

**TERMS SHEET**

16 November 2007

To

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

**KfW A\$7,000,000,000 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.

The Notes are to be consolidated and form a single Series with the Issuer's A\$100,000,000 6.25% Notes due 30 January 2012 issued on 29 October 2007 and A\$500,000,000 6.25% Notes due 30 January 2012 issued on 30 January 2007.

**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: 200,000 (to be consolidated and form a single Series with the 100,000 Notes comprising the Issuer's A\$100,000,000 6.25% Notes due 30 January 2012 issued on 29 October 2007 and the 500,000 Notes comprising the Issuer's A\$500,000,000 6.25% Notes due 30 January 2012, issued on 30 January 2007).

Total Principal Amount of this  
 tranche: A\$200,000,000 \_\_\_\_\_

Total Principal Amount of Series: A\$800,000,000 (being the Total Principal Amount of this tranche, the A\$100,000,000 6.25% Notes due 30 January 2012, issued on 29 October 2007 and the A\$500,000,000 6.25% Notes due 30 January 2012 issued on 30 January 2007).

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: 30 January 2012 \_\_\_\_\_

Issued at:  Par  
 Discount  
 Premium

Purchase Price: A\$192,664,000 (being 96.332 per cent. of the Total Principal Amount of this tranche).

Issue Price: A\$192,852,000 (being 96.426 per cent. of the Total Principal Amount of this tranche).

Net Proceeds: A\$196,482,000 (being the aggregate of the Purchase Price plus accrued interest payable for the period from and including 30 July 2007 to but excluding 20 November 2007 of A\$3,838,000 for 113 days).

*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 Issue 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: 20 November 2007 \_\_\_\_\_

Clearing System  
(if any):

- Austraclear  
 Euroclear  
 Clearstream Banking  
 Other (specify): \_\_\_\_\_

*On admission to the Austraclear System, interests in the Notes may be held through Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by Westpac Custodian Nominees Limited as a nominee of Euroclear while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by ANZ Nominees Limited as nominee of Clearstream, Luxembourg.*

*The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.*

**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): 6.25 per cent per annum \_\_\_\_\_

Interest Payment Dates: Each 30 January and 30 July from and including 30 January 2008 to and including 30 January 2012 (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)

- Low Interest (discount) Notes  
 Structured Notes  
 Zero Coupon Notes  
 Other (specify) \_\_\_\_\_

Maturity Date: 30 January 2012 \_\_\_\_\_

Issued at:  Par  
 Discount  
 Premium

Purchase Price: A\$192,664,000 (being 96.332 per cent. of the Total Principal Amount of this tranche).

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Issue Date: 20 November 2007 \_\_\_\_\_

Clearing System  
 (if any):  Austraclear  
 Euroclear  
 Clearstream Banking  
 Other (specify): \_\_\_\_\_

*On admission to the Austraclear System, interests in the Notes may be held through Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). In these circumstances, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by Westpac Custodian Nominees Limited as a nominee of Euroclear while entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by ANZ Nominees Limited as nominee of Clearstream, Luxembourg.*

*The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.*

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 \_\_\_\_\_

7.

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:

The Selling Restrictions set out in the Information Memorandum of the Issuer are amended as set out in the Schedule to this Terms Sheet.

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

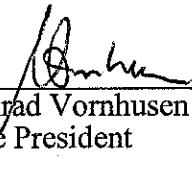
In relation to the Notes, the following additional terms and conditions shall apply:

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:

ISIN: AU0000KFWHJ9

  
\_\_\_\_\_  
Marina Alvisi  
Vice President

  
\_\_\_\_\_  
Konrad Vornhusen  
Vice President

16 November 2007

## SCHEDULE

### SELLING RESTRICTIONS

*The Selling Restrictions in the Information Memorandum of the Issuer for Australia, the United States of America, United Kingdom and Japan are replaced as follows:*

#### **“Australia**

No prospectus or other disclosure document (as defined in the *Corporations Act 2001* of Australia (“**Corporations Act**”)) in relation to any Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer represents and agrees that, unless the relevant Terms Sheet otherwise provides, it:

- (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Information Memorandum or any other offering material or advertisement relating to any Notes in Australia,

unless (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the *Corporations Act*, (ii) such action complies with all applicable laws and regulations and (iii) such action does not require any document to be lodged with ASIC.”

#### **The United States of America**

The Notes have not been and will not be registered under the U.S. Securities Act 1933, as amended (“**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S under the Securities Act (“**Regulation S**”) or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer represents that it has not offered and sold the Notes and agrees that it will not offer and sell the Notes:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution of the Notes, as determined and certified to the Issuer by the relevant Dealer (or in the case of a sale of a tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such tranche purchased by or through it, in which case the Issuer shall notify each such Dealer when all such Dealers have so certified),

except in accordance with Rule 903 of Regulation S.

Accordingly, each Dealer further represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

*"The securities covered hereby have not been registered under the U.S. Securities Act of 1933 as amended ("Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons:*

- (i) *as part of their distribution at any time; or*
- (ii) *otherwise until 40 days after completion of their distribution,*

*except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."*

Terms used under the heading "The United States of America" have the meanings given to them by Regulation S.

Each Dealer further represents and agrees that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliate or with the prior written consent of the Issuer.

### **United Kingdom**

In relation to each tranche of Notes, each Dealer subscribing for or purchasing such Notes represents and agrees, that:

- (a) *investment advertisements:* 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* ("FSMA") received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) *general compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the *Financial Instruments and Exchange Law* of Japan ("**Financial Instruments and Exchange Law**") and, accordingly, each Dealer represents and agrees that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to a Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to a Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the *Financial Instruments and Exchange Law* and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, "Japanese Person" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan."

*The following Selling Restriction is inserted in the Information Memorandum:*

### **"European Economic Area**

In relation to each Member State of the European Economic Area (being the countries in the European Union plus Iceland, Norway and Liechtenstein) which has implemented the EU Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**"), each Dealer represents and agrees, that with effect

from and including the date on which the Prospectus Directive is implemented in that Member State (“**Relevant Implementation Date**”) it has not made and will not make an offer of Notes 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 Notes to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000, and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive (2003/71/EC) and includes any relevant implementing measure in each Relevant Member State.”.