TERMS SHEET

20 January 2005

To

KfW
Palmengartenstr. 5-9
D-60325 Frankfurt am Main
Germany

KfW –A$ 3,000,000,000 NOTE PROGRAMME

We hereby confirm the following agreement for the issue of Notes, each having the terms and conditions set out below, and otherwise in accordance with the terms and conditions of the Deed of Terms and Conditions dated 16 March 2004 made by the Issuer, the Manager and the Registrar. Terms not defined herein have the meanings given to them in the Deed of Terms and Conditions.

Overall Note Details

Issuer: KfW

Principal Amount (face amount) on the Issue Date of each Note: A$1,000

Number of Notes to be issued: 300,000

Total Principal Amount of Series: A$300,000,000

Type of Notes:

- ☐ Amortised Notes
- ☐ Dual Currency Notes
- ■ Fixed Rate Notes
- ☐ Floating Rate Notes
- ☐ High Interest (premium) Notes
- ☐ Indexed Notes
- ☐ Low Interest (discount) Notes
- ☐ Structured Notes
- ☐ Zero Coupon Notes
- ☐ Other (specify) ______

Maturity Date: 15 August 2010

Issued at:

- ☐ Par
- ■ Discount
- ☐ Premium

Issue Price: A$102.323 per A$100 of Principal Amount (including accrued interest)

Purchase Price: A$102.181 per A$100 of Principal Amount (including accrued interest)

Aggregate Purchase Price: A$306,543,000 (all in, including accrued interest)

In the event the Tenor of the Note consists of a number of days which is not evenly divisible by the number of whole months in the Interest Period, the Settlement Price of the Note will take into account the interest owed for days not in the Tenor of the Note (in the event the number of months is rounded up) or interest not owed for days in the Tenor of the Note (in the event the number of months is rounded down).

Issue Date: 24 January 2005 (provided that for the purposes of calculating the Interest Amount in respect of the first Interest Period only, the Issue Date shall be taken to be 15 August 2004) ____________________

Clearing System (if any):

- ■ Austraclear
- ■ Euroclear
- ■ *Clearstream* Banking
- ☐ Other (specify): ____________________

Interest Calculation and Payment, Repayment

(a) **Amortised Notes**

Redemption Amount: N/A____________________

Redemption Price: N/A____________________

Reference Price: N/A____________________

Other details (specify): N/A____________________

(b) **Dual Currency Notes**

Rate of Exchange: N/A____________________

Determination of:

- rate of interest: N/A____________________
- accrual of interest: N/A____________________
- interest amounts: N/A____________________

- interest payment dates: N/A ______
- other (specify):N/A ______

(c) **Fixed Rate Notes**

Fixed Interest Rate(s): 5.50______ per centum per annum

Interest Payment Dates: Each 15 February and 15 August commencing 15 February 2005 up to and including 15 August 2010 (subject to adjustment in accordance with clause 8.6 of the Deed of Terms and Conditions)______

Redemption Amount: A$1,000 per Note (100 per cent of the Principal Amount (face amount) of each Note)______

(d) **Floating Rate Notes**

Floating Rate Basis:
☐ Bank Bill Rate
☐ Other (specify and detail source and procedures if not available) ______

Manner of determination:

☐ *ISDA Determination:*

- Floating Rate Option: N/A ______
- Designated Maturity: N/A ______
- Reset Date
  ☐ BBSW
  ☐ LIBOR
  ☐ EURIBOR
  ☐ Other (specify) ______
- Determined by
  ☐ Manager
  ☐ Other (specify) ______

or:

☐ *Screen Rate Determination*

- Reference Rate
  ☐ BBSW
  ☐ LIBOR
  ☐ EURIBOR

☐ Other (specify) ____________________

- Relevant Screen Page:

- Determined by ☐ Manager
  ☐ Other (specify) ____________________

Margin(s) to Floating Rate Basis: +/- ___per centum per annum

Minimum Interest Rate: N/A____________________

Maximum Interest Rate: N/A____________________

Interest Payment Dates: N/A____________________

Additional Business Centre: N/A____________________

Redemption Amount: N/A ____________________

Day Count Fraction:
☐ Actual/365 (fixed)
☐ Actual/365 or Actual/Actual (ISDA)
☐ 30/360, 360/360 or Bond Basis
☐ RBA Bond Basis
☐ 30E/360 or Eurobond Basis

Interest Determination Date: N/A____________________

(e) **High Interest (premium) Notes**

Premium: N/A____________________

Interest Rate see:
☐ (c)
☐ (d)

Amortisation Yield: N/A____________________

Reference Price: N/A____________________

Other details (specify): N/A____________________

(f) **Indexed Notes**

Index: N/A____________________

(Specify method of calculation of Variable Indexed Amount: ____________

Details to include:

- Source for index N/A ____________________
- Person responsible for calculations N/A ____________________
- Provision for calculation on early redemption, where reference to Index or formula is impossible or impracticable etc) ____________________

Base Index Figure: $ N/A ____________________

Interest Payment Dates: N/A ____________________

[Redemption Amount]: N/A ____________________

(g) **Low Interest (discount) Notes**

Discount Rate: N/A ____________________

Interest Rate see: ☐ (c)
☐ (d)

Amortisation Yield: N/A ____________________

Reference Price: N/A ____________________

Other details (specify): N/A ____________________

(h) **Structured Notes**

Describe characteristics N/A ____________________

(Give details including, as required, source, calculation arrangements, alternatives etc)

(i) **Zero Coupon Notes**

Redemption Price N/A ____________________

Amortisation Yield

(j) **Other Options**

N/A ______________________________
(Give details)

Other Issue Details

Partly Paid Notes (details): N/A ______________________________

Special Issuance Instructions: N/A ______________________________

Other Special Conditions including, as appropriate:

Events Affecting Maturity		N/A
Put option (early redemption at the option of the Noteholders) (give details):		N/A
♦	Clause 9.3 applies:	☐ Yes ☐ No
♦	Put Option Date(s)	N/A
or	Put Option Period	N/A
♦	Put Option applies to all Notes in Series	N/A
or	Details of Notes to which Put Option applies	N/A
Maturity Extension Option (option of the Noteholder to extend maturity, at the offer of the Issuer) (give details):		N/A
Minimum notice		N/A

Other:

This Terms Sheet is a "Pricing Supplement" for the purposes of the U.S. Selling Restriction set out in the Information Memorandum of the Issuer.

Application has been made to list the Notes on the Australian Stock Exchange.

In relation to the Notes, the following additional terms and conditions shall apply:

In the fourth paragraph of clause 2.2 of the Deed of Terms and Conditions, the words "Australian System" are deleted and replaced with the words "Austraclear System".

The above details are confirmed by the Issuer, in respect of:

ISSUE NUMBER:

Petra Wehlert
Vice President

Beate Forell
Vice President

20 January 2005