



K+S Aktiengesellschaft

(Kassel, Federal Republic of Germany)

EUR 500,000,000

3.00 per cent. Notes due 2022 (the “Notes”)

Issue Price: 99.422 per cent

This prospectus (the “**Prospectus**”) will be published in electronic form on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>) and on the website of K+S Aktiengesellschaft (<http://www.k-plus-s.com>).

There is currently no public market for the Notes. Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF market is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

This Prospectus includes all information on the terms of the Notes. It constitutes a prospectus for the purpose of Part IV of the Luxembourg Law of 10 July 2005 on Prospectuses for Securities.

The Notes will be issued in bearer form and will be represented by global notes deposited with Clearstream Banking AG, Frankfurt am Main, Germany (“**Clearstream Banking**”). Interests in the temporary global Note will be exchangeable for interests in a permanent global Note on or after a date which is expected to be not earlier than 40 days after the Issue Date (defined below), upon certification as to non-U.S. beneficial ownership. Definitive notes representing individual Notes will not be issued. Transfer of the Notes will be subject to the rules of Clearstream Banking. The Notes, which are governed by German law, will be issued in bearer form in denominations of EUR 100,000. The Notes will be ready for delivery on or about 20 June 2012 (the “**Issue Date**”).

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and the Notes are in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States of America (“**United States**”) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)).

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 13.

Joint Lead Managers

Barclays

HSBC

**Landesbank
Baden-Württemberg**

**Santander
Global Banking&Markets**

The date of this Prospectus is 18 June 2012.

RESPONSIBILITY STATEMENT

K+S Aktiengesellschaft (the “**Issuer**” or “**K+S AG**” and together with its consolidated subsidiaries, the “**Group**” or the “**K+S Group**”) with its registered office in Kassel, Federal Republic of Germany, is solely responsible for the information given in this Prospectus.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference.

The Issuer has confirmed to the managers set forth in the section “Names and Addresses” (each a “**Manager**” and together the “**Managers**”) that this Prospectus contains the information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer, and of the rights attaching to the Notes; that the information contained herein with respect to the Issuer and the Notes is accurate in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts, the omission of which would make any statement, whether fact or opinion, in this Prospectus misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained herein.

NOTICE

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.

No person has been authorised to give any information which is not contained in or not consistent with this Prospectus or any other document entered into in relation to the Notes or any information supplied by the Issuer or such other information as in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer, the Managers or any of them. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of 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 law, each of the Joint Lead Managers accepts no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer.

This Prospectus and any supplement hereto reflect the status as of their respective dates of issue. The delivery of this Prospectus and the offering, sale or delivery of the Notes may not be taken as an implication that the information contained in such documents is accurate

and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since such date or that any other information supplied in connection with the Notes is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions. For a description of the restrictions applicable in the United States of America, the European Economic Area, the United Kingdom, Luxembourg and Italy see “– *Selling Restrictions*”. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to tax law requirements of the United States of America; subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus may not be used for the purpose 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 an offer or solicitation.

In this Prospectus all references to “**EUR**” or “**Euro**” are to the single currency of the member states of the European Union participating in the third stage of European Economic and Monetary Union. The amounts in this Prospectus in “**USD**” refer to the legal currency of the United States of America. The amounts in this Prospectus in “**CAD**” refer to the legal currency of Canada.

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SUMMARY

The following constitutes the summary (the "**Summary**") of the essential characteristics and risks associated with the Issuer and the Notes. This Summary should be read as an introduction to this Prospectus. Any decision by an investor to invest in the Notes should be based on consideration of this Prospectus as a whole, including the documents incorporated by reference and supplements thereto. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer who has tabled this Summary including any translation thereof but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. The following description of certain general features of the Notes does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Prospectus.

Summary in respect of the Notes

<i>Issuer:</i>	K+S Aktiengesellschaft
<i>Joint Lead Managers:</i>	Banco Santander, S.A. Barclays Bank PLC HSBC Bank plc Landesbank Baden-Württemberg
<i>Principal Paying Agent:</i>	Landesbank Baden-Württemberg
<i>Currency:</i>	Euro
<i>Denominations of Notes:</i>	Euro 100,000
<i>Form of Notes:</i>	The Notes will initially be represented by a temporary global bearer Note (the " Temporary Global Note ") without interest coupons. The Temporary Global Note will be exchangeable, free of charge to the holder of Notes (each a " Noteholder ", and together the " Noteholders "), for Notes represented by a permanent global bearer Note (the " Permanent Global Note ", and the Temporary Global Note and the Permanent Global Note together, the " Global Notes ") without interest coupons not earlier than 40 days after the Issue Date in accordance with the provisions set out in the Conditions of Issue. In particular such exchange and any payment of interest on Notes represented by the Temporary Global Note shall only be made upon delivery of certifications as to non-U.S. beneficial ownership, the contents and nature of which shall correspond to the requirements of the laws of the United States of America and be in accordance with the rules and operating procedures of the Clearing System. Payments on the Temporary Global Note will only be made against presentation of such certifications. No

definitive Notes or interest coupons will be issued.

The Global Notes will be deposited with Clearstream Banking AG, Frankfurt am Main.

<i>Status of the Notes:</i>	The Notes will constitute 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.
<i>Maturity:</i>	20 June 2022
<i>Redemption:</i>	20 June 2022
<i>Taxation:</i>	All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany, or by or on behalf of any political subdivision or authority therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer will, subject to the exceptions set out in the Terms and Conditions, pay such additional amounts as shall result in receipt by the holders of the Notes of such amounts as would have been received by them had no such withholding or deduction been required.
<i>Negative Pledge:</i>	The Terms and Conditions of the Notes contain a negative pledge provision as set out in the Terms and Conditions of the Notes (page 26 of this Prospectus).
<i>Events of Default:</i>	The Terms and Conditions of the Notes provide for events of default entitling holders of the Notes to demand immediate redemption of the Notes (page 37 of this Prospectus).
<i>Cross Default:</i>	The Terms and Conditions of the Notes provide for cross default provisions (page 37 of this Prospectus).
<i>Governing Law:</i>	The Notes will be governed by German law.
<i>Jurisdiction:</i>	Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main.
<i>Clearance and Settlement:</i>	Notes will be accepted for clearing through Clearstream Banking AG, Frankfurt am Main (the “ Clearing System ”).
<i>Listing and Admission to Trading:</i>	Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF market of the Luxembourg Stock Exchange.

Summary in respect of K+S AG as Issuer

Statutory Auditors

The independent auditors of K+S AG are Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft.

Information about K+S AG

K+S AG is a stock corporation (*Aktiengesellschaft*) incorporated under German law. It is registered with the Commercial Register of the Local Court (*Amtsgericht*) in Kassel under HRB 2669 under the name "K+S Aktiengesellschaft". K+S AG's registered office is located at Bertha-von-Suttner-Strasse 7, 34131 Kassel, Federal Republic of Germany; its telephone number is: +49 (0)561 9301 0.

Selected Financial Information

The following table sets out selected financial information relating to the K+S Group. The information has been extracted from the audited consolidated financial statements of K+S AG for the fiscal year ended 31 December 2011 and the unaudited quarterly financial report for the interim period from 1 January 2012 until 31 March 2012. These consolidated financial statements of K+S AG have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("**IFRS**"). All figures presented refer to the continued operations of the K+S group and still include the K+S Nitrogen business. The income and expenses related to the COMPO business were reclassified and disclosed in a separate item "Earnings after taxes from a discontinued operation" since the classification as a discontinued operation in Q2/2011. The comparative periods for the fiscal year ended December 31, 2010 and interim period ended March 31, 2011 were adjusted in accordance with IFRS 5.

	Period from 1 January until 31 March 2012 (unaudited)	Period from 1 January until 31 March 2011 (unaudited)	Financial year ended 31 December 2011 (audited unless otherwise indicated)	Financial year ended 31 December 2010 (audited unless otherwise indicated)
	(EUR in millions, unless otherwise indicated)			
Revenues	1,438.1	1,626.9	5,150.9	4,632.7
EBITDA ⁽¹⁾	337.0	424.9	1,217.7	953.0
Group earnings after taxes and minority interests ⁽²⁾	212.2	293.6	564.3	448.6
Gross cash flow from continued operations	292.6	332.4	910.6	812.7
	31 March 2012	31 March 2011	31 December 2011	31 December 2010

Equity as of	3,238.5	2,809.2	3,084.6	2,651.6
Total assets as of	6,121.4	5,760.9	6,056.9	5,573.7
Net indebtedness ⁽³⁾ as of (unaudited)	592.6	726.6	610.8	732.5
Employees as of the end of the period (number of)	14,482	14,173	14,496	14,186

- (1) “**EBITDA**” is defined as earnings before interest, taxes, depreciation and amortisation excluding effects from market valuation of forecast hedging instruments. Depreciation and amortisation includes write-downs of tangible and intangible assets and of current and non-current financial assets, as well as impairments of investments accounted for using the equity method and of assets held for sale. EBITDA is not defined by IFRS. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.
- (2) Earnings from continued and discontinued operations.
- (3) Net indebtedness is calculated as follows: current bank loans and overdrafts + non-current bank loans and overdrafts + provisions for pensions and similar obligations + non-current provisions for mining obligations – cash on hand and balances with banks – non-current and current securities and other financial investments – reimbursement claim bond Morton Salt.

Organisational Structure

K+S AG acts as a holding company for the K+S Group. The Executive Board takes responsibility for the overall performance of the K+S Group and leads the heads of the business segments as well as the holding units.

The K+S Group operates in the following business segments: Potash and Magnesium Products, Salt and “Complementary Business Segments” (Waste Management and Recycling, Logistics, Animal hygiene products and Trading business).

End of April 2012 K+S signed an agreement with EuroChem Trading GmbH, a subsidiary of the Russian fertilizer company OJSC Eurochem Mineral and Chemical Co. regarding the sale of K+S Nitrogen GmbH, which markets nitrogenous fertilizer. Closing of the transaction is expected to be at the end of the second quarter of 2012. In the K+S AG Half-yearly Financial Report H1/12 to be published on 14 August 2012 and in all financial reports referring to the year 2012 the business with nitrogen fertilizer will be stated as “discontinued operations”.

Business Overview/Principal Activities

K+S AG and its subsidiaries are worldwide suppliers of specialised and standard fertilizers and salt products.

Potash and Magnesium Products

The Group's Potash and Magnesium Products business segment extracts crude potash and magnesium salts from six mines in Germany which are further processed there and at a former mining site to create end products or intermediate products.

Furthermore, the business segment has three processing sites in France. The annual production capacity of the business segment is up to 7.5 million tonnes of potash and magnesium products. As a result of the acquisition of the Canadian company Potash One Inc. ("**Potash One**"), which holds several potash exploration licences in the Canadian province of Saskatchewan including the Legacy-Project – an advanced greenfield project for the construction of a solution mine (the "**Legacy-Project**"), the business segment will in future have the possibility to increase the annual production capacity with the Legacy-Project by at least 2.86 million tonnes over the long term. A broad distribution network facilitates the sale of these products on all relevant European and overseas markets. The Potash and Magnesium Products business segment is predominantly reflected in K+S Kali GmbH, its subsidiaries and K+S Potash Canada GP. The offices of the senior management are in Kassel.

Nitrogen fertilizers

Since K+S AG has signed an agreement with EuroChem Trading GmbH, a subsidiary of the Russian fertilizer company OJSC Eurochem Mineral and Chemical Co. regarding the sale of K+S Nitrogen GmbH, the business with nitrogen fertilizer will be stated as "discontinued operations" in the K+S AG Half-yearly Financial Report H1/12 to be published on 14 August 2012 and in all financial reports referring to the year 2012.

Salt

In the Salt business segment, the K+S Group markets food grade salt, industrial salt, salt for chemical use and de-icing salt. With an annual production capacity of about 30 million tonnes of salt, K+S Group is the world's largest supplier of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13th ed. 2011). The business segment comprises the sub-units esco – european salt company GmbH & CO. KG ("**esco**"), Hanover, whose activities are mainly focused on Europe, the Chilean Sociedad Punta de Lobos S.A. ("**SPL**"), Santiago de Chile, with activities in South America and the United States, as well as Morton Salt, Inc. located in Chicago, one of the largest salt producers in North America (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13th ed. 2011). esco operates three rock salt mines, two brine Aqueous rock salt solution. Natural brine is obtained through drilling underground deposits of brine or through the controlled drill-hole solution mining procedure and also produced through the dissolution of mined rock salt plants, as well as several plants processing evaporated salt in Germany, France, the Netherlands, Portugal and Spain, and has numerous distribution sites in Europe. The annual production capacity of esco in Europe is about 8.0 million tonnes of crystallised salt and 1.7 million tonnes of salt in brine. The Chilean SPL extracts rock salt in Salar Grande de Tarapacá through cost-effective open-cast mining. The production capacity there is about 6.5 million tonnes per year and is planned to be expanded by 1.5 million tonnes to an annual 8 million tonnes by the end of 2012. Moreover, Salina Diamante Branco, which belongs to the SPL Group, operates a sea salt facility with an annual capacity of 0.5 million tonnes in the north-eastern part of Brazil. In the United States, SPL distributes its salt products via the International Salt Company ("**ISCO**"). Furthermore, Chilean shipping company Empreemar

S.A., with a fleet of five ships of its own as well as additional chartered ships providing maritime logistics for the SPL Group, also forms part of the Salt business segment. Morton Salt operates six rock salt mines, seven solar plants and ten plants processing evaporated salt is produced by evaporating saturated brine, whereby sodium chloride crystallises in the United States, in Canada and in the Bahamas. The annual production capacity totals about 13 million tonnes of salt. The Salt business segment is represented in Europe as well as North America and South America with its own distribution units and via platform companies of the K+S Group. Furthermore, the business segment exports salt products to Asia and other regions of the world.

Complementary business segments

In addition to disposal activities for the underground disposal and the reutilisation of waste in potash and rock salt mines, the salt slag and building material recycling (waste management and recycling) as well as the granulation of CATSAN® at the Salzdetfurth site, the term “Complementary Business Segments” bundles further activities of importance to the K+S Group. With K+S Transport GmbH, Hamburg, K+S Group possesses its own logistics service provider. Chemische Fabrik Kalk GmbH (“**CFK**”) trades in different basic chemicals.

Administrative, Management and Supervisory Bodies

The Executive Board of K+S AG is responsible for the management of K+S AG’s business; the Supervisory Board supervises the Executive Board and appoints its members.

The Executive Board of K+S AG consists of the following members: Norbert Steiner (Chairman), Joachim Felker, Gerd Grimmig, Dr. Thomas Nöcker, Dr. Burkhard Lohr. At the beginning of May 2012 the Supervisory Board appointed Mark Roberts as a member of the executive Board with effect from 1 October 2012. Joachim Felker will retire by end of September 2012.

The members of K+S AG’s Supervisory Board are: Dr. Ralf Bethke (Chairman), Michael Vassiliadis (Deputy Chairman), Ralf Becker, Jella S. Benner-Heinacher, George Cardona, Harald Döll, Dr. Rainer Gerling, Rainer Grohe, Dr. Karl Heidenreich, Rüdiger Kienitz, Klaus Krüger, Dieter Kuhn, Dr. Bernd Malmström, Dr. Rudolf Müller, Renato de Salvo, Dr. Eckart Sünner.

Share Capital

K+S AG’s share capital amounts to EUR 191,400,000.00 and is divided into 191,400,000 registered shares, each with a notional value of EUR 1.00 which are fully paid up. As of the date of this Prospectus, K+S AG does not hold treasury shares.

Significant change in the Group’s financial or trading position

There has been no significant change in the financial or trading position of K+S Group since the date of the last published quarterly financial report (31 March 2012).

Summary in respect of Risk Factors

Risk factors relating to K+S AG as Issuer

The following is a summary of risk factors that may affect K+S AG’s ability to fulfil its obligations under the Notes.

- K+S Group is subject to effects of macroeconomic trends.
- K+S Group is subject to general fluctuations in demand and price levels.
- K+S Group is subject to seasonal fluctuations in demand and price levels.
- K+S Group is subject to the risk of new competitors entering the potash market.
- K+S Group depends on sufficient supply from special materials and supplies, commodities and technical equipment.
- K+S Group faces risks from changes in the political, social or economic environment.
- K+S Group highly depends on public permissions and is subject to numerous environmental laws and regulations, which may impose stringent remedial requirements.
- K+S Group is subject to risks from future occupational exposure limits.
- K+S Group is subject to risks from the requirement for collateral security.
- Increasing freight costs might have an impact on K+S Group's results of operations.
- Fluctuations in currency exchange rates could have a material adverse effect on K+S Group's financial conditions and results of operations.
- Fluctuations in interest rates could have an adverse effect on K+S Group's financial conditions and results of operations.
- K+S Group is dependent on energy costs and energy supply.
- Carbon dioxide pockets in certain deposits could lead to injuries or the damaging of property.
- K+S Group's mining facilities are exposed to operational and accident risks.
- K+S Group is exposed to antitrust risks.
- K+S Group could suffer after the removal of anti-dumping protection.
- K+S Group faces personnel risks.
- K+S Group might have misjudged or may misjudge risks inherent in the acquisition past or future corporate acquisitions and therefore not attain the objectives aimed for with such acquisitions.
- The integration of companies acquired in the past or future into the K+S Group may prove more difficult, drawn out or costlier than expected or even fail.
- K+S Group is exposed to risks arising from investments, in particular from the Legacy-Project of K+S Potash Canada.
- K+S Group might be unable to effectively manage its own growth or to develop or raise the resources necessary in order to control or support its growth.
- K+S Group might experience failures or other malfunctions in its computer systems.
- K+S Group might face liquidity risks.
- K+S Group is subject to counterparty risks.

- K+S Group might face an increase of tax burden as a result of ongoing and future tax audits and potential changes in applicable tax regulations.
- K+S Group is exposed to compliance risks.
- A substantial rating downgrade could have an adverse effect on K+S Group's financial conditions and results of operations.

Risk factors relating to the Notes

- Notes may not be a suitable investment for all investors.
- The Holders of the Notes will face a liquidity risk.
- The Holders of the Notes are subject to a market price risk.
- The Notes are subject to a risk of early redemption.
- The Notes bear specific risks typical for fixed rate notes.
- Investors are subject to tax risks.
- U.S. withholding tax in certain circumstances.

RISK FACTORS

The following is a disclosure of risk factors that are material to the Notes in order to assess the market risk associated with these Notes and risk factors that may affect K+S AG's ability to fulfil its obligations under the Notes. Prospective investors should consider these risk factors before deciding to purchase Notes. The following statements are not exhaustive. Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another. The occurrence of one or more risks may have a material adverse effect on the own funds, the financial position and the operating result of the K+S Group.

Risk Factors relating to K+S AG as Issuer

K+S Group is subject to effects of macroeconomic trends.

The demand for fertilizers of K+S Group is considerably influenced by general economic growth as well as economic trends and the associated living standards in relevant markets. A lack of prosperity results in changes in eating habits, which are particularly reflected in a decrease of consumption of meat. As the production of meat requires many times more cereals, soy beans and other products used as animal feed, this results in a decreasing need for agricultural raw materials, which in turn lowers the demand for fertilizers.

The global economy and general economic growth will also in 2012 be influenced by the sovereign debt crisis in the eurozone, uncertainty about the state of the financial sector and the discussion of financial policy in the United States. If the sovereign debt crisis in the eurozone deepens or the financial system overall will suffer from a lasting crisis of confidence the prices for agricultural products could fall to a level that triggers uncertainty among farmers about and could adversely affect their future income situation and thus negatively impacts their demand in relation to fertilizers. Any of these situations may have an adverse impact on the assets, financial and earnings position of the K+S Group.

K+S Group is subject to general fluctuations in demand and price levels.

Primarily the products of the fertilizers business sector may face significant fluctuations in demand and price. As a result of external influences the demand for K+S Group's products may decline sharply in the relevant sales markets and lead to pressure on price levels. These factors include, for example, global natural disasters or regional swings in the economic cycle, decreasing global prices of important agricultural products, the market entry of new suppliers, a concentration on the demand side as well as deliberate buying restraint on the part of K+S Group's customers. These adverse effects particularly relate to the Group's fertilizer business, but may also affect the other business areas and may have an adverse impact on the assets, financial and earnings position of the K+S Group.

K+S Group is subject to seasonal fluctuations in demand and price levels.

K+S Group is subject to a significant sales risk for the Potash and Magnesium Products and Salt business segments that results in particular from the seasonality of demand, especially due to their dependence on weather conditions. Prolonged cold and wet weather conditions during the spring season can result in shifts or even declines in sales volumes of

fertilizers. Likewise, mild winters may considerably reduce the sales volumes of de-icing salt in the main sales regions (Europe, North America) for this product group.

Furthermore, the building-up and destocking of inventories by K+S Group's customers, depending on their expectations regarding future demand and market price trends, the weather or their liquidity management, result in fluctuations in demand. This can lead to an under utilisation of production capacity and thus to rising unit costs. As a result of this, during the main fertilizer season, K+S Group might be faced with such high volume requirements that on the one hand the stocks in its depots might not be sufficient or, on the other hand, it might not be able to be fully covered due to logistical bottlenecks. The same is true for salt in towns and cities, communities and road maintenance depots – also in view of the public budgets – build up insufficient de-icing salt inventories in the low season.

The seasonal effects may have an adverse impact on the assets, financial and earnings position of the K+S Group.

K+S Group is subject to the risk of new competitors entering the potash market.

An entry of new competitors into the international potash market could result in a tangible shift in the structure of the sector. An aggressive expansion of new potash capacities by a producer could result in an increase of competitive pressure and lead to declining margins. This may have an adverse impact on the assets, financial and earnings position of K+S Group.

K+S Group depends on sufficient supply from special materials and supplies, commodities and technical equipment.

The number of suppliers for raw materials and consumables such as explosives, low-sulphur diesel fuel as well as the necessary technical equipment including spare parts is limited. It cannot be ruled out that the required raw material will be short in supply or not available to K+S Group at all due to insolvency or other reasons with respect to the suppliers or because such raw materials can no longer be produced profitably, e.g. because of the implementation or tightening of environmental regulations. Any supply shortfalls or bottlenecks, non-delivery or delivery boycotts could result in the limited availability of raw materials, consumables and supplies as well as of technical equipment and spare parts specific to mining, and thus to a considerable increase in costs or to adverse effects in production. This also applies to the procurement of logistics services. Moreover, a local energy shortage at one of the important facilities of the Group might result in a damage to the facilities' production capacity.

In any of these events, K+S Group's assets, financial and earnings position could be adversely affected.

K+S Group faces risks from changes in the political, social or economic environment.

Far-reaching changes in the political, social and economic environment can never be ruled out in producing and buying countries. K+S Group operates in a large number of countries. In some of the countries in which K+S Groups' products are manufactured or to which they are exported, the general economic, political and legal environment is less stable than in Western Europe or North America. K+S Group is therefore exposed to a number of factors, over which the Group has little to no control and which may adversely affect K+S Group's business activities. These factors include, but are not limited to, the following:

- political, social, economic, financial or market-related instability or volatility;
- foreign currency control regulations and other regulations or the negative impacts related to exchange rates and foreign currencies; and
- trade restrictions.

Each of the factors named above may have a negative impact on the business activities and the growth prospects of K+S Group in the relevant countries in which it operates and therefore adversely affect the assets, financial and earnings position of the K+S Group.

K+S Group highly depends on public permissions and is subject to numerous environmental laws and regulations, which may impose stringent remedial requirements.

The production in most of K+S Group's business segments is potentially harmful to the environment. Public and political debate about more stringent environmental requirements of the production processes employed by K+S Group may lead to a loss in operating licenses and public permissions or adversely impact the decision on issuing new licenses or permissions. Furthermore in K+S Group's operations inadvertent environmental damages might occur. Any such damages could not only result in fines or other public law sanctions, but also in costs for removal, restoration and disposal actions as well as further liability risks. In addition, environmental regulations could be tightened, which could lead to further costs or have other negative effects on K+S Group's operations.

In the Potash and Magnesium Products business segment, among others, liquid residues (saline waste water) arise from both current production and through rainfall on the tailing piles. On the basis of existing permits, some of the saline waste water is discharged into rivers, while others are injected into underground layers of rock (plate dolomite). Establishing a significant reduction in the injection possibilities anticipated up to now, or the premature complete utilisation of approved injection areas, as well as finding that injection might have an impact on drinking water or usable ground water resources, could make an unchanged extension of existing injection permits appear unlikely and could entail a partial or even entire withdrawal of injection approvals for the disposal of liquid residues. Furthermore, currently approved thresholds for the discharge of the saline waste water into surface waters could be lowered for future discharge permits. Extensions of existing injection and discharge permits or their renewed granting may be accompanied by requirements leading to material additional costs for a pre-treatment of production waste or to considerable decreases in production at the sites affected.

For the Hattorf, Unterbreizbach and Wintershall sites located on the Werra a new injection permit was granted and is limited to November 2015. The discharge permit is limited to the end of November 2012. There can be no assurance that permits will be extended or newly granted. It cannot be ruled out that further investments in these sites might become necessary, that production costs might continue to rise, and that even the closure of these production sites due to a sustainable inefficiency might be required.

At the exploitation sites of the Potash and Magnesium business segment, solid residue is currently heaped up within the framework of existing approvals. If approvals for residues heaped up are revoked or necessary projects for the expansion of tailing piles are not approved, or only approved subject to unreasonably high requirements, there is no possibility for this residue to be disposed of.

On 18 November 2009, the Administrative Court of Hanover upheld the complaints of the Bund für Umwelt und Naturschutz Deutschland e.V. (“**BUND**”) and the Naturschutzbund Deutschland e.V. (“**NABU**”) and set aside the planning approval decision of the Landesamt für Bergbau, Energie und Geologie Lower Saxony (“**LBEG**”) of 10 August 2007 as well as the modification decision of 13 March 2009 on the expansion of the tailing pile of the Sigmundshall plant. In the planning approval decision, covering the pile was a prerequisite for the expansion of the piling of production residues. In response to the appeal brought by the LBEG and by K+S KALI GmbH, in judgements of 24 June 2011, the Higher Administrative Court of Lüneburg rejected the actions of BUND and NABU and did not allow an appeal against the judgements. Nonetheless BUND and NABU have appealed against this decision with the Federal Administrative Court. If the Federal Administrative Court admits the appeal and decides in favour of BUND and NABU restrictions arise for the operation of the Sigmundshall potash plant.

Any withdrawal or limitation of existing public permissions or any denial of granting new public permissions or remedial requirements could adversely impact the net assets, financial condition and results of operations of the K+S Group.

K+S Group is subject to risks from future occupational exposure limits.

As K+S Group operates in a business area with diesel engines and explosives, releasing nitrogen monoxide, nitrogen dioxide or carbon monoxide, occupational exposure limits play an important role for the Group’s production. The EU initiative on setting indicative workplace limits for nitrogen monoxide (NO), nitrogen dioxide (NO₂) and carbon monoxide (CO) or any other substantial change in legislation regarding workplace exposure limits in the countries where the Group operates could pose risks to K+S Group’s mining activities, if these do not sufficiently account for the underground production situation. If thresholds were lowered significantly, substantial capital expenditure needed for the Group to comply with the thresholds could become necessary. Should the workplace limits become so stringent that production at the sites concerned in compliance with these limits were no longer possible at justifiable expense or overall technically, this might even compel K+S Group to close these sites in the long term. Both cases result in an adverse effect on the net assets, financial condition and results of operations of K+S Group.

K+S Group is subject to risks from the requirement for collateral security

The requirement for insolvency-proof securities for the “infinity costs” of maintaining tailing piles and for K+S Group’s own landfill sites cannot be ruled out for the future. Currently, the necessary expenditure for the systematic maintenance of tailing piles is being provided for in the balance sheet via provisions. If, in addition to the creation of provisions, collateral securities would have to be deposited, funds would be tied up, and result in an adverse effect on the net assets, financial condition and results of operations of K+S Group.

Increasing freight costs might have an impact on K+S Group’s results of operations.

As significant amounts of the Group’s sales are generated abroad while production especially in the potash and magnesium segment is mainly located in Germany, the transportation of products over large distances is typical for the business operated by K+S Group. A reduced availability of freight capacity (high global cargo volume) or fluctuations in offer and demand of freight capacity in overseas transportation as well as rising mineral oil prices could result in higher costs for transportation. There can be no assurance that

increasing transportation costs can always be passed on to K+S Group's customers. Any increase in freight costs could therefore adversely effect K+S Group's financial and earnings position.

Moreover, the high level of transport intensity of K+S Group's business operations makes it considerably dependent on the respective infrastructure facilities such as ports, roads, railway lines and loading stations. A failure or a bottleneck could restrict the production or sales possibilities and therefore adversely effect K+S Group's financial and earnings position.

Fluctuations in currency exchange rates could have a material adverse effect on K+S Group's financial conditions and results of operations.

K+S Group's earnings are exposed to exchange rate fluctuations. This can lead to the value of the service performed not matching the value of the consideration received in transactions, because income and expenditure arise at different times in different currencies. Exchange rate fluctuations, especially in relation to the US dollar, so far affect the Potash and Magnesium Products business segment, in particular in relation to the levels of proceeds and receivables. In future, as a result of investments into the Legacy-Project of K+S Potash Canada, significant exchange rate risks will arise also in relation to the Canadian dollar.

Furthermore, currency effects arise at subsidiaries whose functional currency is not the euro, since on the one hand the earnings of these companies determined in a foreign currency are translated at average rates and recognised in profit or loss, and on the other hand the net assets are translated into Euros at spot rates and result in currency-related fluctuations in the equity of the K+S Group. Currently, these translation effects mainly appear in the Salt business segment. As the investments of K+S Potash Canada progress, this will also affect the Potash and Magnesium Products business segment.

There is no assurance that these fluctuations in currency exchange rates can be compensated by other means such as derivative financial instruments used by K+S Group to counter exchange rate risks. Any uncompensated fluctuations might have an adverse effect on the net assets, financial condition and results of operations of K+S Group.

Fluctuations in interest rates could have an adverse effect on K+S Group's financial conditions and results of operations.

The costs at which K+S Group can obtain financing depend on general market conditions, particularly on the development of interest rates. In the case of deteriorating general market conditions, only debt financing with higher risk premiums than are currently in place may be available. There is no assurance that increased interest rates could be compensated by other means. In this case, a rise of interest rates could have an adverse effect on K+S Group's net assets, financial condition and results of operations.

To the extent K+S Group holds cash and securities with short term interest periods a decrease in interest rates would encumber interest earnings and financial results.

K+S Group is dependent on energy costs and energy supply.

K+S Group's production costs are affected by energy prices, in particular by that of gas. Energy prices are often subject to substantial cyclical fluctuations and could in the future significantly rise compared to the current price level. There is no assurance that the Group can hedge itself against energy market risks or pass increases in energy costs on to its

customers. Consequently, a continued rise in the cost of energy could have an adverse effect on the assets, financial and earnings position of K+S Group.

Furthermore, K+S Group depends on the reliability of energy supplies. If the supply of gas is interrupted briefly, this also could have an adverse effect on the assets, financial and earnings position of K+S Group.

Carbon dioxide pockets in certain deposits could lead to injuries or the damaging of property.

Carbon dioxide pockets in certain deposits which K+S Group operates constitute a latent potential danger to people, machinery or deposits. If carbon dioxide were to leak from these pockets, K+S Group could be held liable for any related damage or injuries which would have an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

K+S Group's mining facilities are exposed to operational and accident risks.

Operational disruptions in K+S Group's facilities, in particular its mines, may result from external factors beyond its control, such as natural disasters or acts of terrorism or internal accidents. In case of one of these events occurring, there is a risk of personal injury, damage to third-party property and damage to the environment which may lead to considerable cost resulting from K+S Group being held responsible for these damages. Underground mines are subject to hydrogeological risks: significant damage could occur by ground water flowing over a shaft extension. Moreover, under rare circumstances, surface water might gain access to a mine complex in case of a massive flood occurring. This could result in an extensive harm to the environment and K+S Group's or third party property with consequential liability claims. Furthermore, K+S Group's mining activities involve the specific risk of a suddenly occurring subsidence of the earth's surface over a large area that is, under certain circumstances, powerful (rock burst). This could result, in addition to the partial or complete loss of the mine and damage to equipment, also in considerable damage to the property of third-parties and in personal injury or death. Any possible damage to K+S Group's mines or third-party property, which are not covered by its insurance payouts could result in additional costs and payments and therefore adversely affect K+S Group's net assets, financial condition and results of operations.

K+S Group is exposed to antitrust risks.

The Group operates on a worldwide basis and acquisitions of further companies belong to its strategic decisions. These transactions require the approval of the relevant antitrust authorities and sometimes even lead to specific investigations by these authorities such as currently the case in the State of Ohio. Therefore it cannot be guaranteed that K+S Group will not be investigated by antitrust authorities in the future, especially in the light of the fact that in the majority of market segments the Group serves, it holds substantial market share. Where this is the case, there is a general risk that antitrust authorities, competitors or customers will regard its behaviour in certain circumstances as an abuse of dominant market position or suspect it of anti-competitive cooperation with other market participants, prompting them to take action against K+S Group. Any resulting antitrust penalties and claims for damages would adversely affect the net assets, financial condition and results of operations of K+S Group.

K+S Group could suffer from a removal of anti-dumping protection.

In the fertilizer business, K+S Group also competes with producers from Russia and Belarus, which are either state-owned, receive considerable subsidies such as cheaper supplies of gas or subsidised rail transport, or otherwise, directly or indirectly, enjoy the benefits of state financial support. These competitors can therefore offer their products on better terms than those manufacturers that do not receive comparable state support. In July 2006, the existing trade policy measures regarding the importing of potassium chloride from Russia and Belarus had therefore been correctly prolonged with adjustments by five years until 13 July 2011. Since then anti-dumping protection ceases to exist. At the moment structurally competition-distorting practices are superimposed by the currently positive market conditions. In the event of a change in the market situation, another rise in competitive pressure cannot be ruled out in Europe. This could result in K+S Group having to market a greater proportion of its products overseas. In such an event, there can be no assurance that K+S Group will be able to compensate losses by increasing sales overseas. The removal of anti-dumping protection could therefore have an adverse effect on K+S Group's assets, financial and earnings position.

K+S Group faces personnel risks.

The competence and commitment of K+S Group's employees are important factors for the successful development of the K+S Group and the successful management of opportunities and risk. In addition, personnel expenses make up a significant portion of K+S Group's costs. At the same time, the future success of the Group depends on the ability to recruit and retain highly qualified staff. There are several risks which might arise from these facts:

- as the Group acts as a global enterprise which encourages the transfer of staff between domestic and foreign sites of K+S Group in order to increase their qualifications and mobility, there is an additional risk that employees might be hired away or otherwise leave the Group;
- it might not be possible to hire qualified new employees;
- the loss of qualified employees or long-lasting difficulties in hiring suitable new employees could cause the Group to have difficulties implementing important decisions and measures or guaranteeing the production level as of today.

K+S Group therefore especially relies on good relations with its employees and their labour unions, as the Group's staff, in particular the German and North America employees, have to a large extent traditionally been unionized in labour unions.

In particular staffing adjustments necessary to increase efficiency might result in labour disputes between the staff or its labour unions and K+S Group. Any future strikes or labour disputes concerning these adjustments as well as the lack of qualified personnel could significantly impact the net assets, financial condition and results of operations of the K+S Group.

K+S Group might have misjudged or may misjudge risks inherent in the acquisition past or future corporate acquisitions and therefore not attain the objectives aimed for with such acquisitions.

In the past, K+S Group has carried out several takeovers of companies in the relevant industrial area, the last of which is the complete takeover of the Canadian company Potash

One that was merged into K+S Potash Canada. K+S Group will continue to watch the market environment for suitable acquisition targets in the future. It cannot be ruled out that in past or future takeovers, in particular K+S Potash Canada, K+S Group has failed or will fail to identify or accurately assess certain risks. For instance, some of its assumptions or expectations with respect to the buyout target may turn out to be partially or fully incorrect or unexpected risks or problems might arise that have not been hedged against in the takeover agreement. K+S Group might also face unexpected antitrust sanctions which could contradict the intended economic rationale of the acquisition. As a result, the expectations K+S Group had with regard to the takeover might not be fulfilled, which might, under certain circumstances, require a value adjustment. In this case, there might be an adverse effect on the K+S Group's net assets, financial condition and results of operations.

The integration of companies acquired in the past or future into the K+S Group may prove more difficult, drawn out or costlier than expected or even fail.

It cannot be guaranteed that the incorporation of acquired companies or any future acquisitions into the K+S Group will be successful, and that growth expectations, economies of scale and cost savings assumed in appraising an acquired company actually do materialize. Key employees and executives of companies that have been or will be acquired might leave the Group following the takeover, which in light of the importance of qualified employees in the industry would significantly lower the value of the acquired company. These and other developments not foreseen at the time of the acquisition might impair or prevent the integration of acquired companies, hinder the business operations, tie-up management and employee capacities and increase costs, which would overall have an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

K+S Group is exposed to risks arising from investments, in particular from the Legacy-Project of K+S Potash Canada.

K+S Potash Canada holds several potash exploration licences in the Canadian province of Saskatchewan, including an already advanced greenfield project for the construction of a solution mine. The first two expansion phases of the project result in a production capacity of 2.86 million tonnes of potassium chloride at a planned volume of capital expenditure of about CAD 3.25 billion. The possibility exists to expand the project in the long term to a production capacity of up to 4 million tonnes of potassium chloride per year. A construction phase of several years lies between the acquisition decision and the start of production. All assumptions and estimates made at the start of this and any other investment projects are subject to potential business, economic, political and social uncertainties over time. If initial expectations could not be fulfilled, this result in a need to recognise an impairment charge in relation to the acquired assets and on the investments made in the start-up phase, and furthermore, the expected production volume would only be available at a later point in time. This would have an adverse effect on the assets, financial and earnings position.

K+S Group might be unable to effectively manage its own growth or to develop or raise the resources necessary in order to control or support its growth.

K+S Group has steadily expanded its business operations and increased its staff over the past years. In particular there has been the acquisition of further companies resulting in an expanded business radius of K+S Group. The planned further expansion of business operations requires it to adapt its organization, human resources planning and funding

accordingly and to have sufficient resources available. Expanding business operations tie up resources, both in management and in the technical areas. Qualified personnel must be recruited and trained for information services and sales and administrative support. In this context, it cannot be assured that the Group will be able to make the necessary adjustments in time and in the required scope. Failure to do so might have an adverse effect on the assets, financial and earnings position of K+S Group.

K+S Group might experience failures or other malfunctions in its computer systems.

The increasing networking of IT systems and the necessity of their permanent availability impose high demands on the information technology used. This applies to all business segments of the Group. Malfunctions and faults in the computer systems and software, including possible attacks from the outside, for instance by criminal hackers or computer viruses, might adversely affect the Group's operational business. In such a case, K+S Group may have to expend substantial amounts of money and resources on the prevention and fixing of potential or existing security breaches and their consequences. This could have an adverse effect on its business operations and its net assets, financial condition and results of operations.

K+S Group might face liquidity risks.

A liquidity risk consists in the funds needed to meet payment obligations not being procured in time and consequently higher refinancing costs being potentially incurred. External factors, including a deepening of the current financial crisis, could lead to circumstances where K+S Group is unable to replace its credit lines under acceptable commercial conditions. Moreover within the framework of the existing credit lines, K+S Group has entered into obligations to maintain certain financial figures. If these obligations were violated, a premature termination of this financing through lenders would be possible. Both scenarios could have an adverse effect on the net assets and financial conditions of K+S Group.

K+S Group is subject to counterparty risks.

K+S Group has extensive business relationships with many of its customers. K+S Group might suffer losses in case one or more of its larger customers were unable to fulfil their contractual obligations vis-à-vis K+S Group or become insolvent. This also applies to financial institutions which K+S Group has entered into hedge contracts with. This risk has been recently increased as a result of the financial crisis. Any default of K+S Group's customers or hedge counterparties could have an adverse effect on the net assets, financial condition and results of operations of K+S Group.

K+S Group might face an increase of tax burden as a result of ongoing and future tax audits and potential changes in applicable tax regulations.

Any change in legislation concerning corporate income tax and other future changes in tax law in Germany or other countries in which K+S Group is subject to taxation and any adverse findings from ongoing or future tax audits could lead to higher tax expenses and therefore have an adverse effect on K+S Group's net assets, financial condition and results of operations. In the area of energy taxes, the German subsidiaries of the K+S Group that are classified as energy-intensive can currently make use of the so-called compensation for peak load. The relevant regulations were approved by the EU Commission until 2012 and grant

companies in the manufacturing sector energy and power tax relief for certain energy products and electricity, which they use for commercial purposes. Within the framework of the German law on budgetary consolidation, this peak load was lowered from the previous 95 to 90% with effect from 2011. This resulted in K+S Group's energy-intensive production in Germany becoming slightly more expensive. A follow-on regulation starting from 2013 is already being initially considered at the political level. A complete abandonment of the peak load is possible and would result in additional energy tax burdens and competitive disadvantages for K+S Group's energy-intensive German subsidiaries what would have an adverse effect on K+S Group's assets, financial and earnings position.

K+S Group is exposed to compliance risks.

Serious violations of applicable laws, for example in the areas antitrust and competition law as well as anticorruption laws by individual employees could have an adverse impact on the assets, financial and earnings position of K+S Group.

A substantial rating downgrade could have an adverse effect on K+S Group's financial conditions and results of operations.

At present, the K+S Group is rated "investment grade" by the rating agencies Standard & Poors's and Moody's Investors Service. The outlook given by both rating agencies is classified as "stable". Rating downgrades, in particular the loss of the rating as "investment grade" could have a negative impact on the possibilities and terms of financing. Downgrades can, for example, require the furnishing of creditors with collateral and decrease the readiness of business partners to do business with the K+S Group. In the case of existing credit lines, higher interest margins would have to be paid under certain circumstances. At the same time, new credit lines could become more expensive. That could have an adverse effect on K+S Group's financial condition and results of operations.

Risk Factors in respect of the Notes

Notes may not be a suitable investment for all investors.

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should, among others:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- 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 Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and

- 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.

A potential investor should not invest in the Notes, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Holders of the Notes will face a liquidity risk.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on Euro MTF market of the Luxembourg Stock Exchange. Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor might not be able to sell the Notes at any time at all or at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

The Holders of the Notes are subject to a market price risk.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the type of Notes. The holders of the Notes are, therefore, exposed to the risk of an unfavourable development of market prices of their Notes which materialises if the holders of the Notes sell the Notes prior to the final maturity of the Notes. Notwithstanding the factors described above, the Issuer is obliged to redeem the Notes at their principal amount at maturity.

The Notes are subject to a risk of early redemption.

K+S AG will always have the right to redeem the Notes if it is required to pay additional amounts (gross-up payments) on the Notes for reasons of taxation as set out in the Terms and Conditions. If K+S AG redeems the Notes prior to maturity or the Notes are subject to early redemption due to an early redemption event, a holder of the Notes is exposed to the risk that due to such early redemption his investment will have a lower than expected yield. Additionally, such holder may only be able to reinvest on less favourable conditions as compared to the original investment.

The Notes bear specific risks typical for fixed rate notes.

The Notes are fixed rate notes. Therefore, a holder of the Notes is exposed to the risk that the price of the Note falls as a result of changes in the market interest rate. While the nominal interest rate of the Notes as specified in the Terms and Conditions is fixed during the life of the Notes, the current interest rate on the capital market ("**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the price of a fixed rate note also changes, but in the opposite direction. If the market interest rate increases, the price of a fixed rate note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Notwithstanding

the factors described above, the Issuer is obliged to redeem the Notes at their principal amount at maturity.

Investors are subject to tax risks.

Potential purchasers of the Notes should be aware that stamp duty and other taxes and/or charges may be levied in accordance with the laws and practices in the countries where the Notes are transferred and other relevant jurisdictions. The summaries set out under the heading "Taxation" discuss only specific tax considerations, and they do not purport to be a comprehensive description of all tax considerations in any particular jurisdiction which may be relevant to a decision to purchase the Notes. Potential purchasers of the Notes should note that the tax treatment of payments in respect of the Notes may be different (and in some cases significantly different) from that set out in those summaries. Potential purchasers of the Notes who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time (see "*Taxation – EU Savings Tax Directive*"). Accordingly, it is not possible to predict the precise tax treatment of the Notes which will apply at any given time.

U.S. withholding tax in certain circumstances

Payments on Notes issued after 31 December 2012 (including interest, principal and redemption proceeds) might become subject to U.S. withholding tax under recently enacted sections 1471-1474 of the US Internal Revenue Code (commonly referred to as "**FATCA**") if the Issuer becomes subject to a compliance agreement with the U.S. Internal Revenue Service and those payments were considered (in whole or in part) to be "foreign pass-thru payments" within the meaning of the FATCA rules. Currently proposed U.S. Treasury regulations would defer withholding on foreign pass-thru payments until 1 January 2017. Payments on Notes issued before 1 January 2013 are not expected to be subject to withholding under FATCA because proposed regulations would not apply the FATCA rules to obligations that were outstanding before 2013, however, it cannot be excluded that the final regulations would make FATCA applicable to payments on the Notes issued before 1 January 2013.

TERMS AND CONDITIONS OF THE NOTES

Anleihebedingungen

Die deutsche Version dieser Anleihebedingungen ist bindend. Die englische Übersetzung dient nur Informationszwecken.

§ 1 Form und Nennbetrag

- (a) Die von der K+S Aktiengesellschaft, Kassel (die „**Emittentin**“) begebene Anleihe im Gesamtnennbetrag von EUR 500.000.000 ist eingeteilt in auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 100.000 (die „**Schuldverschreibungen**“).
- (b) Die Schuldverschreibungen werden zunächst durch eine vorläufige auf den Inhaber lautende Globalschuldverschreibung (die „**Vorläufige Globalurkunde**“) ohne Zinsscheine verbrieft; die nicht früher als 40 Tage (dieser Zeitraum nachfolgend die „**Sperrfrist**“) nach dem Tag der Begebung der Schuldverschreibungen in eine permanente auf den Inhaber lautende Globalschuldverschreibung (die „**Dauerglobalurkunde**“, die Vorläufige Globalurkunde und die Dauerglobalurkunde jede für sich eine „**Globalurkunde**“) ohne Zinsscheine ausgetauscht wird, und zwar gegen Nachweis über das Nichtbestehen von U.S.-amerikanischem wirtschaftlichen Eigentum (*U.S. beneficial ownership*) der Schuldverschreibungen, der nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika und den dann bestehenden Usancen der Clearingsysteme entspricht.
- (c) Die Vorläufige Globalurkunde und die Dauerglobalurkunde sind jeweils nur

Terms and Conditions of the Notes

The German text of these Terms and Conditions is binding. The English translation is for information purposes only.

§ 1 Form and Denomination

- (a) The issue by K+S Aktiengesellschaft, Kassel (the „**Issuer**“) in the aggregate principal amount of EUR 500,000,000 is divided into bonds payable to bearer in the denomination of EUR 100,000 each (the „**Notes**“).
- (b) The Notes are initially represented by a temporary global bond payable to bearer (the „**Temporary Global Note**“) without interest coupons which will be exchanged not earlier than 40 days (this period hereinafter referred to as the „**Restricted Period**“) after the issue date of the Notes against a permanent global bond payable to bearer (the „**Permanent Global Note**“, together with the Temporary Global Note, each a „**Global Note**“) without interest coupons upon certification as to non-U.S. beneficial ownership of the Notes the contents and nature of which shall correspond to the requirements of the laws of the United States of America and to the standard practices of the security clearing system(s) which then exist(s).
- (c) Each of the Temporary Global Note and the Permanent Global Note shall

wirksam, wenn sie die eigenhändigen Unterschriften von zwei durch die Emittentin bevollmächtigten Personen sowie die Unterschrift eines Kontrollbeauftragten der Hauptzahlstelle tragen. Die Globalurkunde wird bei Clearstream Banking AG, Frankfurt am Main (das „**Clearingsystem**“) hinterlegt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind. Keiner der Miteigentümer einer der Globalurkunden (jeweils ein „**Anleihegläubiger**“ und gemeinsam die „**Anleihegläubiger**“) ist berechtigt, die Ausgabe von Einzelurkunden und Zinsscheinen zu verlangen.

- (d) Den Anleihegläubigern stehen Miteigentumsanteile oder Rechte an der Globalurkunde zu, die nach Maßgabe der jeweils geltenden Regelungen des Clearingsystems übertragen werden.

§ 2 Status der Schuldverschreibungen, Negativerklärung

- (a) Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin und stehen im gleichen Rang untereinander und mindestens im gleichen Rang mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin, soweit bestimmte zwingende gesetzliche Bestimmungen nichts anderes vorschreiben.
- (b) Solange Zahlungen aus den Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle auf die Schuldverschreibungen gemäß

only be valid if it bears the handwritten signatures of two duly authorized representatives of the Issuer and the control signature of a person instructed by the Principal Paying Agent. The Global Note shall be deposited with a common depositary for Clearstream Banking AG, Frankfurt am Main (the „**Clearing System**“), until the Issuer has satisfied and discharged all its obligations under the Notes. No holder of a proportional co-ownership participation or right in a Global Note (each a „**Noteholder**“ and together the „**Noteholders**“) shall have the right to require the issue of definitive certificates representing individual Notes and interest coupons.

- (d) The Noteholders shall receive proportional co-ownership participations or rights in the Global Note, which are transferable in accordance with the provisions of the Clearing System.

§ 2 Status of the Notes, Negative Pledge

- (a) The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present or future, save for certain mandatory exceptions provided by law.
- (b) While any amounts remain outstanding under the Notes, but only up to the time all amounts payable to Noteholders under the Notes in accordance with these Terms and

diesen Anleihebedingungen zu zahlenden Beträge dem Clearingsystem zur Verfügung gestellt worden sind, verpflichtet sich die Emittentin,

(A) für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen) keine dinglichen Sicherheiten in Bezug auf ihre gesamten gegenwärtigen oder zukünftigen Einkünfte oder ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihrer gegenwärtigen oder zukünftigen Einkünfte oder ihres gegenwärtigen oder zukünftigen Vermögens zu gewähren oder bestehen zu lassen, und

(B) sicherzustellen, soweit rechtlich möglich, dass keine Gesellschaft der Gruppe für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen) irgendwelche dinglichen Sicherheiten in Bezug auf ihre gesamten gegenwärtigen oder zukünftigen Einkünfte oder ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihrer gegenwärtigen oder zukünftigen Einkünfte oder ihres gegenwärtigen oder zukünftigen Vermögens gewährt oder bestehen lässt,

sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen gleichrangig und anteilig an einer solchen dinglichen Sicherheit teilhaben, oder diesbezüglich eine dingliche Sicherheit zu im wesentlichen gleichen Bedingungen bestellt wird,

Conditions have been placed at the disposal of the Clearing System, the Issuer undertakes that

(A) it will not create or permit to subsist any security interest *in rem (dingliche Sicherheit)* over all or part of its present or future revenues or assets as security for any Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof), and

(B) it will procure, to the extent legally permissible, that no member of the Group will at any time create or permit to subsist any security interest *in rem* upon all or any of its present or future revenues or assets as security for any Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof),

unless at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or benefit from a security interest *in rem* in substantially identical terms thereto and as shall be approved by an independent expert of internationally

und die von einem international angesehenen unabhängigen Sachverständigen als gleichwertige Sicherheit beurteilt wird.

Die Verpflichtung nach diesem Absatz (b) besteht jedoch nicht für solche Sicherheiten, (i) die gesetzlich vorgeschrieben sind, oder (ii) die als Voraussetzung für staatliche Genehmigungen verlangt werden, oder (iii) die von einer Gesellschaft der Gruppe an Forderungen bestellt werden, die ihr aufgrund der Weiterleitung von aus dem Verkauf von Kapitalmarktverbindlichkeiten in der Form von Wandelschuldverschreibungen erzielten Erlösen gegen Gesellschaften der Gruppe oder sonstige Dritte gegenwärtig oder zukünftig zustehen, sofern solche Sicherheiten der Besicherung von Verpflichtungen aus den jeweiligen Kapitalmarktverbindlichkeiten der Gesellschaft der Gruppe dienen, oder (iv) die eine im Zeitpunkt einer zukünftigen Akquisition bestehende Kapitalmarktverbindlichkeit des erworbenen Unternehmens besichern, die infolge der zukünftigen Akquisition eine Verpflichtung der Emittentin oder einer Gesellschaft der Gruppe wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese zukünftige Akquisition begründet wurde.

Eine nach diesem Absatz (b) zu leistende Sicherheit kann auch zu Gunsten der Person eines Treuhänders der Anleihegläubiger bestellt werden.

„Kapitalmarktverbindlichkeiten“

bezeichnet jede gegenwärtige oder zukünftige Verpflichtung zur Zahlung oder Rückzahlung von Geldern (einschließlich Verpflichtungen aus Garantien oder anderen

recognised standing as being equivalent security.

The undertaking pursuant to this subsection (b) shall not apply to a security (i) which is mandatory according to applicable laws, or (ii) which is required as a prerequisite for governmental approvals, or (iii) which is provided by any member of the Group upon any claims of such member against any other member of the Group or any third party, which claims exist now or arise at any time in the future as a result of the passing on of the proceeds from the sale by the Subsidiary of any Capital Market Indebtedness in the form of convertible bonds, provided that any such security serves to secure obligations under such Capital Market Indebtedness of the member of the Group, or (iv) which secures a Capital Market Indebtedness of an acquired enterprise existing at the time of any future acquisition that becomes an obligation of the Issuer or any member of the Group as a consequence of such future acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such future acquisition.

Any security which is to be provided pursuant to this subsection (b) may also be provided to a person acting as trustee for the Noteholders.

“Capital Market Indebtedness”

means any present or future obligation for the payment or repayment of money (including obligations by reason of any guarantee or other liability agreement

Haftungsvereinbarungen für Verbindlichkeiten von Dritten) aus Anleihen, Schuldverschreibungen oder anderen ähnlichen Instrumenten mit einer ursprünglichen Laufzeit von mehr als einem Jahr, sofern sie an einer Börse oder an einem anderen Wertpapiermarkt notiert, zugelassen oder gehandelt werden oder notiert, zugelassen oder gehandelt werden können.

„**Gruppe**“ bezeichnet die Emittentin und ihre jeweiligen konsolidierten Tochtergesellschaften.

§ 3 Verzinsung

- (a) Die Schuldverschreibungen werden, bezogen auf ihren Nennbetrag, ab dem 20. Juni 2012 (der „**Zinslaufbeginn**“) (einschließlich) mit 3,00 % jährlich verzinst. Die Zinsen sind jährlich nachträglich am 20. Juni jeden Jahres (jeweils ein „**Zinszahlungstag**“), beginnend mit dem 20. Juni 2013, zu zahlen.
- (b) Der Zinslauf der Schuldverschreibungen endet, soweit hierin nicht abweichend geregelt, am Ende des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden, es sei denn, die Zahlung des insgesamt fälligen Betrages wird durch die Emittentin oder auf deren Veranlassung unberechtigt zurückbehalten oder deren Leistung wird verweigert oder es tritt eine sonstige Leistungsverzögerung bezüglich einer solchen Zahlung ein. In diesem Fall endet der Zinslauf der Schuldverschreibung mit Ablauf des Tages, der der tatsächlichen Rückzahlung der Schuldverschreibung vorausgeht. Der in einem solchen Fall jeweils anzuwendende Zinssatz entspricht

for obligations of third parties) that is borrowed through the issuance of bonds, debentures, notes or other similar debt securities, with an original maturity of more than one year, which are, or are capable of being, quoted, listed or traded on a stock exchange or other securities market.

“**Group**” means the Issuer and all of its consolidated subsidiaries from time to time.

§ 3 Interest

- (a) The Notes shall bear interest on their principal amount at a rate of 3.00 per cent. per annum from and including 20 June 2012 (the “**Interest Commencement Date**”). Interest is payable annually in arrear on 20 June of each year (each an “**Interest Payment Date**”), commencing on 20 June 2013.
- (b) Subject as provided herein, a Note shall cease to bear interest from the end of the day preceding the due date for redemption, unless payment of the full amount due is improperly withheld or refused by or on behalf of the Issuer or any other default occurs in respect of any such payment. In such event such Note shall cease to bear interest at the end of the day preceding the actual date of redemption of such Note. In such case the applicable rate of interest shall correspond to the default rate of interest established by German law.

dem gesetzlichen Verzugszinssatz.

- (c) Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich) berechnet, geteilt durch die Anzahl der Tage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages der betroffenen Zinsperiode).

„**Zinsperiode**“ bezeichnet den Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zu dem ersten Zinszahlungstag (ausschließlich) und danach ab dem jeweiligen Zinszahlungstag (einschließlich) bis zu dem nächstfolgenden Zinszahlungstag (ausschließlich).

§ 4 Fälligkeit und Rückzahlung

- (a) Die Schuldverschreibungen werden am 20. Juni 2022 (der „**Fälligkeitstag**“) zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt, soweit sie nicht vorher zurückgezahlt oder zurückgekauft und entwertet worden sind.
- (b) Wenn die Emittentin verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6(b) zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält, dann ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit

- (c) Where interest is to be calculated in respect of a period which is shorter than or equal to an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from and including the first date in the relevant period to but excluding the last date of the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

“**Interest Period**” means the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each relevant Interest Payment Date to but excluding the next following Interest Payment Date.

§ 4 Maturity and Redemption

- (a) The Notes will be redeemed at their principal amount together with accrued interest on 20 June 2022 (the “**Redemption Date**”) to the extent they have not previously been redeemed or purchased and cancelled.
- (b) If the Issuer has or will become obliged to pay Additional Amounts pursuant to § 6(b), and that obligation cannot be avoided by the Issuer, taking reasonable measures it (acting in good faith) deems appropriate, the Issuer may, upon giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with § 9, call the Notes (in whole but not in

(vollständig, jedoch nicht nur teilweise) durch Bekanntmachung an die Anleihegläubiger gemäß § 9 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen. Im Falle einer solchen Kündigung hat die Emittentin die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Rückzahlungstermin zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückzuzahlen.

Die Kündigungserklärung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge gemäß § 6(b) zu zahlen.

Vor Abgabe einer solchen Kündigungserklärung wird die Emittentin der Hauptzahlstelle ein Gutachten eines angesehenen unabhängigen Rechtsberaters übergeben, aus dem hervorgeht, dass die Emittentin verpflichtet ist oder verpflichtet sein wird, die betreffenden Zusätzlichen Beträge als Folge der entsprechenden Rechtsänderung zu zahlen.

§ 5 Zahlungen

- (a) Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, über die in § 11(a) genannten Geschäftsräume der Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber des Clearingsystems gegen Vorlage und (sofern es sich um die Kapitalrückzahlung handelt) Einreichung der Globalurkunde an

part) at any time. In the case such call notice is given, the Issuer shall redeem the Notes on the date fixed for redemption in the call notice at their principal amount together with accrued interest.

No such call notice may be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay the Additional Amounts pursuant to § 6(b).

Prior to giving any such call notice, the Issuer will deliver to the Principal Paying Agent an opinion of an independent legal advisor of recognised standing to the effect that the Issuer has been obliged or will become obliged to pay the Additional Amounts in question as a result of the relevant change in law.

§ 5 Payments

- (a) Payment of principal and interest on the Notes shall be made, subject to applicable fiscal and other laws and regulations, through the specified office of the Principal Paying Agent identified in § 11(a) for on-payment to the Clearing System or to its order for credit to the accounts of the respective account holders in the Clearing System upon presentation and (in the case of the payment of principal) surrender of the Global Note to the specified office of a Paying Agent as described in § 11(a). Payment of interest on Notes

die Geschäftsräume einer Zahlstelle nach § 11(a). Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt nur nach ordnungsgemäßigem Nachweis gemäß § 1(b).

Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen.

Eine Bezugnahme in diesen Emissionsbedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 6(b) ein.

- (b) Falls eine Zahlung auf Kapital oder Zinsen einer Schuldverschreibung an einem Tag zu leisten ist, der kein Geschäftstag ist, so erfolgt die Zahlung am nächstfolgenden Geschäftstag. In diesem Fall steht den betreffenden Anleihegläubigern weder ein Zahlungsanspruch noch ein Anspruch auf Zinszahlungen oder eine andere Entschädigung wegen dieser Verzögerung zu.

„**Geschäftstag**“ ist jeder Tag (außer einem Samstag oder Sonntag), an dem (a) das Trans-European Automated Real-time Gross-settlement Express Transfer System 2 (TARGET 2) in Betrieb ist und (b) das Clearingsystem Zahlungen abwickelt.

§ 6 Besteuerung

- (a) Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art

represented by a Temporary Global Note shall be made only upon due certification as provided in § 1(b).

Payments to the Clearing System or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Notes.

Any reference in these Terms and Conditions of the Notes to principal or interest will be deemed to include any Additional Amounts pursuant to § 6(b).

- (b) If any payment of principal or interest or any other amount with respect to a Note is to be effected on a day which is not a Business Day, payment shall be effected on the next following Business Day. In this case, the relevant Noteholders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

“**Business Day**” means a day (other than a Saturday or Sunday) on which (a) the Trans-European Automated Real-time Gross-settlement Express Transfer System 2 (TARGET 2) is operating and (b) the Clearing System settles payments.

§ 6 Taxation

- (a) All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever

(„**Steuern**“) geleistet, die von der Bundesrepublik Deutschland, oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet.

(b) In einem solchen Falle wird die Emittentin zusätzliche Beträge zahlen (die „**Zusätzlichen Beträge**“), so dass die Anleihegläubiger oder Dritte in deren Namen die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Die Emittentin hat derartige Zusätzliche Beträge jedoch nicht zu zahlen wegen Steuern,

(i) die anders als durch Einbehalt oder Abzug durch die Emittentin von Zahlungen, die sie an den Anleihegläubiger leistet, zu entrichten sind; oder

(ii) denen ein Anleihegläubiger wegen einer anderen gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung zu der Bundesrepublik Deutschland unterliegt als der bloßen Tatsache, dass er der Inhaber der betreffenden Schuldverschreibungen ist; oder

(iii) deren Einbehalt oder Abzug auf eine Zahlung an eine natürliche Person erfolgt und zwar auf der Grundlage eines Gesetzes, das die Richtlinie 2003/48/EG der Europäischen Union (oder einer anderen Richtlinie, die diese inhaltlich ändert oder ersetzt) umsetzt;

nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by the Federal Republic of Germany, or any political subdivision or any authority of or in the Federal Republic of Germany that has power to tax, unless the Issuer is required by law to make such withholding or deduction.

(b) In that event, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Noteholders or a third party on their behalf of the same amounts as they would have received if no such withholding or deduction had been required. However, the Issuer will not be required to pay any such Additional Amounts with respect to such Taxes,

(i) that are payable otherwise than by withholding or deduction by the Issuer from payments made by it to the Noteholder; or

(ii) to which a Noteholder is liable by reason of having, or having had, some personal or business relationship with the Federal Republic of Germany and not merely by reason of the fact of being the holder of the relevant Notes; or

(iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing Directive 2003/48/EC of the European Union (or any other directive amending or replacing such directive); or

oder

- (iv) deren Einbehalt oder Abzug ein Anleihegläubiger oder ein in dessen Namen handelnder Dritter rechtmäßig vermeiden könnte (ihn aber nicht vermieden hat), indem er die gesetzlichen Vorschriften beachtet (insbesondere die einschlägigen Berichts- und Nachweispflichten bezüglich der Staatsangehörigkeit, des Wohnsitzes oder der Identität des Anleihegläubigers, einschließlich alle notwendigen Informationen zur Verfügung zu stellen, die es der Emittentin erlauben, die Zahlungen ohne Einbehalt nach FATCA zu machen) oder sicherstellt, dass jeder im Namen des Anleihegläubigers handelnde Dritte die gesetzlichen Vorschriften beachtet, oder indem er eine Nichtansässigkeitserklärung abgibt oder den Dritten veranlasst, eine solche Erklärung abzugeben oder einen anderen Steuerbefreiungsanspruch gegenüber den Steuerbehörden geltend macht.

§ 7 Kontrollwechsel, Recht auf vorzeitige Rückzahlung

- (a) Wenn ein Kontrollwechsel (wie nachstehend definiert) eintritt (ein **„Vorzeitiges Rückzahlungsereignis“**), wird die Emittentin sobald wie möglich, nachdem sie Kenntnis davon erhalten hat, einen Zeitpunkt für die Zwecke des § 7(b) (der **„Stichtag“**) bestimmen, und den Eintritt des Vorzeitigen Rückzahlungsereignisses

- (iv) where a Noteholder or a third party on behalf of a Noteholder could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party acting on its behalf complies with any statutory requirements (in particular, the applicable information and reporting requirements concerning the nationality, residence or identity of the Noteholder, including providing any information necessary to permit the Issuer to make a payment free of withholding under FATCA) or by making or procuring that any such third party makes a declaration of non-residence or other claim for exemption to any tax authority.

§ 7 Change of Control, Right of Early Redemption

- (a) If a Change of Control (as defined below) occurs (an **“Early Redemption Event”**), the Issuer will fix the effective date for the purposes of § 7(b) (the **“Effective Date”**) and give notice in accordance with § 9 of the Early Redemption Event and the Effective Date as soon as practicable after becoming aware thereof. The Effective Date must be a Business

sowie den Stichtag unverzüglich gemäß § 9 bekannt machen. Der Stichtag muss ein Geschäftstag sein und darf nicht weniger als 60 und nicht mehr als 90 Tage nach der Bekanntmachung des Vorzeitigen Rückzahlungsereignisses gemäß § 7(a) liegen.

- (b) Falls die Emittentin gemäß § 7(a) ein Vorzeitiges Rückzahlungsereignis bekannt gemacht hat, ist jeder Anleihegläubiger nach seiner Wahl berechtigt, mit einer Frist von mindestens 15 Tagen mit Wirkung zum Stichtag jede Schuldverschreibung, die noch nicht zurückgezahlt wurden, zu kündigen. In einem solchen Fall hat die Emittentin die betreffende Schuldverschreibung am Stichtag zu ihrem Nennbetrag zuzüglich etwaiger bis zu dem Stichtag (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Eine Kündigungserklärung gemäß § 7(b) ist unwiderruflich und hat schriftlich durch persönliche Zustellung oder mittels eingeschriebenen Brief gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 14(d)(i), dass dieser im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu erfolgen.

- (c) Definitionen:
- Ein „**Kontrollwechsel**“ liegt vor, wenn
- (i) eine Person oder Personen, die gemeinsam handeln, nach dem Tag der Begebung der Schuldverschreibungen Kontrolle über die Emittentin erwirbt bzw. erwerben; oder

Day falling not less than 60 and not more than 90 days after publication of the notice regarding the Early Redemption Event pursuant to § 7(a).

- (b) If the Issuer gives notice in accordance with § 7(a) of an Early Redemption Event, each Noteholder may at his option on giving not less than 15 days' notice declare each Note not previously redeemed due on the Effective Date. In such case the Issuer will redeem such Note at its principal amount plus accrued interest to but excluding the Effective Date on the Effective Date.

A notice of termination pursuant to § 7(b) is irrevocable and must be effected by delivering a written notice by hand or sending such notice by registered mail to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 14(d)(i) that such Noteholder at the time of such written notice is the holder of the relevant Notes.

- (c) Definitions:
- A "**Change of Control**" occurs if
- (i) any Person or Persons acting in concert acquires or acquire Control of the Issuer after the issue date of the Notes; or

- (ii) die Emittentin sämtliche oder nahezu sämtliche ihrer Vermögenswerte an eine Person (außer eine Tochtergesellschaft) veräußert oder anderweitig abgibt; oder
- (iii) im Falle eines öffentlichen Übernahmeangebotes für Aktien der Emittentin eine Situation eintritt, in der (x) Aktien, die sich bereits direkt oder indirekt in der Kontrolle des Bieters und/oder von Personen, die mit dem Bieter gemeinsam handeln, befinden, und Aktien, die diesen bereits im Rahmen des Angebots angedient wurden, zusammen mehr als 50 % der Stimmrechte der Emittentin gewähren und (y) das Angebot unbedingt ist oder unbedingt geworden ist (wobei aufsichtsrechtliche, insbesondere kartellrechtliche Genehmigungen und sonstige Bedingungen, deren Erfüllung nach dem Ende der Annahmefrist nach § 16 Absatz 1 WpÜG aussteht, unbeachtet bleiben).

„**Kontrolle**“ bedeutet direktes oder indirektes (im Sinne des § 22 WpHG) rechtliches oder wirtschaftliches Eigentum von Aktien, die zusammen mehr als 30 % der Stimmrechte der Emittentin gewähren.

Eine „**Person**“ bezeichnet jede natürliche Person, Gesellschaft, Vereinigung, Firma, Partnerschaft, Joint Venture, Unternehmung, Zusammenschluss, Organisation,

- (ii) the Issuer sells or otherwise transfers all or substantially all of its assets to any Person (except for any subsidiary); or
- (iii) in the event of a public tender offer for shares of the Issuer a situation arises in which (x) shares already directly or indirectly in Control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer, carry in aggregate more than 50 per cent. of the voting rights in the Issuer and (y) the offer is or has become unconditional (other than for conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to § 16(1) of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen - WpÜG*).

“**Control**” means direct or indirect (within the meaning of § 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*) legal or beneficial ownership of shares carrying, in the aggregate, more than 30 per cent. of the voting rights in the Issuer.

A “**Person**” means an individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of

Fonds, Staat oder staatliche Einheit, unabhängig davon, ob es sich um eine selbständige juristische Person handelt oder nicht, aber unter Ausschluss verbundener Tochterunternehmen der Emittentin im Sinne der §§ 15 bis 18 AktG.

a state, in each case whether or not being a separate legal entity, but excluding affiliated subsidiaries of the Issuer in the meaning of §§ 15 through 18 of the German Stock Corporation Act (*Aktiengesetz – AktG*).

§ 8 Kündigungsrechte der Anleihegläubiger

- (a) Die Anleihegläubiger sind berechtigt, ihre Schuldverschreibungen zur sofortigen Rückzahlung fällig zu stellen und deren sofortige Rückzahlung zum Nennbetrag zuzüglich aufgelaufener Zinsen durch Abgabe einer schriftlichen Kündigungserklärung gegenüber der Emittentin und der Hauptzahlstelle zu verlangen, falls einer der folgenden Kündigungsgründe vorliegt (jeweils ein „**Kündigungsgrund**“):
- (i) die Emittentin zahlt Kapital oder Zinsen oder sonstige auf die Schuldverschreibungen zu zahlende Beträge nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitsdatum; oder
 - (ii) die Emittentin erfüllt eine oder mehrere ihrer sonstigen Verpflichtungen aus den Schuldverschreibungen nicht und dieser Zustand wird nicht innerhalb von 30 Tagen, nachdem die Hauptzahlstelle eine diesbezügliche Mitteilung durch den Anleihegläubiger in der in § 8(c) festgelegten Art erhalten hat, behoben; oder
 - (iii) eine Kapitalmarktverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe (mit Ausnahme der Schuldverschreibungen) wird

§ 8 Events of Default

- (a) Noteholders shall be entitled to declare the Notes to be immediately due and repayable and to demand their immediate redemption at their principal amount together with accrued interest by giving written notice of default to the Issuer and the Principal Paying Agent, if any of the following events (each an “**Event of Default**”) shall occur:
- (i) the Issuer fails to pay any interest or principal or any other amounts under the Notes when due and such failure continues for a period of 30 days after the relevant due date; or
 - (ii) the Issuer does not perform or comply with any one or more of its other obligations under the Notes and such default is not remedied within 30 days after the Principal Paying Agent has received notice thereof from the Noteholder, such notice being substantially in the form as specified in § 8(c); or
 - (iii) any Capital Market Indebtedness of the Issuer or any other member of the Group incurred otherwise than under the Notes is not paid when due nor within any

bei Fälligkeit oder nach Ablauf einer etwaigen Nachfrist nicht bezahlt, oder eine Kapitalmarktverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe wird aus einem anderen Grund vor dem vorgesehenen Fälligkeitstermin aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig fällig gestellt oder sonstwie vorzeitig fällig, oder ein Gläubiger der Emittentin oder einer Gesellschaft der Gruppe ist berechtigt, eine Kapitalmarktverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig zu kündigen, es sei denn, der Gesamtbetrag dieser Kapitalmarktverbindlichkeiten ist kleiner als EUR 30.000.000 (oder der entsprechende Gegenwert in einer oder mehreren anderen Währung(en)); oder

- (iv) die Emittentin oder eine Wesentliche Tochtergesellschaft stellt ihre Zahlungen allgemein ein oder gibt Zahlungsunfähigkeit bekannt; oder
- (v) ein zuständiges Gericht eröffnet ein Insolvenzverfahren gegen die Emittentin oder eine Wesentliche Tochtergesellschaft und ein solches Verfahren ist nicht innerhalb

originally applicable grace period or any Capital Market Indebtedness of the Issuer or any other member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined) or any creditor of the Issuer or any other member of the Group becomes entitled to declare any Capital Market Indebtedness of the Issuer or other member of the Group due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined), unless the aggregate amount of all such Capital Market Indebtedness is less than EUR 30,000,000 (or its equivalent in any other currency or currencies); or

- (iv) the Issuer or a Material Subsidiary suspends its payments generally or announces its inability to meet its financial obligations; or
- (v) any competent court institutes insolvency proceedings against the Issuer or a Material Subsidiary and such proceedings have not been discharged or stayed within 60

von 60 Tagen aufgehoben oder ausgesetzt worden, oder die Emittentin beantragt die Einleitung eines solchen Verfahrens, oder ein auf Einleitung eines solchen Verfahrens gestellter Antrag wird von dem zuständigen Gericht mangels Masse abgelehnt, oder die Emittentin trifft eine allgemeine Schuldregelung zu Gunsten ihrer Gläubiger oder bietet diese an; oder

(vi) die Emittentin oder eine Wesentliche Tochtergesellschaft tritt in Liquidation (es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, Reorganisation oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, sofern die andere oder neue Gesellschaft oder gegebenenfalls die anderen neuen Gesellschaften im Wesentlichen alle Aktiva und Passiva der Emittentin bzw. der Wesentlichen Tochtergesellschaft übernimmt oder übernehmen); oder

(vii) die Emittentin veräußert ihr gesamtes oder nahezu ihr gesamtes Vermögen auf konsolidierter Basis, es sei denn, der Übernehmer übernimmt auch alle Verbindlichkeiten der Emittentin gegenüber den Anleihegläubigern aus den Schuldverschreibungen.

(b) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

days, or the Issuer or a Material Subsidiary applies for the institution of such proceedings or an application for the institution of such proceedings has been filed but rejected by the competent court for lack of assets, or if the Issuer or a Material Subsidiary offers or makes a general arrangement for the benefit of its creditors; or

(vi) the Issuer or a Material Subsidiary goes into liquidation (except in connection with a merger or reorganization or other form of combination with another company or in connection with a reconstruction and such other or new company or, as the case may be, companies effectively assume substantially all of the assets and liabilities of the Issuer or the Material Subsidiary, as the case may be); or

(vii) the Issuer, on a consolidated basis, transfers all or substantially all of its assets, unless the transferee assumes all obligations of the Issuer to the Noteholders under the Notes.

(b) The right to declare Notes due shall lapse if the Event of Default has been cured before the right is validly

Vorbehaltlich anwendbaren zwingenden Rechts berechtigen andere Ereignisse oder Umstände als die in § 8(a) genannten den Anleihegläubiger nicht dazu, seine Schuldverschreibungen vorzeitig zur Rückzahlung fällig zu stellen, es sei denn, dies ist ausdrücklich in diesen Anleihebedingungen bestimmt.

- (c) Eine Kündigungserklärung gemäß § 8(a) ist unwiderruflich und hat schriftlich durch persönliche Zustellung oder mittels eingeschriebenen Brief gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 14(d)(i), dass dieser im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu erfolgen.
- (d) In den Fällen gemäß § 8(a)(ii) und/oder (iii) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in den § 8(a)(i) und (iv) bis (viii) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Anleihegläubigern im Gesamtbetrag von mindestens einem Zwanzigstel, gemessen am Gesamtnennbetrag der dann ausstehenden Schuldverschreibungen, eingegangen sind.
- (e) In diesem § 8 bezeichnet „**Wesentliche Tochtergesellschaft**“ eine Gesellschaft der Gruppe, (i) deren nicht-konsolidierter Brutto-Umsatz und/oder nicht-konsolidierte Bilanzsumme zum jeweiligen Zeitpunkt 5 % oder mehr des konsolidierten Brutto-Umsatzes der Gruppe bzw. der konsolidierten Bilanzsumme der Gruppe beträgt, und/oder (ii) die von der Emittentin

exercised. No event or circumstance other than an event specified in § 8(a) shall entitle Noteholders to declare their Notes due and payable prior to their stated maturity, save as expressly provided for in these Terms and Conditions and subject to applicable mandatory law.

- (c) A notice of default pursuant to § 8(a) is irrevocable and must be effected by delivering a written notice by hand or sending such notice by registered mail to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 14(d)(i) that such Noteholder at the time of such written notice is the holder of the relevant Notes.
- (d) In the events specified in § 8(a)(ii) and/or (iii) any Default Notice shall, unless at the time such notice is received, any of the events specified in § 8(a)(i) and (iv) through (viii) entitling Noteholders to declare their Notes due has occurred, become effective only when the Principal Paying Agent has received notices of default from Noteholders of at least one-twentieth in aggregate principal amount of Notes then outstanding.
- (e) In this § 8 “**Material Subsidiary**” means any member of the Group (i) whose unconsolidated gross revenues and/or unconsolidated total assets represent 5 per cent. or more of the consolidated gross revenues or, respectively, consolidated total assets of the Group from time to time; and/or (ii) which is nominated by the Issuer (and notified to the Noteholders in accordance with § 9)

benannt wurde (und den Anleihegläubigern gemäß § 9 bekannt gegeben wurde), um sicherzustellen, dass die einzelnen nicht-konsolidierten Brutto-Umsätze und/oder nicht-konsolidierten Bilanzsummen aller Wesentlichen Tochtergesellschaften zusammen mindestens 85 % des konsolidierten Brutto-Umsatzes der Gruppe bzw. der konsolidierten Bilanzsumme der Gruppe beträgt. Für diese Zwecke gilt: (a) der Brutto-Umsatz und die Bilanzsumme der betreffenden Gesellschaft der Gruppe werden auf der Grundlage des Einzeljahresabschlusses bestimmt, auf dem der Konzernjahresabschluss der Emittentin beruht; (b) wenn eine Gesellschaft nach dem Stichtag des letzten Konzernjahresabschlusses eine Gesellschaft der Gruppe wird, bestimmt sich der Brutto-Umsatz und die Bilanzsumme dieser Gesellschaft der Gruppe auf der Grundlage seines letzten Einzeljahresabschlusses; und (c) der konsolidierte Brutto-Umsatz und die konsolidierte Bilanzsumme der Emittentin werden auf der Grundlage des letzten Konzernjahresabschlusses bestimmt, angepasst, sofern erforderlich, um dem Brutto-Umsatz und die Bilanzsumme einer nachträglich erworbenen oder veräußerten Gesellschaft oder einem nachträglich erworbenen oder veräußerten Unternehmen Rechnung zu tragen.

§ 9 Bekanntmachungen

- (a) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind und die Regularien dieser Börse dies verlangen) entweder in einer führenden Tageszeitung mit

to ensure that the unconsolidated gross revenues and/or unconsolidated total assets of all Material Subsidiaries and the Issuer together represent at least 85 per cent. of the consolidated gross revenues or, respectively, consolidated total assets of the Group. For this purpose: (a) gross revenues and total assets of the respective member of the Group will be determined from its unconsolidated financial statements upon which the latest consolidated annual financial statements of the Issuer have been based; (b) if a company becomes a member of the Group after the date on which the latest consolidated annual financial statements of the Issuer have been prepared, the gross revenues and total assets of that member of the Group will be determined from its latest unconsolidated annual financial statements; and (c) the consolidated gross revenues and consolidated total assets of the Issuer will be determined from the latest consolidated annual financial statements of the Issuer, adjusted (where appropriate) to reflect the gross revenues and total assets of any company or business subsequently acquired or disposed of.

§ 9 Notices

- (a) All notices regarding the Notes shall be published (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) either in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the

allgemeiner Verbreitung in Luxemburg (voraussichtlich im *Luxemburger Wort*) oder auf der Internet-Seite der Luxemburger Börse unter <http://www.bourse.lu> veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich.

- (b) Die Emittentin ist berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln, sofern die Regularien der Börse dies zulassen.

§ 10 Weitere Emissionen und Rückkauf

- (a) Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (mit Ausnahme des Ausgabepreises und des Beginns des Zinslaufs) zu begeben in der Weise, dass sie mit den Schuldverschreibungen zusammengefasst werden, eine einheitliche Emission mit ihnen bilden und ihren Gesamtbetrag erhöhen. Der Begriff Schuldverschreibungen umfasst im Falle einer solchen Erhöhung auch solche zusätzlich begebenen Schuldverschreibungen.
- (b) Die Emittentin kann jederzeit im Markt oder auf andere Weise Schuldverschreibungen ankaufen und verkaufen.

§ 11 Zahlstellen

- (a) Die Landesbank Baden-Württemberg ist die Hauptzahlstelle (die „**Hauptzahlstelle**“ und gemeinsam mit etwaigen von der Emittentin nach § 11(b) bestellten zusätzlichen Zahlstellen, die „**Zahlstellen**“). Die

Luxemburger Wort) or on the website of the Luxembourg Stock Exchange on <http://www.bourse.lu>. Any notice will become effective for all purposes on the date of the first such publication.

- (b) The Issuer shall be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders to the extent that the rules of the stock exchange so permit.

§ 10 Further Issues and Purchase

- (a) The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional Notes with identical terms or in all respects (except for the issue price and the interest commencement date), so that the same shall be consolidated, form a single issue with and increase the aggregate principal amount of these Notes. The term Notes shall, in the event of such increase, also comprise such additionally issued Notes.
- (b) The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

§ 11 Paying Agents

- (a) Landesbank Baden-Württemberg will be the principal paying agent (the „**Principal Paying Agent**“ and, together with and any additional paying agent appointed by the Issuer in accordance with § 11(b), the

Geschäftsräume der Hauptzahlstelle befinden sich unter der folgenden Adresse:

Landesbank Baden-Württemberg
4043/H New Issues Department
Am Hauptbahnhof 2
70173 Stuttgart
Bundesrepublik Deutschland

“**Paying Agents**”). The address of the specified office of the Principal Paying Agent is:

Landesbank Baden-Württemberg
4043/H New Issues Department
Am Hauptbahnhof 2
70173 Stuttgart
Federal Republic of Germany

In keinem Fall dürfen sich die Geschäftsräume einer Zahlstelle innerhalb der Vereinigten Staaten von Amerika oder ihrer Besitzungen befinden.

In no event will the specified office of a Paying Agent be within the United States of America or its possessions.

- (b) Die Emittentin behält sich das Recht vor, jederzeit zusätzliche oder ersetzende Zahlstellen zu beauftragen oder eine solche Beauftragung zu beenden und zusätzliche oder Nachfolge-Zahlstellen zu ernennen. Die Emittentin wird jedoch sicherstellen, dass eine Zahlstelle in einem Mitgliedstaat der Europäischen Union unterhalten wird, die nicht dazu verpflichtet ist, Steuern aufgrund eines Gesetzes zur Umsetzung der Richtlinie 2003/48/EG (oder einer anderen Richtlinie, die diese inhaltlich ändert oder ersetzt) an der Quelle einzubehalten oder abzuziehen, sofern dies in irgendeinem Mitgliedstaat der Europäischen Union möglich ist. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß § 9 mitgeteilt.
- (c) Die Zahlstellen sind in ihrer jeweiligen Funktion ausschließlich Beauftragte der Emittentin. Zwischen den Zahlstellen einerseits und den Anleihegläubigern andererseits besteht kein Auftrags- oder Treuhandverhältnis.
- (b) The Issuer reserves the right at any time to appoint additional or substitute Paying Agent(s) or terminate any such appointment and to appoint successor or additional Paying Agents, provided that the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax at source pursuant to any law implementing the Directive 2003/48/EC (or any other directive amending or replacing it), if this is at all feasible in any Member State of the European Union. Notice of any changes relating to the Paying Agents or to their specified offices will be given without undue delay to the Noteholders in accordance with § 9.
- (c) The Paying Agents acting in such capacity act only as agents of the Issuer. There is no agency or fiduciary relationship between the Paying Agents on the one side and the Noteholders on the other side.

§ 12 Vorlegungsfrist, Verjährung

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für die Schuldverschreibungen wird auf zehn Jahre verkürzt. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 13 Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger

- (a) Die Anleihebedingungen können mit Zustimmung der Emittentin aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen („SchVG“) in seiner jeweiligen gültigen Fassung geändert werden. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen, mit den in § 13(b) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger gleichermaßen verbindlich.
- (b) Vorbehaltlich des nachstehenden Satzes und des Erreichens der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Abs. 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der

§ 12 Presentation Period, Prescription

The presentation period provided for in § 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 13 Amendments to the Terms and Conditions by resolution of the Noteholders

- (a) The Terms and Conditions may, with consent of the Issuer, be amended pursuant to § 5 et seqq. of the German Act on Issues of Debt Securities (“SchVG”), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) SchVG, by resolutions passed by such majority of the votes of the Noteholders as stated under § 13(b). A duly passed majority resolution shall be binding equally upon all Noteholders.
- (b) Except as provided by the following sentence and provided that to the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) number 1 through 9 SchVG, may only be passed by a majority of at least 75 % of the voting rights participating in the vote (a “Qualified

Abstimmung teilnehmenden
Stimmrechte (eine „**Qualifizierte
Mehrheit**“).

Majority“).

- (c) Beschlüsse der Anleihegläubiger werden im Wege der Abstimmung ohne Versammlung nach § 18 SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Abstimmung ohne Versammlung nach Maßgabe von § 9 i.V.m. § 18 SchVG verlangen. Die Aufforderung zur Stimmabgabe regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden den Gläubigern die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung bekannt gegeben.
- (i) Die Stimmabgabe ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss spätestens bis zum 3. Tag vor dem Abstimmungszeitraum unter der in der Aufforderung zur Stimmabgabe angegebenen Adresse zugehen.
- (ii) Zusammen mit der Anmeldung muss dem zur Stimmabgabe Auffordernden ein Nachweis über die Berechtigung zur Stimmabgabe in der Form des § 14(d) zugehen.
- (d) Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung der Depotbank gemäß § 14(d)(i)(a) und (b) in Textform nachzuweisen sowie durch die Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die entsprechenden
- (c) Resolutions of the Noteholders shall be made by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) in accordance § 18 SchVG. Noteholders holding Notes in the total amount of 5 % of the outstanding principal amount of the Notes may request, in writing, the holding of a vote without a physical meeting pursuant to § 9 in connection with § 18 SchVG. The request for voting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the request for voting.
- (i) Exercise of voting rights is subject to the Noteholders' registration. Registration must be received at the address stated in the request for voting by no later than the third day preceding the voting period.
- (ii) Along with the registration the person that solicited the vote must receive a proof of eligibility for exercising voting rights according to § 14(d).
- (d) Noteholders must demonstrate their eligibility to participate in the by means of a special confirmation of the Custodian in accordance with § 14(d)(i)(a) and (b) in text form and by submission of a blocking instruction by the Custodian stating that the respective Notes are not transferable from the day the

Schuldverschreibungen für den Zeitraum zwischen Absendetag der Anmeldung (einschließlich) und dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.

- (e) Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen; diese Versammlung gilt als zweite Gläubigerversammlung im Sinne des § 15 Absatz 3 Satz 3 SchVG. Für diese zweite Gläubigerversammlung gilt:
 - (i) Die Teilnahme an dieser zweiten Gläubigerversammlung sowie die Stimmrechtsausübung sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum 3. Tag vor der Versammlung unter der in der Einberufung angegebenen Adresse zugehen.
 - (ii) Zusammen mit der Anmeldung muss dem Einberufenden ein Nachweis über die Berechtigung zur Teilnahme an der Versammlung in der Form des § 14(d) zugehen. Der Sperrvermerk muss sich hierbei auf den Zeitraum zwischen dem Absendedatum der Anmeldung (einschließlich) und dem angegebenen Ende der Versammlung (einschließlich) beziehen.
- (f) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen.

registration has been sent (including) to the day the voting period end (including).

- (e) If it is ascertained that no quorum exists, the scrutineer (*Abstimmungsleiter*) may convene a noteholders' meeting, which shall be deemed to be a second noteholders' meeting within the meaning of § 15(3) sentence 3 of the SchVG. To this second noteholders' meeting applies:
 - (i) Attendance at such second noteholders' meeting and exercise of voting rights is subject to the Noteholders' registration. Registration must be received at the address stated in the convening notice by no later than the third day preceding the noteholders' meeting.
 - (ii) Along with the registration the person that convened the meeting must receive a proof of eligibility for attending the noteholders' meeting according to § 14(d). The blocking instruction shall state that the respective Notes are not transferable from the day the registration has been sent (including) to the stated end of the noteholders' meeting (including).
- (f) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative

Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 13(b) zuzustimmen.

- (g) Bekanntmachungen betreffend diesen § 13 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

§ 14 Schlussbestimmungen

- (a) Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Emittentin und die Rechte der Anleihegläubiger bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland und werden in Übereinstimmung damit ausgelegt.
- (b) Erfüllungsort ist Frankfurt am Main.
- (c) Vorbehaltlich § 14(e), unterliegen jegliche aus oder im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder Verfahren der nichtausschließlichen Zuständigkeit des Landgerichts Frankfurt am Main. Die Emittentin verzichtet unwiderruflich darauf, Einwände oder Einreden geltend zu machen, die jetzt oder in Zukunft gegen die Vereinbarung vorgebracht werden könnten, dass Frankfurt am Main der Gerichtsstand für alle Verfahren und Streitigkeiten sein soll, und verpflichtet sich, nicht zu bestreiten, dass diese Gerichte geeignet oder zuständig sind. Die Gerichtsstandsvereinbarung beschränkt nicht das Recht eines Anleihegläubigers (und wird auch nicht dahingehend ausgelegt), Verfahren vor einem anderen zuständigen Gericht anzustrengen. Ebenso wenig schließt die Einleitung

may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 13(b) hereof, to a material change in the substance of the Terms and Conditions.

- (g) Any notices concerning this § 13 shall be made exclusively pursuant to the provisions of the SchVG.

§ 14 Final Clauses

- (a) The form and content of the Notes and the rights and obligations of the Issuer and the rights of the Noteholders shall in all respects be governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.
- (b) Place of performance is Frankfurt am Main.
- (c) Subject to § 14(e), non-exclusive place of jurisdiction for all actions or proceedings arising from matters provided for in these Terms and Conditions shall be Frankfurt am Main. The Issuer irrevocably waives any objection or defence which it might now or hereafter have to the district court of Frankfurt am Main being the forum for any proceedings and disputes, and agrees not to claim that these courts are not a convenient or appropriate forum. The submission to the jurisdiction of the courts of Frankfurt am Main shall not (and shall not be construed so as to) limit the right of any Noteholder to take proceedings in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by

von Verfahren an einem oder mehreren Gerichtsständen die Einleitung von Verfahren an einem anderen Gerichtsstand aus (gleichgültig, ob diese gleichzeitig geführt werden oder nicht), falls und soweit dies rechtlich zulässig ist.

- (d) Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin oder in Rechtsstreitigkeiten, an denen der Anleihegläubiger und die Emittentin beteiligt sind, im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen unter Vorlage der folgenden Dokumente geltend machen: (i) einer Bescheinigung seiner Depotbank, die (a) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet (b) den Gesamtnennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Wertpapierdepot dieses Anleihegläubigers gutgeschrieben sind und (c) bestätigt, dass die Depotbank an das Clearingsystem und die Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (a) und (b) enthält und Bestätigungsvermerke von dem Clearingsystem trägt; sowie (ii) einer von einem Vertretungsberechtigten des Clearing Systems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde, ohne das Erfordernis der Vorlage der eigentlichen die Schuldverschreibungen verkörpernden Globalurkunde.

„**Depotbank**“ bezeichnet ein Bank- oder sonstiges Finanzinstitut von international anerkanntem Ruf, das zum Betreiben des

law.

- (d) Any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of the following documents: (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information pursuant to (a) and (b) as well as confirmations by the Clearing System (ii) a copy of the Global Note in global form certified as being a true copy by a duly authorised representative of the Clearing System or the Principal Paying Agent, without the need for production in such proceedings of the Global Note representing the Notes.

“**Custodian**” means any bank or other financial institution of recognised international standing authorised to engage in the securities

Wertpapierdepotgeschäfts berechtigt ist und bei dem der Anleihegläubiger Schuldverschreibungen in einem Wertpapierdepot verwahren lässt.

Jeder Anleihegläubiger kann, unbeschadet des Vorgenannten, seine Rechte aus den Schuldverschreibungen auf jede andere Weise schützen oder durchsetzen, die im Land des Rechtsstreits zulässig ist.

- (e) Für Entscheidungen gemäß §§ 9 Absatz 2, 13 Absatz 3 und 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht zuständig, in dessen Bezirk die Emittentin ihren Sitz hat. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht ausschließlich zuständig, in dessen Bezirk die Emittentin ihren Sitz hat.

§ 15 Sprache

Die deutsche Version dieser Emissionsbedingungen ist bindend. Die englische Übersetzung dient nur Informationszwecken.

custody business with which the Noteholder maintains a securities account in respect of the Notes.

Each Noteholder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the relevant proceedings.

- (e) The court of the district where the Issuer has its registered office shall have jurisdiction for all judgments pursuant to §§ 9(2), 13(3) and 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) in the district where the Issuer has its registered office shall have exclusive jurisdiction for all judgments over contested resolutions by Noteholders SchVG in accordance with § 20(3) SchVG.

§ 15 Language

The German text of these Terms and Conditions is binding. The English translation is for information purposes only.

DESCRIPTION OF K+S AG AS ISSUER

Responsibility Statement

The Responsibility Statement is set out on page 1 of this Prospectus.

Statutory Auditors

The independent auditors of K+S AG are Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Georgstrasse 52, 30159 Hannover, Germany (“**D&T**”), a member of the German Chamber of Public Accountants, Berlin (*Wirtschaftsprüferkammer*). D&T and its antecessors have been the responsible auditors of K+S Group since 1972 and D&T has audited the consolidated financial statements of K+S Group for the fiscal years ended on 31 December 2010 and 2011, and has, in each case, issued an unqualified auditor’s report.

Selected Financial Information

The following table sets out selected financial information relating to the K+S Group. The information has been extracted from the audited consolidated financial statements of K+S AG for the financial year ended 31 December 2011 and the unaudited quarterly financial report for the interim period from 1 January 2012 until 31 March 2012. These consolidated financial statements of K+S AG have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (“**IFRS**”). All figures presented refer to the continued operations of the K+S group and still include the K+S Nitrogen business. The income and expenses related to the COMPO business were reclassified and disclosed in a separate item “Earnings after taxes from a discontinued operation” since the classification as a discontinued operation in Q2/2011. The comparative periods for the financial year ended December 31, 2010 and interim period ended March 31, 2011 were adjusted in accordance with IFRS 5.

	Period from 1 January until 31 March 2012 (unaudited)	Period from 1 January until 31 March 2011 (unaudited)	Financial year ended 31 December 2011 (audited unless otherwise indicated)	Financial year ended 31 December 2010 (audited unless otherwise indicated)
	(EUR in millions, unless otherwise indicated)			
Revenues	1,438.1	1,626.9	5,150.9	4,632.7
EBITDA ⁽¹⁾	337.0	424.9	1,217.7	953.0
Group earnings after taxes and minority interests ⁽²⁾	212.2	293.6	564.3	448.6
Gross cash flow from continued operations	292.6	332.4	910.6	812.7

	31 March 2012	31 March 2011	31 December 2011	31 December 2010
Equity as of	3,238.5	2,809.2	3,084.6	2,651.6
Total assets as of	6,121.4	5,760.9	6,056.9	5,573.7
Net indebtedness ⁽³⁾ as of (unaudited)	592.6	726.6	610.8	732.5
Employees as of the end of the period (number of)	14,482	14,173	14,496	14,186

- (1) “**EBITDA**” is defined as earnings before interest, taxes, depreciation and amortisation excluding effects from market valuation of forecast hedging instruments. Depreciation and amortisation includes write-downs of tangible and intangible assets and of current and non-current financial assets, as well as impairments of investments accounted for using the equity method and of assets held for sale. EBITDA is not defined by IFRS. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.
- (2) Earnings from continued and discontinued operations.
- (3) Net indebtedness is calculated as follows: current bank loans and overdrafts + non-current bank loans and overdrafts + provisions for pensions and similar obligations + non-current provisions for mining obligations – cash on hand and balances with banks – non-current and current securities and other financial investments – reimbursement claim bond Morton Salt.

Information about K+S AG

General

K+S AG is a stock corporation (*Aktiengesellschaft*) organized under German law. It was incorporated in Goslar, Germany, on October 3, 1889 as “Aktiengesellschaft für Bergbau und Tiefbohrung”. Formely named “Kali und Salz AG”, K+S AG used to be part of one of its major shareholders, BASF SE, between 1971 and 1997. In 1999, K+S AG was renamed “K+S Aktiengesellschaft” with the two core business segments Fertilizers and Plant Care as well as Salt and additional complementary business segments such as recycling activities and the disposal respectively reutilisation of waste at potash and rock salt mines. The shares of K+S AG are listed at all German stock exchanges and are a constituent of Deutscher Aktienindex 30 – DAX30® sponsored by Frankfurter Wertpapierbörse since 22 September 2008.

K+S AG has its registered office in Kassel, Germany. It is registered as “K+S Aktiengesellschaft” with the commercial register of the Kassel District Court under registration number HRB 2669. “K+S Aktiengesellschaft” is both the legal and the commercial name of K+S AG.

K+S AG’s head office is located at Bertha-von-Suttner-Strasse 7, 34131 Kassel; its telephone number is: +49 (0)561 9301 0.

Investments

K+S Canada Holdings INC., an indirect wholly owned subsidiary of K+S AG, took over control of Potash One located in Vancouver, Canada by acquiring 81.6 % of its shares with effect from 21 January 2011 under a public takeover bid. The purchase price paid in cash was € 263.2 million (CAD 4.50 per share). At the start of February 2011, a further 9.3 % of the shares were acquired for cash at a price of € 30.1 million (CAD 4.50 per share). The remaining 9.1 % of Potash One shares outstanding were acquired for cash in March by means of a compulsory acquisition within the framework of the Canada Business Corporations Act at a price of € 29.2 million (CAD 4.50 per share).

Potash One holds several potash exploration licences in the Canadian province of Saskatchewan including the Legacy-Project – an advanced greenfield project for the construction of a solution mine (the “**Legacy-Project**”). The acquisition of Potash One makes it possible to invest in low-cost deposits that are rich in raw materials, to increase own potash capacities and to participate in market growth over the medium to long term.

On the basis of the acquired licence, K+S will develop a potash production in southern Saskatchewan, the so called Legacy-Project. After acquiring the Canadian exploration and development company Potash One, the former owner of the Legacy-Project, K+S thoroughly revised the existing feasibility study over the following months. A concept was developed, which is optimally consistent with the production and market forecasts of K+S and demonstrates attractive economic viability.

In the first two expansion phases of the new potash site, K+S will invest a total of 3.25 billion CAD with the bulk investments expected for the next three years. The first volumes should be available at the end of 2015 and the two-million-tonne mark be achieved in 2017. This will be followed by the gradual expansion of production capacity to 2.86 million tonnes a year in 2023. In the third expansion phase, about ten years later, total output of a maximum 4 million tonnes of potassium chloride a year would then be possible with additional investments being expected to amount to 700 million CAD. The product portfolio will comprise potassium chloride standard, granulated potassium chloride and high-quality industrial products.

The first infrastructure works in the areas of water supply, electricity and road construction as well as first drilling activities were already undertaken in 2011. Forty-five employees from different countries are currently working at K+S Potash Canada in Saskatoon on the construction of the new site. By 2023, more than 300 jobs will be created. With this project, K+S is drawing on experience in solution mining gained by esco in Germany and the Netherlands, as well as the know-how of Morton Salt, which operates ten plants on the basis of solution mining. The solution mining technique denotes the extraction of soluble (salt) rocks (e. g. sylvinite or rock salt) by discharging water or (salt) solutions in drillings, as a result of which caverns arise. The solution mining technology permits, to the extent that the deposit conditions allow for such a process, a faster commencement of production than do conventional mining techniques, a more flexible starting curve of production and the mining of deeper-lying deposits. Moreover, the ratio of crude salt to solid and liquid production residues is more favourable. The Legacy-Project will supplement the existing German production network of K+S with an important North American location.

Organisational Structure

K+S AG acts as a holding company for the K+S Group. The Executive Board takes responsibility for the overall performance of the K+S Group and leads the heads of the business segments as well as the holding units.

K+S AG acts as the holding company for the K+S Group. The economic development of the K+S Group is influenced to a substantial degree by direct and indirect subsidiaries located in Germany and abroad. In addition to the parent company K+S AG, all significant affiliated companies in which K+S AG holds, directly or indirectly, the majority of the voting rights, have been consolidated. Subsidiaries of minor importance are not consolidated.

Significant subsidiaries are the directly held K+S Kali GmbH, K+S Salz GmbH, K+S Nitrogen GmbH, K+S Finance Belgium BVBA and K+S Investments Ltd. K+S Salz GmbH groups together esco – european salt company GmbH & Co. KG, Hanover (“**esco**”) as well as K+S Netherlands Holding B.V., which holds both the shares in the companies associated with the business activities of Sociedad Punta de Lobos S.A. (“**SPL**”) in Chile and the companies associated with the Legacy-Project in Canada. K+S Finance Belgium BVBA, together with K+S Netherlands Holding B.V., holds the shares in Morton Salt Inc. through subsidiaries. While K+S Kali GmbH and K+S Salz GmbH essentially hold their foreign subsidiaries through their own intermediate holding companies, the foreign activities of the Nitrogen Fertilizers business segment are largely managed under K+S Beteiligungs GmbH, a direct subsidiary of K+S AG. The Complementary Business Segments too are largely related to K+S AG through subsidiaries.

Business Overview

Principal Activities of K+S AG and K+S Group

The K+S Group is one of the world’s leading supplier of specialised and standard fertilizers (source: IFA, Potash Statistic January-June 2011, K+S). In the salt business K+S is the world’s leading producer with sites in Europe as well as North and South America (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13th ed. 2011). K+S Group offers comprehensive range of products and services for agriculture, industry and private consumers which provides growth opportunities in virtually every sphere of daily life.

Business Segments

K+S AG operates business segments that are closely interlinked in terms of strategic, technical and economic aspects: Potash and Magnesium Products, Salt Products and the Complementary Business Segments (Waste Management and Recycling, Logistics, Animal hygiene products and Trading business). K+S Group offers its customers the plant nutrients, potassium, magnesium, sulphur and trace nutrients from a single source, all within a needs-based, specialized range of products.

Potash and Magnesium Products

The Potash and Magnesium Products business segment extracts potash and magnesium crude salts at six mines in Germany, which are further processed there and at a former mining site to create end products or intermediate products. Furthermore, the business segment has three processing sites in France. The annual production capacity of the business segment is up to 7.5 million tonnes of potash and magnesium products. As a result

of the acquisition of the Canadian company Potash One, the business segment will in future have the possibility to increase the annual production capacity with the Legacy-Project by at least 2.86 million tonnes over the long term. A broad distribution network facilitates the sale of these products on all relevant European and overseas markets. The Potash and Magnesium Products business segment is predominantly reflected in K+S Kali GmbH, its subsidiaries and K+S Potash Canada GP. The offices of the senior management are in Kassel.

K+S' share of potash products sold in 2011 compared to total industry sales volumes amounted to approx. 10% (source: IFA, Potash Statistic January-June 2011, K+S). K+S Potash and Magnesium Products business segment is the fourth-largest producer in the world and the leading provider in Europe (source: IFA, Potash Statistic January-June 2011, K+S).

Nitrogen Fertilizers

K+S AG has signed an agreement with EuroChem Trading GmbH, a subsidiary of the Russian fertilizer company OJSC Eurochem Mineral and Chemical Co. regarding the sale of K+S Nitrogen GmbH, therefore the business with nitrogen fertilizer will be stated as "discontinued operations" in the K+S Half-yearly Financial Report H1/12 to be published on 14 August 2012 and in all financial reports referring to the year 2012.

Salt

In the Salt business segment, the K+S Group markets food grade salt, industrial salt, salt for chemical use and de-icing salt. With an annual production capacity of about 30 million tonnes of salt, K+S is the world's largest supplier of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13th ed. 2011). The business segment comprises the sub-units esco, whose activities are mainly focused on Europe, SPL with activities in South America and the United States, as well as Morton Salt, Inc., Chicago, one of the largest salt producers in North America. esco operates three rock salt mines and two brine Aqueous rock salt solution. Natural brine is obtained through drilling underground deposits of brine or through the controlled drill-hole solution mining procedure and also produced through the dissolution of mined rock salt plants, as well as several plants processing evaporated salt in Germany, France, the Netherlands, Portugal and Spain, and has numerous distribution sites in Europe. The annual production capacity of esco in Europe is about 8.0 million tonnes of crystallised salt and 1.7 million tonnes of salt in brine. The Chilean SPL extracts rock salt in Salar Grande de Tarapacá through cost-effective open-cast mining. The production capacity there is about 6.5 million tonnes per year and is planned to be expanded by 1.5 million tonnes to an annual 8 million tonnes by the end of 2012. Moreover, Salina Diamante Branco, which belongs to the SPL Group, operates a sea salt facility with an annual capacity of 0.5 million tonnes in the north-eastern part of Brazil. In the United States, SPL distributes its salt products via the International Salt Company ("ISCO"). Furthermore, Chilean shipping company Empremar S.A., with a fleet of five ships of its own as well as additional chartered ships providing maritime logistics for the SPL Group, also forms part of the Salt business segment. Morton Salt operates six rock salt mines, seven solar plants and ten plants processing evaporated salt is produced by evaporating saturated brine, whereby sodium chloride crystallises in the United States, in Canada and in the Bahamas. The annual production capacity totals about 13 million tonnes of salt. The Salt business segment is represented in Europe as well as North America and South America with its own distribution units and via platform companies of the K+S Group. Furthermore, the business segment exports salt products to Asia and other regions of the world.

Complementary business segments

The Complementary business segments comprise four activities: Waste Management and Recycling, Logistics, Granulation (Animal hygiene products) and Trading business.

Waste Management and Recycling

The Waste Management and Recycling business segment uses the underground caverns created as a result of the extraction of crude salts for the long-range safe disposal of waste and for waste recycling while employing the available infrastructure of active potash and rock salt mines. The business segment operates two underground storage sites. The waste stored there is isolated permanently from the biosphere. Additionally, the K+S Group operates five underground reutilisation plants for waste. Officially approved waste is used here to fill caverns. Flue gas cleaning residues, for example, are suitable for underground reutilisation. The salt deposits used by the K+S Group for the disposal of waste and for waste recycling are impervious to gas and liquids as well as securely separated from the layers carrying groundwater. A combination of geological and artificial barriers ensures the highest possible degree of safety. For the secondary aluminium industry, the business segment offers smelting salts and the recycling of salt slag. Building material recycling also belongs to the range of services.

Logistics

With K+S Transport GmbH in Hamburg and its subsidiaries, the K+S Group has, in addition to the Chilean shipping company Empremer, which is assigned to the Salt business segment, a further logistics service provider of its own. The operation of the “Kalikai” in Hamburg, with a storage capacity of about 400,000 tonnes one of Europe’s largest transshipment facilities for bulk goods, is K+S Transport GmbH’s core business and of strategic importance for the Potash and Magnesium Products business segment at the same time. The K+S Group’s container business is also directed from Hamburg, including pre-shipment from the production sites to the loading terminals.

Granulation

At the Salzdetfurth site, a way has been found of continuing to use existing plants and extensive sections of the infrastructure of a disused potash plant economically, preserving jobs and even again significantly expanding operations. Here, K+S Group granulates, for example, the animal hygiene brand product CATSAN® for MARS GMBH.

Trading business

K+S AG’s subsidiary Chemische Fabrik Kalk GmbH (“**CFK**”) trades in different basic chemicals. CFK’s product range comprises a selection of basic chemicals including caustic soda, nitric acid, sodium carbonate (soda) as well as calcium chloride and magnesium chloride.

Market Environment and Competition

Potash market

The strong growth of the global economy over recent years, which has mainly been the result of an upswing in the Asian emerging markets but also in South America, also indirectly

affected the success of the K+S Group. Increasing prosperity in these regions resulted in their populations having greater expectations of their diet and led to changes in traditional eating habits. This was particularly reflected in the increasing consumption of meat. The production of 1 kg of meat requires approximately 8 kg of animal feed (e.g. corn and soybeans), leading to increasing production of soft commodities which in turn boosts demand for fertilizers. In addition, developing countries have significant potential to improve the balanced fertilisation of all key nutrients (e.g. potash, phosphate and nitrogen) to achieve optimal yields when compared to Western Europe and North America. An increased awareness in these regions is expected to lead to a considerable increase in demand. Other growth drivers for potash are bio fuels and, more marginally, genetically modified grains.

The business segment achieves slightly more than half of its revenues in Europe. Here it benefits from the logistically favourable location of the production sites for European customers. In the southern hemisphere too, the business segment enjoys significant market positions. Also in South America, particularly in Brazil, as well as in Asia, the business segment holds a noteworthy market position. Here, attractively priced container or backfreight shipments are used, too.

The Potash and Magnesium Products business segment is the world's fifth-largest and the largest producer of potash and magnesium products in Western Europe and, in 2011, had an approximately 10% share in the global sales volume of potash (source: IFA, Potash Statistic January-June 2011, K+S). Important competitors are the North American companies Potash Corp., Mosaic and Agrium, which operate a joint export organisation with Canpotex, the Russian Uralkali and the Belarusian Belaruskali, which operate outside their domestic markets together through the export organisation BPC, Israel's ICL, Jordan's APC and Chile's SQM. The fertilizer specialities containing potassium and magnesium clearly distinguish the business segment from competitors and, with these fertilizers it occupies the leading position in the world (source: IFA, Potash Statistic January-June 2011, K+S). With its products for industrial, technical and pharmaceutical applications too, K+S is among the most competitive suppliers worldwide, and by far the largest supplier in Europe.

In the wake of the European sovereign debt crisis, the trade sector was more cautious in its early stocking-up of fertilizers at the end of 2011 and the beginning of 2012. Moreover, winterkill resulting from very dry and cold weather led to a postponement of the European spring season. However, throughout the first quarter, the price level for agricultural raw materials continued to offer attractive income prospects for farmers and therefore an incentive to increase yields per hectare also through the optimal use of fertilizers. Against this background, at the end of the first quarter, there was an upturn in demand for potash fertilizers, especially after the contractual negotiations with China for the first half of 2012 were concluded with unchanged terms in mid-March. The global market price level for potassium chloride was tangibly higher in the first quarter of 2012 than in the same quarter of the previous year. In comparison to the average of the fourth quarter 2011, prices moderately decreased in some regions; however, since the conclusion of the contracts in China, international potash prices tend to get stronger again.

Salt market

Given that salt remains a necessary mineral with no cost-effective substitute available, market conditions are relatively stable. While the salt market in Western Europe is mature with low growth rates, developing economies exhibit a stronger growth in demand for this product. Salt deposits are widely dispersed and it is generally consumed close to where it is

produced due to high transportation costs. The industry is very capital intensive with high fixed costs such as labour and energy. Over the past few years, the salt supply market has gone through a period of rationalisation and restructuring.

The key sales markets of the Salt business segment in Europe include Germany, the Benelux countries, France, Scandinavia, the Iberian Peninsula, the Czech Republic, and Poland, while the United States, Canada, Brazil, and Chile are markets of particular importance on the American continent. Regionally, the de-icing salt business is strongly dependent on weather conditions. Thanks to its unique network of production facilities in Europe, North America and South America, K+S can respond more flexibly to fluctuations in demand for de-icing salt than the local competitors. In the other segments, owing to the limited possibility for substitution in most applications, the demand situation is relatively stable.

As a result of the very mild and partly dry weather conditions at the beginning of the year 2012, the demand for de-icing salt was unusually weak, particularly compared to the above-average first quarter of 2011, but also compared to the long-term average sales volume. In the first quarter of 2012, the price level was slightly higher than in the same quarter of the previous year and was relatively stable compared to the average for the fourth quarter of 2011.

On the East Coast of the USA, too, the demand for de-icing salt was very weak due to the unusually mild winter, and it was below average in the de-icing salt regions of Canada. Most producers responded to high inventories by cutting back production. A slight reduction in price was noted particularly on the US East Coast and in other de-icing salt regions of the USA.

The demand for industrial salt remained relatively stable both in Europe and in North and South America in Q1/2012. The demand for food grade salt in Europe as well as in South and North America was at a good level in the first quarter too. The demand for salt for chemical use in Europe decreased somewhat in the course of the first quarter, so that following tangible increases in the previous year prices stabilised at the level reached at the end of 2011. North and South American demand for salt for chemical use remained stable.

Nitrogen Fertilizers

Since K+S AG has signed an agreement with EuroChem Trading GmbH, a subsidiary of the Russian fertilizer company OJSC Eurochem Mineral and Chemical Co. regarding the sale of K+S Nitrogen GmbH, one of the leading suppliers of nitrogenous fertilizers, the business with nitrogen fertilizer will be stated as “discontinued operations” in the K+S Half-yearly Financial Report H1/12 to be published on 14 August 2012 and in all financial reports referring to the year 2012.

Trend Information

The prosperity of the emerging market countries will tend to increase further. This should result in higher dietary expectations on the part of their populations. In addition, the world's population continues to grow. The demand for agricultural products should therefore continue to grow largely independent of the economic situation. For salt products, the impact of the general economic situation is of minor importance, since the business in the de-icing salt sector is dependent on the weather conditions and business with the other salts is largely independent of economic conditions.

In the first two months of 2012, the demand for fertilizers initially was somewhat restrained. Due to the sovereign debt crisis, the trade sector rather cautiously managed its early stocking-up, and as a result of winterkill attributable to the very dry and cold weather conditions, there was a delay in the European spring season. Furthermore, in the case of potash fertilizers, the volumes from contracts with Indian customers were shifted to the second quarter. Against the background of potash supply contracts concluded with China in the middle of March 2012 at unchanged conditions, and continued attractive agricultural prices, demand for potash fertilizers improved towards the end of the first quarter. This development should continue in the following months, therefore K+S Group assumes a global potash sales volumes of up to 58 million tonnes for 2012 as a whole (2011: 60.2 million tonnes).

Due to the unusually mild weather conditions at the beginning of the year, in 2012, the demand for de-icing salt in Europe as well as in North America will be reduced accordingly as compared to the above-average demand in 2011. In the food grade salt area, K+S Group expects demand to remain largely stable in the relevant sales markets, and in the industrial salt area, K+S Group expects it to decline somewhat, especially in North America. While the sales volume for salt for chemical use should fall moderately due to the economic cooling in Europe, the demand of the chemical industry for salt for chemical use in North America is likely to climb slightly and to remain stable in South America.

In the financial year 2012 revenues of the K+S Group should remain stable in comparison to the previous year. While in the Potash and Magnesium business segment, on the basis of the currently achieved potash price level, K+S Group assumes moderately increasing revenues, while in the salt business segment tangibly lower revenues are expected. Operating earnings (EBIT 1) of the K+S Group should decrease moderately in comparison to the year 2011; the same applies to the Group earnings after taxes.

Other than as disclosed herein, there has been no material adverse change in the prospects of K+S AG since 31 December 2011.

Administrative, Management and Supervisory Bodies

In accordance with the German Stock Corporation Act (*Aktiengesetz*), K+S Group has both a Executive Board (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Executive Board is responsible for the management of K+S Group's business; the Supervisory Board supervises the Executive Board and appoints its members. The two boards are separate, and no individual may simultaneously be a member of both boards.

Executive Board

As at the date of this Prospectus, the members of the Executive Board of K+S Group are:

Name	Function	Membership on other supervisory boards and comparable bodies
Norbert Steiner	Chairman of the Executive Board, with responsibility for: Corporate development and controlling, legal affairs, compliance, senior management/international HR Coordination, investor relations as	Member of the supervisory board of E.ON Mitte AG Chairman of the supervisory board K+S Kali GmbH

	well as communications. Salt business segment.	
Joachim Felker	Member of the Executive Board, with responsibility for: Potash and Magnesium Products, nitrogen fertilizers.	Member of the supervisory board K+S Kali GmbH
Gerd Grimmig	Member of the Executive Board, with responsibility for: Mining and geology, research and development, environmental protection, work safety and quality management as well as engineering technology and energy, waste Management and Recycling, Animal Hygiene Products and Consulting, inactive plants and MSW Chemie.	Member of the supervisory board K+S Kali GmbH
Dr. Thomas Nöcker	Personnel Director, Member of the Executive Board, with responsibility for: Personnel, logistics (global strategy, purchasing and KST) and trading business (CFK), IT-Services, property management, organisation and project management, health management as well as knowledge management.	Member of the supervisory board K+S Kali GmbH
Dr. Burkhard Lohr	Member of the Executive Board, with responsibility for: Finance and accounting, purchasing, audit, taxes and insurances.	

At the beginning of May 2012 the Supervisory Board appointed Mark Roberts as a member of the executive Board with effect from 1 October 2012. Joachim Felker will retire by end of September 2012.

Supervisory Board

As at the date of this Prospectus, the members of the Supervisory Board of K+S Group are:

<u>Name (Principal occupation)</u>	<u>Function</u>	<u>Membership on other supervisory boards and comparable bodies</u>
Dr. Ralf Bethke Former Chairman of the Executive Board of K+S AG	Chairman	Benteler AG Dr. Jens Erhardt Kapital AG Südzucker AG Süddeutsche Zuckerrübenverwertungsgenossenschaft eG

Michael Vassiliadis ^(*) Chairman of the Executive Board of the Mining, Chemicals and Energy Trade Union	Deputy Chairman	BASF SE Henkel AG & Co. KGaA Steag GmbH
Ralf Becker ^(*) State District Manager North of the Mining, Chemicals and Energy Trade Union	Member	Continental Reifen Deutschland GmbH
Jella S. Benner-Heinacher Managing Director of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V.	Member	A.S.Création Tapeten AG
George Cardona Member of the Board of Directors of OJSC Eurochem Mineral and Chemical Co., Russia	Member	Other appointments to supervisory bodies: <ul style="list-style-type: none"> • Board of Donalink Ltd., Cyprus • Board of Erglis Ltd., Cyprus (chairman) • Board of EuroChem Group SE, Cyprus (chairman) • Board of Hamilton Art Ltd., Isle of Man (chairman) • Board of Hamilton Jets Ltd., Bermuda (chairman) • Board of Harewood House Ltd., Jersey, Channel Islands (chairman) • Board of Linea Ltd., Bermuda (chairman) • Board of Linetrust PTC Ltd., Bermuda (chairman) • Board of Directors of OJSC Siberian Coal Energy Co., • Board of Sibenergy plc., Cyprus • Board of Strategic Minerals plc., UK • Russia Board of SUEK plc., Cyprus • Board of Valise Ltd., Bermuda (chairman) • Board of Valton Ltd., Bermuda (chairman) • Board of Wishbone Gold plc., Gibraltar
Harald Döll ^(*) Member or Chairman of the Group Works Council of K+S Kali GmbH's Werra plant	Member	
Dr. Rainer Gerling ^(*) Head of K+S Kali GmbH's Werra site	Member	

Rainer Grohe Assistant Professor University of German Federal Armed Force in Munich	Member	Aurubis AG Graphit Kropfmühl AG PFW Aerospace AG SASAG AG
Dr. Karl Heidenreich Former Member of the Executive Board of Landesbank Baden- Württemberg	Member	
Rüdiger Kienitz ^(*) Member of the Works Council of K+S Kali GmbH's Werra plant	Member	
Klaus Krüger ^(*) Chairman of the Works Council of K+S Kali GmbH's Zielitz plant Chairman of the Collective Works Council of the K+S Group	Member	
Dieter Kuhn ^(*) Chairman of the Works Council of the Bernburg plant of esco GmbH & Co. KG First Vice-Chairman of the Collective Works Council of the K+S Group	Member	
Dr. Bernd Malmström Lawyer, Solicitor	Member	HHLA Intermodal GmbH IFCO-Systems N.V. Lehnkering GmbH SBB Schweizer Bundesbahnen AG VTG AG DAL – Deutsche Afrika-Linien GmbH & CO KG time: matters GmbH
Dr. Rudolf Müller Former Member of the Executive Board of Südzucker AG	Member	University Council of the University Hohenheim
Renato De Salvo ^(*) Shop fitter at K+S Kali GmbH's Sigmundshall plant	Member	
Dr. Eckhart Sünner Counsel at Allen & Overy LLP	Member	Infineon Technologies AG

^(*) Employee Representatives

The business address of each member of the Executive Board and the Supervisory Board is K+S AG, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Germany.

Conflicts of Interest

As of the date of this Prospectus, the above mentioned members of the Executive Board and the Supervisory Board of K+S Group do not have potential conflicts of interests between any duties to K+S Group and their private interests or other duties.

Board Practices

The governing bodies of K+S AG are the Executive Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the annual Shareholders' Meeting (*Hauptversammlung*). The powers of these bodies are set forth in the German Stock Corporation Act (*Aktiengesetz*), K+S AG's articles of association and the rules of procedure of the Executive Board and the Supervisory Board and its committees. The Executive Board and Supervisory Board work independently of each other. No person may serve on both boards at the same time.

The Executive Board is responsible for managing K+S AG's day-to-day business and for representing K+S AG in dealings with third parties. The Supervisory Board appoints and may dismiss members of the Executive Board. The Supervisory Board supervises and advises the Executive Board in its management of K+S AG and represents K+S AG in transactions between a member of the Executive Board and K+S. In general, the Supervisory Board is not directly involved in the day-to-day management of K+S AG. However, pursuant to K+S AG's articles of association, certain transactions require the consent of the Supervisory Board.

In performing their duties, members of both the Executive Board and Supervisory Board must exercise the duties of care expected of a reasonable business person. Members of the Executive Board and the Supervisory Board must consider a broad range of interests, including those of K+S AG and its shareholders and employees.

The members of the Executive Board and the Supervisory Board may be held personally liable to K+S AG for breaches of their duties of loyalty and care. K+S AG must bring an action for breach of duty against the Executive Board or Supervisory Board upon a resolution of the stockholders passed at a Shareholders' Meeting by a simple majority of votes cast. Furthermore, minority shareholders representing at least 1 percent of the Company's share capital or shares with a nominal value of EUR 100,000 can file an application in court requesting an action to be admitted against members of either of the Company's boards on behalf of the company or in their own name.

With the exception of stockholders of companies that (unlike K+S AG) are under the control of another company, individual stockholders of German companies cannot sue directors on behalf of the company in a manner analogous to a stockholder's derivative action under U.S. law. Under German law, directors may be liable to a breach of duty to stockholders (as opposed to a duty to the company itself) only where a breach of duty to the company also constitutes a breach of a statutory provision enacted specifically for the protection of stockholders. As a practical matter, stockholders are able to assert liability against directors for breaches of this sort only in unusual circumstances. The German Securities Trading Law (*Wertpapierhandelsgesetz*) provides for damage claims of stockholders against K+S AG under certain circumstances, if K+S AG violates the provisions on publication of insider information with intent or gross negligence.

Executive Board

The Supervisory Board appoints the members of the Executive Board for a term of up to five years. Extensions of the term of office are permitted. Pursuant to the articles of association, the Executive Board must have at least two members. The Supervisory Board determines the number of members of the Executive Board. Currently, the Executive Board has five members. The Supervisory Board issued the current version of the rules of procedure of the Executive Board on 9 January 2012.

Any two members of the Executive Board or any individual Executive Board member together with an authorized signatory with statutory power of attorney (*Prokurist*) may legally represent K+S AG.

The Executive Board must report regularly to the Supervisory Board, particularly on business policy and strategy, on profitability and on the current business of K+S AG, as well as on any exceptional matters that may arise from time to time. If not otherwise required by law, the Executive Board decides with a simple majority of the votes cast. In case of deadlock, the vote of the chairperson is the relevant vote. Under certain circumstances, such as a serious breach of duty or a vote of no confidence by the stockholders in an Annual Stockholders' Meeting, a member of the Executive Board may be removed by the Supervisory Board prior to the expiration of his/her term. A member of the Executive Board may not deal with, or vote on, matters relating to proposals, arrangements or contracts between him/herself and K+S AG.

Individual members of the Executive Board serve as representatives with primary responsibility for K+S AG's various corporate functions.

Supervisory Board

The Supervisory Board consists of 16 members, including eight members elected by the shareholders at the annual shareholders' meeting in accordance with the provisions of the German Stock Corporation Act and eight members selected by the K+S AG employees, in accordance with the provisions of the German Codetermination in Industry Act.

The Supervisory Board members are usually elected for a fixed term of five years. Each term expires at the end of the annual general meeting in the fourth financial year after the year in which such Supervisory Board member was elected. Supervisory board members may be re-elected.

Unless otherwise provided by law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. In case of any deadlock, the relevant resolution must be voted on again, with the Chairman of the Supervisory Board being entitled to cast two votes during such second vote.

The Chairman is usually a shareholder representative elected by the members of the Supervisory Board.

The Supervisory Board generally meets once every quarter. Its main functions are:

- to supervise and advise the Executive Board in its management of K+S AG;
- to appoint members of the Executive Board; and

- to consent to matters that are subject to the Supervisory Board's consent under German law or K+S AG articles of association and to matters which the Supervisory Board has made subject to its prior approval.

The Supervisory Board may form committees and establish their duties and powers. To the extent permitted by law, the Supervisory Board may delegate to such committees decision-making powers of the Supervisory Board.

As the date of this Prospectus, the Supervisory Board has established four committees, an audit committee, a nomination committee, personnel committee and a mediation committee (*Vermittlungsausschuss*).

The Supervisory Board has established an audit committee, consisting of Messrs. Dr. Eckart Sünner (Chairman), Ralf Becker, Dr. Ralf Bethke, Dr. Karl Heidenreich, Klaus Krüger and Michael Vassiliadis. The audit committee reviews and discusses the annual accounts of K+S AG prior to each meeting of the Supervisory Board in which the annual accounts are being discussed; the audit committee makes recommendations with respect to the approval of the annual accounts and of the consolidated accounts by the Supervisory Board and with respect to the appropriation of profits. In addition, the audit committee makes proposals to the Supervisory Board with respect to the appointment of K+S Group's statutory auditor. Upon having been so authorized by the Supervisory Board, the audit committee may assign the auditor, thereby stipulating the main focus of the auditing procedure as well as the auditor's compensation. The audit committee regularly discusses the status of the auditing procedure with the auditor, including, in particular, the results of the investigation and the auditor's opinion.

The nomination committee is responsible for making recommendations to the Supervisory Board concerning proposals to elect Supervisory Board members representing the shareholders. The nomination committee is exclusively composed of shareholder representatives. The team consisting of Messrs Dr. Ralf Bethke (chairman), Dr. Bernd Malmström, Dr. Rudolf Müller and Mrs Jella S. Benner-Heinacher.

The personnel committee is responsible for making preparations connected with the appointment of members of the Executive Board, long-term succession planning and for determining the terms and conditions of their contracts of employment including remuneration. The team consisting of Messrs Dr. Ralf Bethke (chairman), Rainer Grohe, Klaus Krüger and Michael Vassiliadis.

The mediation committee (*Vermittlungsausschuss*), which is formed in accordance with the German Co-Determination Act, consists of the Chairman of the Supervisory Board, his representative, and one member chosen from each of the shareholder and employee representatives. It submits proposals to the Supervisory Board concerning the appointment of members of the Executive Board, if the required two-thirds majority should not have been obtained in the first round of voting. The team consisting of Messrs Dr. Ralf Bethke (chairman), Dr. Eckart Sünner, Klaus Krüger and Michael Vassiliadis.

Corporate Governance

Since the beginning of 2002, the Executive Board and Supervisory Board have followed the recommendations of the Government Commission's German Corporate Governance Code.

In June 2012 the Executive Board and the Supervisory Board of K+S AG issued the following Declaration on Conformity:

“We declare that the recommendations of the Government Commission on the German Corporate Governance Code published by the German Ministry of Justice in the official section of the electronic Federal Gazette (as amended on 26 May 2010) are complied with in 2012 except for the recommendation in item 5.4.6 paragraph 2. The Company considers that an exclusively fixed remuneration of the members of the Supervisory Board better takes account of the consulting and supervising functions of the Supervisory Board, which generally exist independently of the success of the Company, than a form of remuneration, which also includes a variable component.”

Major Shareholders

Under K+S AG’s articles of association, each of K+S AG’s ordinary shares represents one vote. Major shareholders do not have different voting rights. Under the free float definition applied by Deutsche Börse AG, the free float amounts to approximately 90%. According to K+S AG’s information, approximately 23 % of the Company’s shares are held by shareholders in the US, Canada and the UK.

Under the German Securities Trading Act (*Wertpapierhandelsgesetz; WpHG*), holders of voting securities of a listed German company must notify that company of the level of their holding whenever it reaches, exceeds or falls below specified thresholds. Since 20 January 2007 the thresholds have been 3, 5, 10, 15, 20, 25, 30, 50 and 75 percent of the Company’s outstanding voting securities.

Based on such notifications received from shareholders through the date of this prospectus, the following companies held, in the aggregate, the following voting rights (such direct or indirect holdings in voting rights corresponding to shares) of more than 3 % in K+S AG on the respective reference date:

Name	Total share	Reference date of latest notice
Meritus Trust Company Limited via EuroChem Group SE	9.88%	23 March 2012
Blackrock Inc.	5.15%	24 May 2012
Prudential Plc. via M&G Investment Management Limited	3.00%	2 November 2011 (corrected 8 February 2012)

K+S AG is not aware of any arrangement the effect of which would result in a change of control of K+S AG.

Financial Information concerning K+S Group’s assets, financial and earnings position

Information from the consolidated financial statements of K+S Group for the fiscal years ended on 31 December 2011 and 31 December 2010 and the unaudited quarterly financial report for the period from 1 January to 31 March 2012 are incorporated by reference into this Prospectus.

Legal and arbitration proceedings

On 18 November 2009, the Administrative Court of Hanover upheld the complaints of the BUND and the NABU and set aside the planning approval decision of the LBEG of 10 August 2007 as well as the modification decision of 13 March 2009 on the expansion of the tailing pile of the Sigmundshall plant. In the planning approval decision, covering the pile was a prerequisite for the expansion of the piling of production residues. In response to the appeal brought by the LBEG and by K+S Kali GmbH, in judgements of 24 June 2011, the Higher Administrative Court of Lüneburg rejected the actions of BUND and NABU and did not allow an appeal against the judgements. Nonetheless BUND and NABU have appealed against this decision with the Federal Administrative Court.

On 21 March 2012 the State of Ohio's Attorney General has filed an antitrust lawsuit in Ohio's state court against Cargill, Inc, Cargill Deicing Technology, Morton International, LLC and the K+S Group's subsidiary Morton Salt, Inc and alleging price-fixing to the detriment of the Ohio Department of Transportation and other government entities for rock salt. The Attorney General requests, among others, a fine of USD 500 per day throughout the alleged price-fixing period (commencing in 2000) and disgorgement of profits (which are alleged to USD 50 million for all defendants). Morton Salt, Inc believes that this lawsuit has no merit.

Apart from the above mentioned, there are no, and K+S AG or any of its subsidiaries has or have not been involved in any, governmental, legal or arbitration proceedings during the period of the last twelve months, against or affecting K+S AG or any of its subsidiaries, nor is K+S AG aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the net assets, financial condition and results of operation of K+S AG or the K+S Group.

Significant change in K+S Group's financial or trading position

There has been no significant change in the financial or trading position of K+S Group since the date of the last published quarterly Financial Report (31 March 2012).

Additional Information

Share Capital

K+S Group's share capital amounts to EUR 191,400,000.00 and is divided into 191,400,000 registered shares each with a notional value of EUR 1.00 which are fully paid up. As of the date of this Prospectus, K+S holds no treasury shares.

Fiscal Year

K+S Group's fiscal year is the calendar year.

Memorandum and Articles of Association

According to Article 2 of its articles of association, K+S Group's corporate purpose is the extraction, processing and sale of potassium salt and rock salt as well as other minerals, including related main and secondary products; the use of underground cavities created as a result of mining operations; the recycling and removal of waste; the production and sale of fertilizer mixtures and various types of chemical products; trading in all the aforementioned minerals and products; the management and exploitation of real property, and the execution

of all such transactions and measures that may appear necessary for or conducive to the accomplishment of the Company's objects.

Material Contracts

K+S Nitrogen

K+S AG has signed an agreement with EuroChem Trading GmbH, a subsidiary of the Russian fertilizer company OJSC Eurochem Mineral and Chemical Co. regarding the sale of K+S Nitrogen GmbH, one of the leading suppliers of nitrogenous fertilizers.

The transaction, with an enterprise value of EUR 140 million for K+S Nitrogen GmbH, is likely to be closed at the end of the second quarter of 2012. The effective economic date of the transfer was 31 March 2012. The sale is subject to a number of factors, including approval by the EU antitrust authority.

For K+S, the sale will generate a book profit of around EUR 70 to 80 million, depending on the net earnings of K+S Nitrogen GmbH generated by the time the transaction is closed together with other effects. K+S Nitrogen GmbH will be stated as a "discontinued operation" in the K+S Half-yearly Financial Report H1/12 to be published on 14 August 2012 and in all financial reports referring to the year 2012. In financial year 2011, K+S Nitrogen GmbH generated revenues of EUR 1,156.8 million and operating earnings EBIT I of EUR 69.4 million.

Third Party Information and Statement by Experts and Declaration of any Interest

There are no specific comments or remarks on behalf of K+S Group other than already provided in this Prospectus for K+S AG/K+S Group.

Documents on Display

Documents incorporated by reference into this Prospectus are available on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu/>) and may be inspected and are available free of charge during normal business hours at the office of the Issuer, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Germany, see "Incorporation by Reference".

TAXATION

The following is a general discussion of certain German and Luxembourg tax consequences of the acquisition, ownership and disposition of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. 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 (including tax treaties) currently in force and as applied on the date of this Prospectus, in the Federal Republic of Germany and the Grand Duchy of Luxembourg which are subject to change, possibly with retroactive effect.

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

Federal Republic of Germany

Withholding Tax

For German tax residents (e.g. persons whose residence, habitual abode, statutory seat or place of management is located in Germany), coupon payments on the Notes are subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such coupon payments (the “**Disbursing Agent**”). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax).

The withholding tax regime should also apply to any gains from the sale or redemption of Notes realized by private investors holding the Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally levied on the difference between the proceeds received upon the disposition or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. If custody has changed since the acquisition and the acquisition data is not proved to the Disbursing Agent, the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the Notes

The withholding tax is not applied if the total investment income of a private investor is not exceeding the lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly). Expenses actually incurred are not deductible.

German resident corporate and other German resident business investors should in essence not be subject to the withholding tax on gains from the disposition, sale or redemption of the Notes (i.e. for these investors only coupon payments, but not gains from the sale or redemption of the Notes are subject to the withholding tax regime).

The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the Notes.

Private Investors

For private investors the withholding tax is – without prejudice to certain exceptions – definitive. Private investors can apply to have their income from the investment into the Notes assessed in accordance with the general rules on determining an individual's tax bracket if this would result in a lower tax burden. An assessment is mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be off-set against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

Business Investors

Coupon payments and capital gains from the disposition or redemption of the Notes held as business assets by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon). Any withholding tax deducted from coupon payments is – subject to certain requirements – creditable. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is – as a rule – refundable. The coupon payments and capital gains are also subject to trade tax, if the Notes are attributable to a trade or business.

Foreign Tax Residents

Investors not resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment of the investor.

Responsibility of the Issuer for the withholding of tax at the source

The Issuer does not assume any responsibility for the deduction of withholding tax (including solidarity surcharge thereon) at the source.

Luxembourg

Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- a. the application of the Luxembourg laws of 21 June, 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC) and several

agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (35 per cent. since 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities" in the sense of article 4.2 of the EU Directive 2003/48/EC)

- b. the application of the Luxembourg law dated 23 December 2005 which has introduced a 10 per cent. withholding tax on payments of interest or similar income made by Luxembourg paying agents to (or for the benefit of) Luxembourg resident individual holders of notes or to certain foreign residual entities securing the interest for such Luxembourg resident individual holders notes.

Further, Luxembourg resident individuals acting in the course of the management of their private wealth who are beneficial owners of the interest payments made by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the European Council Directive 2003/48/EC on taxation of savings income, may also opt for a final 10 per. cent levy. In such a case, the 10 per cent. levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10 per cent. levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire calendar year.

According to the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005, responsibility for the withholding of such tax will be assumed by the Luxembourg paying agent.

EU Savings Tax Directive

On 3 June 2003 the Economic and Financial Affairs Council of the European Union (ECOFIN Council) adopted directive 2003/48/EC on taxation of savings income in the form of interest payments ("**Savings Directive**"). Under the Savings Directive and from 1 July 2005, each EU Member State is required to provide the tax authorities of another Member State with details of payments of interest and other similar income paid by a person in one Member State to an individual resident in another Member State. However, during a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland and certain British and Dutch dependent or associated territories have adopted or have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. In particular, the proposal seeks to extend the application of the Savings Directive to (i) payments channelled through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to savings income.

Further developments in this respect should be monitored on a continuing basis, since no certainty exists over whether and when the proposed amendments to the Savings Directive will be implemented. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisors.

SUBSCRIPTION AND SALE

Subscription

Pursuant to a subscription agreement dated 18 June 2012 (the “**Subscription Agreement**”) between the Issuer and the Managers, the Managers agree, subject to certain conditions, to subscribe and pay for the Notes at an issue price of 99.422 per cent. less certain customary management and underwriting commissions and to sell the Notes. The conditions as referred to in the first sentence of this paragraph will be customary closing conditions as set out in the Subscription Agreement. The Issuer has furthermore agreed to reimburse the Managers for certain expenses incurred in connection with the issue of the Notes.

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 Managers to terminate its obligations thereunder in certain circumstances prior to payment of the purchase price of the Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement is governed by German law.

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

To the Issuer’s knowledge, there are no interests of natural and legal persons involved in the issue, including conflicting ones, that are material to the issue.

The Notes will be issued on or about 20 June 2012. The rights attached to the Notes take effect as of such issue date. For the initial subscribers of the Notes the yield to maturity is 3.068 per cent. *per annum*.

Selling restrictions

General

Neither the Issuer nor any of the Managers make any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of the Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Manager in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Managers will have no responsibility for, and each Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes 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 or delivery. No Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other

than as contained in, or which is consistent with, the Prospectus or any amendment or supplement to it.

European Economic Area

This Prospectus has been prepared on the basis that any offer of Notes in any member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer or any of the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Managers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Managers to publish a prospectus for such offer. The expression “**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 and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

In relation to each Relevant Member State, each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the Issuer or any Manager to publish 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 of the European Economic Area (each a “**Member State**”) by any measure implementing the Prospectus Directive in that Member State.

United States of America

The Notes have not been and will not be registered under the 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 a transaction pursuant to an exemption from, or in a transaction not subject to, the

registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom of Great Britain and Northern Ireland

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of this Prospectus or any other offer document in the Republic of Italy ("**Italy**") except:

- (a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation**"), all as amended; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”), CONSOB Regulation No. 16190 of 29 October 2007, all as amended;

(ii) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

Any investor purchasing the Notes in this offering is solely responsible for ensuring that any offer or resale of the Notes it purchased in this offering occurs in compliance with applicable laws and regulations.

This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

GENERAL INFORMATION

Listing and Admission to Trading

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit them to trading on Euro MTF market of the Luxembourg Stock Exchange.

Authorisation

The issue of Notes was authorised by the executive board of K+S AG on 17 April 2012.

Use of Proceeds

The net proceeds from the issue of Notes by K+S AG in the amount of EUR 495,860,000 will be used for the early refinancing of the K+S bond maturing in 2014 and together with liquidity and future cash flows to finance investments in the Legacy-Project in Canada and general corporate purposes.

Clearing

The Notes have been accepted for clearance through Clearstream Banking AG, Frankfurt am Main (Neue Börsenstrasse 8, 60487 Frankfurt am Main). The Common Code is 079422258, the WKN is A1PGZ8 and the International Securities Identification Number (ISIN) is DE000A1PGZ82.

Rating

The Notes have been rated as follows:

Standard & Poor's, a division of The McGraw-Hill Companies, Inc.: BBB+

Moody's Investors Service, Inc.: Baa2

The Issuer has been rated as follows:

Standard & Poor's, a division of The McGraw-Hill Companies, Inc.: BBB+ (stable)

Moody's Investors Service, Inc.: Baa2 (stable)

A rating is not a recommendation to buy, sell or hold securities of the Issuer and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes.

Documents on Display

For so long as any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained (and in the case of (b) can be found on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu/>) free of charge during normal business hours at the specified office of the Issuer, namely:

- (a) The constitutional documents of the Issuer;

- (b) the Prospectus, any supplement thereto, if any, and any document incorporated by reference therein.

INCORPORATION BY REFERENCE

The following documents are incorporated by reference into this Prospectus:

English language translation of the Audited Consolidated Financial Statements 2010 of K+S Group

- Balance Sheet (p. 164 of the Financial Report 2010),
- Income Statement (p. 162 of the Financial Report 2010),
- Statement of Comprehensive Income (p. 162 of the Financial Report 2010)
- Cash Flow Statement (p. 163 of the Financial Report 2010),
- Statement of Changes in Equity (p. 165 of the Financial Report 2010),
- Development of Fixed Assets (p. 166 – p. 169 of the Financial Report 2010),
- Development of Provisions (p. 170 – p. 171 of the Financial Report 2010),
- Segment Reporting (p. 172 – p. 173 of the Financial Report 2010),
- Notes (p. 174 – p. 217 of the Financial Report 2010),
- Auditor's Report¹ (p. 161 of the Financial Report 2010).

English language translation of the Audited Consolidated Financial Statements 2011 of K+S Group

- Balance Sheet (p. 158 of the Financial Report 2011),
- Income Statement (p. 156 of the Financial Report 2011),
- Statement of Comprehensive Income (p. 156 of the Financial Report 2011)
- Cash Flow Statement (p. 157 of the Financial Report 2011),
- Statement of Changes in Equity (p. 159 of the Financial Report 2011),
- Development of Fixed Assets (p. 159 – p. 163 of the Financial Report 2011),
- Development of Provisions (p. 164 – p. 165 of the Financial Report 2011),
- Segment Reporting (p. 166 – p. 167 of the Financial Report 2011),
- Notes (p. 168 – p. 213 of the Financial Report 2011),
- Auditor's Report¹ (p. 155 of the Financial Report 2011).

English language translation of the Unaudited Quarterly Financial Report Q1/2012 of K+S Group

- Balance Sheet (p. 29 of the Quarterly Financial Report Q1/2012),
- Income Statement (p. 27 of the Quarterly Financial Report Q1/2012),

¹ Issued in accordance with Section 322 of the German Commercial Code (*Handelsgesetzbuch*) in German language on the German version of the consolidated financial statements and the respective group management report.

- Statement of Comprehensive Income (p. 27 of the Quarterly Financial Report Q1/2012)
- Cash Flow Statement (p. 28 of the Quarterly Financial Report Q1/2012),
- Statement of Changes in Equity (p. 30 of the Quarterly Financial Report Q1/2012),
- Notes (p. 30 – p. 35 of the Quarterly Financial Report Q1/2012).

All information not listed above but included in the documents incorporated by reference is given for information purposes only.

As long as any Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and any applicable laws so require the documents incorporated by reference are available on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu/>) and may be inspected and are available free of charge during normal business hours at the office of the Issuer, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Germany.

NAMES AND ADDRESSES

ISSUER

K+S Aktiengesellschaft
Bertha-von-Suttner Strasse 7
34131 Kassel
Germany

PRINCIPAL PAYING AGENT

Landesbank Baden-Württemberg
Am Hauptbahnhof 2
70173 Stuttgart
Germany

JOINT LEAD MANAGERS

Banco Santander, S.A.
Ciudad Grupo Santander
Edificio Encinar, Avenida
de Cantabria s/n 28660,
Boadilla del Monte, Madrid,
Spain

Barclays Bank PLC
5 North Colonnade
London E14 4BB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

**Landesbank
Baden-Württemberg**
Am Hauptbahnhof 2
70173 Stuttgart
Germany

LAWYERS

To the Issuer
Freshfields Bruckhaus Deringer LLP
Bockenheimer Anlage 44
60322 Frankfurt am Main
Germany

To the Managers
Linklaters LLP
Mainzer Landstrasse 16
60325 Frankfurt am Main
Germany

LISTING AGENT

Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L - 2953 Luxembourg
Luxembourg

AUDITOR

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft
Georgstrasse 52
30159 Hannover
Germany