

**FINAL TERMS
dated 20 October 2010**

**Issue of EUR30,000,000
Floating Rate Notes with Inflation Index Linked Redemption due October 2025**

under the KommuneKredit

EUR15,000,000,000 Euro Medium Term Note Programme

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 9th June, 2010. These Final Terms must be read in conjunction with such Information Memorandum.

- | | | |
|-----|---|--|
| 1. | Issuer: | KommuneKredit |
| 2. | (i) Series Number: | I2010Z68941 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro (" EUR ") |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | EUR 30,000,000 |
| | (ii) Tranche: | EUR 30,000,000 |
| 5. | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. | (i) Specified Denominations: | EUR 50,000 |
| | (ii) Calculation Amount: | EUR 50,000 |
| 7. | (i) Issue Date: | 22 October 2010 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | 22 October 2025 subject to adjustment in accordance with the Modified Following Business Day Convention. |
| 9. | Interest Basis: | Floating Rate Notes
(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Other (Inflation Index Linked Redemption). See Annex hereto. |
| 11. | Change of Interest or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |
| 13. | Status of Notes: | Senior |
| 14. | Listing: | Not Applicable |
| 15. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|----------------------------|----------------|
| 16. | Fixed Rate Note Provisions | Not Applicable |
|-----|----------------------------|----------------|

17.	Floating Rate Note Provisions	Applicable
	(i) Specified Interest Payment Dates:	Each of 22 October, 22 January, 22 April and 22 July in each year, commencing on 22 January 2011 up to and including the Maturity Date.
	(ii) Business Day Convention:	Modified Following Business Day Convention
	(iii) Additional Business Centre(s):	TARGET
	(iv) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
	(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent):	The Dealer
	(vi) Screen Rate Determination:	Not Applicable
	Reference Rate:	Not Applicable
	Interest Determination Date(s):	Not Applicable
	Relevant Screen Page:	Not Applicable
	(vii) ISDA Determination:	Applicable
	- Floating Rate Option:	EUR-EURIBOR-Reuters
	- Designated Maturity:	Three months
	- Reset Date:	In respect of each Interest Period, the first day of such Interest Period, as provided in subparagraph (3)(i) of Condition 3(b)(iii)(A) (<i>ISDA Determination</i>).
	(viii) Margin(s):	Not Applicable
	(ix) Minimum Rate of Interest:	Zero per cent. per annum
	(x) Maximum Rate of Interest:	In respect of (i) each Interest Period from and including 22 October 2010 to and including 22 July 2021, Not Applicable, and (ii) each Interest Period from and excluding 22 July 2021 to and including the Maturity Date, 2 per cent. per annum.
	(xi) Day Count Fraction:	Actual/360, adjusted
	(xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	In the definition of "EUR-EURIBOR-Reference Banks" in section 7.1(f)(iv) of the ISDA Definitions, the following sentence shall be deemed to be inserted immediately after the final full-stop of such definition: "If the Calculation Agent determines that a rate for a Reset Date cannot be obtained following the application of the foregoing provisions, the rate for such Reset Date shall be determined by the Calculation Agent in its discretion, acting in good faith and in a commercially reasonable manner".

18.	Zero Coupon Note Provisions	Not Applicable
19.	Index-Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Note Provisions	Not Applicable
21.	Equity-Linked Interest Note Provisions	Not Applicable
22.	Commodity-Linked Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

23.	Issuer Call	Not Applicable
24.	Investor Put	Not Applicable
25.	Final Redemption Amount	See Annex hereto
26.	Equity-Linked Redemption Note Provisions	Not Applicable
27.	Commodity-Linked Redemption Note Provisions	Not Applicable
28.	Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	In the event of the Notes becoming due and payable for taxation reasons or on event of default of the Issuer on or after the Issue Date but prior to the Maturity Date then the Early Redemption Amount in respect of the Notes shall be such amount as shall be determined by the Calculation Agent which would have the effect of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make payments of principal on the Maturity Date and/or interest on each Interest Payment Date on and prior thereto.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29.	Form of Notes:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
30.	New Global Note:	No
31.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	TARGET
32.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Yes. Each Talon forming part of a Coupon sheet shall be deemed to mature on the Interest Payment Date on which the final Coupon comprised on the relevant Coupon sheet matures.
33.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay in-	Not Applicable

cluding any right of the Issuer to forfeit the Notes and interest due on late payment:

- | | | |
|-----|--|------------------|
| 34. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 35. | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 36. | Consolidation provisions: | Not Applicable |
| 37. | Other terms or special conditions: | See Annex hereto |

DISTRIBUTION

- | | | |
|-----|---------------------------------------|----------------|
| 38. | (i) If syndicated, names of Managers: | Not Applicable |
| | (ii) Stabilising Manager (if any): | Not Applicable |
| 39. | If non-syndicated, name of Dealer: | BNP Paribas |
| 40. | Additional selling restrictions: | Not Applicable |

OPERATIONAL INFORMATION

- | | | |
|-----|--|--------------------------|
| 41. | ISIN Code: | XS0549004652 |
| 42. | Common Code: | 054900465 |
| 43. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable |
| 44. | Delivery: | Delivery against payment |
| 45. | Additional Paying Agent(s) (if any): | Not Applicable |
| 46. | Intended to be held in a manner which would allow Eurosystem eligibility: | No |

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

Helene Møllmann
Chief Legal Counsel

Jette Møldrup
Senior Vice President

ANNEX

OTHER APPLICABLE TERMS

1. **Final Redemption Amount on the Maturity Date**

Unless the Notes have previously been redeemed, or purchased and cancelled, in accordance with the Conditions (as supplemented and amended herein), the Final Redemption Amount payable by the Issuer on the Maturity Date in respect of each Note (of the Specified Denomination) shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the following formula:

$$SD \times [100\% + \text{Inflation Uplift}]$$

The Calculation Agent will determine the Final Redemption Amount as soon as practicable but no later than five (5) Business Days prior to the Maturity Date.

2. **Definitions**

The following terms shall have the following meanings:

"Base Index" means 109.32 (corresponding to the level of the Index for the Reference Month of July 2010) (subject to the provisions of paragraph 3 below).

"Fallback Bond" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (i) the same day as the Maturity Date, (ii) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (iii) the next shortest maturity before the Maturity Date if no bond defined in (i) or (ii) is selected by the Calculation Agent. The Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Index" means the EUR – Excluding Tobacco-Non-revised Consumer Price Index (the Non-revised Index of Consumer Prices excluding Tobacco), or relevant Successor Index, measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations (Bloomberg ticker: CPTFEMU <Index>).

"Final Index" means the level of the Index for the Reference Month of July 2025 (subject to the provisions of paragraph 3 below).

"Index Ratio" means Base Index / Final Index (without interpolation).

"Index Sponsor" means, in relation to an Index, the entity as determined by the Calculation Agent that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index, and (ii) publish-

es or announces (directly or through an agent) the level of such Index, failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person.

"Inflation Uplift" means an amount determined by the Calculation Agent in accordance with the following formula:

$$\text{MAX}(0, \text{Index Ratio} - 135.58\%)$$

Such amount expressed as a percentage rate (rounded to the nearest five (5) decimal places, with 0.00005 per cent. being rounded upwards) determined by the Calculation Agent.

"Reference Month" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month is the period for which the Index level was reported.

"Related Bond" means the Fallback Bond.

"SD" means, in respect of each Note, the Specified Denomination (being EUR 50,000), or, if less, its outstanding nominal amount.

3. **Delay in Publication**

(a) Subject to paragraph 4 (*Cessation of Publication*) below, if any level of the Index for a Reference Month which is relevant to the calculation of a payment under the Notes (a **"Relevant Level"**) in respect of the Maturity Date (the **"Affected Payment Date"**) has not been published or announced by the fifth Business Day prior to the Affected Payment Date, the Calculation Agent shall determine a substitute Index level (**"Substitute Index Level"**) by using the following methodology:

(i) if applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent (**"Related Bond Calculation Agent"**) pursuant to the terms and conditions of the Related Bond (if any);

(ii) if (i) above does not result in a Substitute Index Level for the Affected Payment Date for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

Where:

"Base Level" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

"Latest Level" means the latest level of the Index (excluding any "flash" estimates) published or announced by the Sponsor prior to the month in respect of which the Substitute Index Level is being calculated.

"Reference Level" means the level of the Index (excluding any "flash" estimates) published or announced by the Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

- (b) If a Relevant Level is published or announced at any time after the fifth Business Day prior to the Affected Payment Date, such Relevant Level will not be used in any calculations in respect of such Affected Payment Date. The Substitute Index Level so determined pursuant to paragraph 3(a)(i) or 3(a)(ii) above will be the definitive level of the Index for that Reference Month (subject to paragraph 4 (*Cessation of Publication*) below).

4. **Cessation of Publication**

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a "Successor Index" (in lieu of any previously applicable Index) for the purpose of the Notes by using the following methodology:

- (i) If at any time (other than after the occurrence of a Termination Event pursuant to paragraph 4(v) below), a successor index has been designated by the Related Bond Calculation Agent pursuant to the terms and conditions of the Related Bond (if applicable), such successor index shall be deemed a "Successor Index" for the purposes of all subsequent payment dates in relation to the Notes, notwithstanding that any other Successor Index may previously have been determined under paragraphs 4(ii), (iii) or (iv) below; or
- (ii) If a Successor Index has not been determined under paragraph 4(i) above (and there has been no occurrence of a Termination Event pursuant to paragraph 4(v) below), and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index for all purposes of the Notes from the date that such replacement Index comes into effect; or
- (iii) If a Successor Index has not been determined under paragraphs 4(i) or (ii) above (and there has been no designation of a Termination Event pursuant to paragraph 4(v) below), the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, that index will be deemed the "Successor Index". If three responses are received, and two or more leading independent dealers state the same index, that index will be deemed the "Successor Index" in respect of the Notes. If fewer than three responses are received, the "Successor Index" will be determined under paragraph 4(iv) below.
- (iv) If no Successor Index has been deemed under paragraphs 4(i), (ii) or (iii) above by the fifth Business Day prior to the Maturity Date, the Calculation Agent will determine an appropriate alternative index for the Maturity Date, and such index will be deemed a "Successor Index".

- (v) If the Calculation Agent determines that there is no appropriate alternative index, a "Termination Event" shall be deemed to occur, and the Notes shall be redeemed on such date as selected by the Calculation Agent in its sole and absolute discretion, and the Issuer shall redeem the Notes on such date at an amount determined by the Calculation Agent as representing the fair market value of the Notes as determined by the Calculation Agent in its sole and absolute discretion.

The Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purpose of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of a Termination Event shall be given to the Noteholder by the Issuer.

5. **Rebasing of the Index**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of the Index from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the Related Bond Calculation Agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.

6. **Material Modification prior to the Maturity Date**

If, on or before the fifth Business Day prior to the Maturity Date, the Index Sponsor for the Index announces that it will make a material change to the Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index. In addition, the Calculation Agent may, but shall not be obliged to, make such adjustments that it determines (in its sole and absolute discretion) to be appropriate to any variable, calculation methodology, valuation, settlement, payment terms or any other terms or conditions in respect of the Notes. The Calculation Agent shall give notice to the Issuer of any such adjustments.

7. **Manifest Error in Publication**

If, within 30 days of publication and in any event on or before the fifth Business Day prior to the Maturity Date, the Calculation Agent determines that the Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will determine the amount that is payable as a result of that correction and, to the extent necessary, will adjust any relevant terms of the Notes to account for any such correction.