Directive or (ii) pursuant to any applicable national law of that Relevant Member State; and

(b) in relation to any offer of Bonds to the public in Luxembourg, it will comply with Chapter 1 of Part III of the Luxembourg Prospectus Act and applicable rules and regulations of the CSSF.

For the purposes of this provision, the expression

"offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State;

"Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State;

"Relevant Member State" means each Member State of the European Economic Area which has implemented the Prospectus Directive, except Luxembourg;

"Relevant Implementation Date" means the date on which the Prospectus Directive is implemented in a Relevant Member State; and

"2010 PD Amending Directive" means Directive 2010/73/EU.

United States of America

The Bonds have not been and will not be registered under the United States of America Securities Act of 1933, as amended, (the **"Securities Act"**) and may not be offered or sold in the United States of America (the **"United States"**) unless they are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. Outside the United States the Manager will offer or sell the Bonds in offshore transactions in reliance on Regulation S under the Securities Act (**"Regulation S"**).

The Manager has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts in the United States with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

The Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Bonds, will not offer or sell any Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 as amended;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **"FSMA"**) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the **"Financial Instruments and Exchange Act"**) and are subject to the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the **"Special Taxation Measures Act"**). The Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell Bonds in Japan or to any person resident in Japan for Japanese securities law purposes (including any corporation or other entity organised under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act of Japan.

Kingdom of Norway

The Manager has represented, warranted and agreed that:

- (a) the Bonds shall not be offered in any form or manner which will trigger an obligation to issue a prospectus in Norway. No document or any other offering material relating to the Bonds will constitute, or will be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act 2007;
- (b) any indicative terms provided to a potential investor are provided for the potential investor's information and do not constitute an offer, a solicitation of an offer, or any advice or recommendation to conclude any transaction (whether on the indicative terms or otherwise);
- (c) any offer of the Bonds made in Norway will be subject to a minimum purchase of the equivalent of EUR 100,000, to a qualified professional investor pursuant to the Norwegian Regulation of June 29, 2007 nr 876 and will otherwise only be made in circumstances where an exemption from the obligation to publish a prospectus under the Norwegian Securities Trading Act 2007 is available.

GENERAL INFORMATION

Authorisation

In accordance with the Articles of Association of KfW, Frankfurt am Main, Federal Republic of Germany, its internal regulations, and pursuant to authorisations by its Board of Supervisory Directors (*Verwaltungsrat*), dated September 29, 2011, and the Subscription Agreement dated as of September 3, 2012 between KfW, on the first part, and Nordea Bank Danmark A/S, on the second part, the Issuer has decided to issue 4.375% Bonds due May 25, 2021 in the aggregate principal amount of NOK 500,000,000 to be consolidated and form a single Series with the outstanding NOK 500,000,000 4.375 % Bonds due May 25, 2021 issued on January 19, 2011.

Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for the admission of the Bonds to listing on the official list and to trading on the Regulated Market "*Bourse de Luxembourg*". The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (see "THIS PROSPECTUS"). This Prospectus and any supplement thereto will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) pursuant to the Luxembourg Prospectus Act and on the Issuer's website (www.kfw.de).

Availability of Documents

So long as any Bonds are outstanding and are listed on the Luxembourg Stock Exchange, copies of the following documents will, when published, be available from the offices of KfW, the Fiscal Agent and the Luxembourg Paying Agent set out at the end of this Prospectus:

- (i) the By-Laws (*Satzung*) of the Issuer and the KfW Law (in each case with an English translation);
- (ii) the most recently published annual report of KfW (with an English translation); the Issuer does not publish interim financial statements; and
- (iii) a copy of this Prospectus and any supplement thereto.

Material Change

Save as disclosed in the Prospectus, there has been no adverse change in the financial position of the Issuer which is material in the context of the issue and offering of the Bonds since the publication of its most recent financial statements as of December 31, 2011.

Litigation

The Issuer is not nor has during the last two fiscal years been involved in, nor does he have knowledge of, any litigation which is or might be material in the context of the issue and offering of the Bonds.

Issuer

KfW
Palmengartenstraße 5-9
60325 Frankfurt am Main
Federal Republic of Germany
Tel. +49-69-7431-0
Fax. +49-69-7431-2193

Manager

Nordea Bank Danmark A/S
Strandgade 3, Christiansbro
P.O. Box 850
0900 København C
Denmark

Legal Advisors to the Issuer

As to German law

Hengeler Mueller
Partnerschaft von Rechtsanwälten
Bockenheimer Landstraße 24
60323 Frankfurt am Main
Federal Republic of Germany
Tel. +49-69-17095-0
Fax. +49-69-725773

Legal Advisors to the Issuer

As to Norwegian law

Advokatfirmaet BA-HR DA
Tjuvholmen allé 16
0252 Oslo
Norway
Tel. +47 21 00 00 50
Fax. +47 21 00 00 51

Fiscal Agent

Danske Bank A/S
2-12 Holmens Kanal
1092 København K
Denmark
Attn. Corporate Actions

German Paying Agent

Deutsche Bank Aktiengesellschaft
Große Gallusstraße 10-14
60272 Frankfurt am Main
Federal Republic of Germany

Luxembourg Paying and Listing Agent

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
1115 Luxembourg
Luxembourg