



**K+S Aktiengesellschaft**  
(Kassel, Federal Republic of Germany)

EUR 600,000,000 3.250 per cent. Notes due 2024  
Issue Price: 100.00 per cent.

This prospectus (the "**Prospectus**") relates to the issue of EUR 600,000,000 3.250 per cent. fixed rate notes due 2024 (the "**Notes**") by K+S Aktiengesellschaft, Bertha-von-Suttner-Straße 7, 34131 Kassel, Germany (the "**Issuer**" or "**K+S AG**" and together with its consolidated subsidiaries and affiliates, "**K+S**", "**K+S Group**" or the "**Group**") on 18 July 2018 (the "**Issue Date**") in a denomination of EUR 100,000 each. The Notes will be governed by the laws of the Federal Republic of Germany ("**Germany**").

This Prospectus comprises a prospectus for the purposes of (i) Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended (inter alia, by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010) (the "**Prospectus Directive**"), and (ii) the relevant implementing measures in the Grand Duchy of Luxembourg ("**Luxembourg**") and, in each case, for the purpose of giving information with regard to the issue of the Notes and the Issuer. This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg* (the "**CSSF**") in its capacity as competent authority under the *Luxembourg Loi relative aux prospectus pour valeurs mobilières of 10 July 2005* (the "**Luxembourg Prospectus Law**") which implements the Prospectus Directive into Luxembourg law. Pursuant to Article 7(7) of the Luxembourg Prospectus Law, by approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer.

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market "*Bourse de Luxembourg*" and to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**").

The Notes will initially be represented by a temporary global note, without interest coupons, which will be exchangeable in whole or in part for a permanent global note without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership.

**Investing in the Notes involves certain risks. See "*RISK FACTORS*" beginning on page 8.**

The Issuer expects that, upon issuance, the Notes will be assigned a rating of BB by Standard & Poor's Credit Market Services Europe Limited. A rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

This Prospectus will be published in electronic form together with all documents incorporated by reference herein on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**The Notes have not been, and will not be, registered under the United States 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")).**

The Notes have been assigned the following securities codes:  
ISIN XS1854830889, Common Code 185483088, WKN A2NBE7.

*Joint Lead Managers*

**Deutsche Bank**

**DZ BANK AG**

**Goldman Sachs**

**HSBC**

*Co-Managers*

**Commerzbank**

**Santander Global Corporate Banking**

**The date of this Prospectus is 13 July 2018.**

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus and 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 does not omit anything likely to affect its import.

## NOTICE

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

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers (as defined in "*SUBSCRIPTION AND SALE OF THE NOTES*"). The delivery of this Prospectus at any time does not imply (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer which is material in the context of the issue and sale of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Prospectus by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates" "intends", "expects" or other similar terms. This applies in particular to statements under the caption "*INFORMATION ON K+S AG AS ISSUER – Business Overview*" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer, to be materially different from or worse than those expressed or implied by these forward-looking statements. Neither the Issuer nor the Managers assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

Certain numerical figures set out in this Prospectus, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information.

Furthermore, this Prospectus contains industry related data taken or derived from industry and market research reports published by third parties ("**External Data**"). Commercial publications generally state that the information they contain originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on a series of assumptions. The External Data have not been independently verified by the Issuer.

The External Data was reproduced accurately by the Issuer in the Prospectus, and as far as the Issuer is aware and is able to ascertain from information published by any third party,

no facts have been omitted that would render the reproduced External Data inaccurate or misleading. The Issuer does not have access to the underlying facts and assumptions of numerical and market data and other information contained in publicly available sources. Consequently, such numerical and market data or other information cannot be verified by the Issuer.

Neither Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, Banco Santander, S.A., or Commerzbank Aktiengesellschaft (the "**Managers**") nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer.

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and are subject to special U.S. tax law requirements where held by U.S. persons (TEFRA D rules). Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States of America ("**United States**") or to U.S. persons.

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part thereof) see "*SUBSCRIPTION AND SALE OF THE NOTES – Selling Restrictions.*"

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the product approval process conducted by each Manager who is a manufacturer for the purposes of EU Delegated Directive 2017/593, the target market assessment in respect of the Notes has led to the conclusion that, as of the date of this Prospectus: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"), and (ii) the appropriate distribution channels are execution only, non-advised services, investment advised and portfolio management. The targeted investors are expected to have (1) at least advanced knowledge and/or experience with financial products, (2) the ability to bear losses resulting from interest rate changes and no capital loss bearing capacity if held to maturity, (3) a medium to high risk profile, (4) a return profile preservation, growth and/or income as investment objective and (5) a medium term investment horizon. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either

adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**IMPORTANT – EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in MiFID II or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive.

In this Prospectus, unless otherwise specified, all references to “**€**”, “**EUR**” or “**Euro**” are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended, references to “**USD**” or “**U.S. \$**” are to the legal currency of the United States of America, references to “**CAD**” are to the legal currency of Canada and references to “**AUD**” are to the legal currency of Australia.

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

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

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

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## OVERVIEW

The following overview contains basic information about the Notes and does not purport to be complete. It does not contain all the information that is important to making a decision to invest in the Notes. For a more complete description of the Notes, please refer to the section "Terms and Conditions of the Notes" of this Prospectus. For more information on the Issuer, its business and its financial condition and results of operations, please refer to the section "Information on K+S AG as Issuer" of this Prospectus. **Investing in the Notes involves certain risks. See the section "Risk Factors" beginning on page 8 of this Prospectus.**

Terms used in this overview and not otherwise defined have the meanings given to them in the terms and conditions of the Notes (the "**Terms and Conditions**").

<i>Issuer:</i>	K+S Aktiengesellschaft
<i>Joint Lead Managers:</i>	Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC Bank plc
<i>Co-Managers</i>	Banco Santander, S.A. Commerzbank Aktiengesellschaft
<i>Principal Paying Agent:</i>	Deutsche Bank Aktiengesellschaft
<i>Currency:</i>	Euro
<i>Denominations of Notes:</i>	Euro 100,000
<i>Form of Notes:</i>	The Notes will be issued in bearer form.
<i>Global Notes:</i>	The Notes will initially be represented by a temporary global note, without interest coupons, which will be exchangeable in whole or in part for a permanent global note without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership.
<i>Status:</i>	The Notes will constitute unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer.
<i>Maturity Date:</i>	18 July 2024
<i>Day Count Fraction / Interest Payment Dates / Business Day Convention:</i>	Act/Act (ICMA) Day Count Fraction. Annually in arrears on 18 July each year. Following Business Day Convention (unadjusted).
<i>Early Redemption:</i>	The Notes can be redeemed at the option of the Issuer prior to their stated maturity for taxation reasons, within the three month period prior to their stated maturity and for reasons of minimal outstanding amount. See § 4 of the Terms and Conditions of the Notes.

<i>Negative Pledge:</i>	The Terms and Conditions of the Notes contain a negative pledge provision. See § 2 of the Terms and Conditions of the Notes.
<i>Change of Control</i>	The Terms and Conditions of the Notes provide for a change of control provision. See § 7 of the Terms and Conditions of the Notes.
<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. See § 8 of the Terms and Conditions of the Notes.
<i>Cross Default:</i>	The Terms and Conditions of the Notes provide for cross default provisions. See § 8 of the Terms and Conditions of the Notes.
<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>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>	Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium (" <b>Euroclear</b> ") and Clearstream Banking S.A., 42 Avenue JF Kennedy L-1855 Luxembourg (" <b>Clearstream Luxembourg</b> ").
<i>Listing and Admission to Trading:</i>	Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market " <i>Bourse de Luxembourg</i> " and to be listed on the Official List of the Luxembourg Stock Exchange.
<i>Rating:</i>	Standard & Poor's Credit Market Services Europe Limited (German Branch) (" <b>S&amp;P</b> ") has assigned a long-term credit rating of BB (outlook stable) to K+S AG. The Notes are expected to be rated BB by S&P. <sup>(1)</sup>

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<sup>(1)</sup> A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and

## RISK FACTORS

*Before deciding to purchase the Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The occurrence of one or more of the risks described below, alone or in combination with other circumstances, may have a material adverse effect on the business, cash flows, results of operations and financial condition of the Issuer and K+S Group. Moreover, if any of these risks materialize, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfil its respective payment obligations under the Notes may decrease, in which case the holders of the Notes (the “**Noteholders**”) could lose all or part of their investments. Investors should note that the risks discussed below may not prove to be comprehensive and, therefore, may not be the only risks to which the Issuer and K+S Group are exposed. Additional risks and uncertainties, which are not currently known to the Issuer, or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer or K+S Group and have a material adverse effect on its business, cash flows, results of operations and financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the business, cash flows, results of the operations and financial conditions of K+S Group.*

*Words and expressions defined in the section “Terms and Conditions” shall have the same meanings in this section of the Prospectus.*

### **Risk Factors relating to K+S AG as Issuer and K+S Group**

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

The demand for K+S Group's potash and magnesium products is considerably influenced by general economic growth as well as economic trends and the associated living standards in relevant markets, trends in soft commodity prices and, in part, also by political decisions in some consumer countries. There is a particular risk that growth in the emerging economies will slow down and/or that the sovereign debt crisis in the euro area will intensify again. This could lead to agricultural prices falling to a level that triggers uncertainty among farmers about their future income situation and thereby adversely affect their demand for plant nutrients. Lower agricultural prices could also negatively affect the incentive for farmers to increase their yield per hectare through more intensive use of plant nutrients.

A lack of prosperity generally and reductions in disposable income result in changes in eating habits, which are particularly reflected in a decrease of consumption of meat. As the production of meat requires significantly more cereals, soy beans and other products used as animal feed, a decrease in the consumption of meat results in a decreasing need for agricultural raw materials, which in turn lowers the demand for fertilizers.

Although there has been some improvement in the global economy and financial markets since the last global economic and financial crisis, the overall global economic outlook remains uncertain and current economic conditions could lead to prices for agricultural products falling to a level that triggers uncertainty among farmers and could adversely affect their future income situation and thus among other factors negatively impact their demand in relation

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may be revised or withdrawn by the rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes. See “General Information – Rating”.



to fertilizers. Any of these situations or developments 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, supply and price levels.***

The demand for K+S Group's products may be adversely affected due to external factors beyond K+S Group's control. These 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.

Particularly products from the Potash and Magnesium Products business unit could be threatened by considerable decreases in demand caused by external influences. In terms of demand, macroeconomic factors such as unfavourable exchange rate developments or liquidity reduction of farm businesses could affect demand in individual sales regions. The same is true for political market regulation, for example through regional subsidy cuts, the imposition of customs duties on fertilizers or the introduction of stricter regulations. Environmental factors such as diseases in certain crops or the occurrence of animal epidemics could likewise lead to a decline in demand.

Changes on the supply side could arise as a result of capacity expansion. New and existing producers are in the process of expanding their production capacity based on their forecasts of long-term demand on the global potash market, and may have more resources than K+S Group. Should the market not be ready to absorb additional volumes entirely, this could increase competitive pressure during a transitional period. Furthermore, producers could attempt to gain additional market share or regain lost market share by increasing supply within available capacity. A decline in demand could also give rise to increased competitive pressure.

Major increases in capacity and its utilisation, increases in supply from individual producers within available capacity as well as longer-term decreases in demand could substantially affect pricing and/or sales prospects. This could change the existing structure of the entire plant nutrient business, even resulting in the squeezing out of supply-side competition. Consequently, a drop in potash prices and/or saleable volumes cannot be ruled out.

Any of these effects may have a material 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 volume risk for potash and magnesium products as well as salt that results in particular from the seasonality of demand, especially due to their dependence on weather conditions. In the Salt business unit, the weather in the de-icing salt regions of Europe and North America is of particular relevance. Mild winters may lead to a weather-related decrease in demand and thus considerably reduced sales volumes for de-icing salt; this in turn could create large season-ending inventories of de-icing salt, putting pressure on tenders for the upcoming winter season. A sales risk for the Potash and Magnesium Products business unit may particularly arise as a result of the dependence on weather conditions. Prolonged cold and wet weather conditions during the spring season, such as in 2018, which is particularly important for Europe, could, for example, result in shifts in or even declining sales of plant nutrients. The same holds for weather phenomena such as El Niño or droughts, which could lead to significant losses of yields for farmers in the affected regions and reduced use of plant nutrients.

The building-up and destocking of inventories by K+S Group's customers, depending on their expectations regarding future demand and price trends, the weather or their liquidity management, result in fluctuations in demand. This can lead to an underutilisation 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 applies to 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.

These seasonal effects may have an adverse impact on the assets, financial and earnings position of the K+S Group, and may particularly intensify in case of ongoing or repeated specific weather conditions.

***K+S Group is subject to additional weather-related costs.***

In the Potash and Magnesium Products business unit, water law framework conditions are particularly important at some production sites for the unrestricted use of the available technical production capacity. For example, K+S Group is dependent on the water flow of the Werra river and the corresponding risk of having to limit production at the Werra plant sites. Following production outages in 2016 and 2017, which resulted in a disruption in operations and short-time work, K+S Group continues to face major challenges at the integrated Werra plant. Due to the still limited availability of personnel and machinery uptime, K+S Group continues to produce there below the technically feasible capacity limit and is thus not able to exploit the deductible potential. The commissioning of the kainite crystallization and flotation facility (the "**KCF Facility**"), which became operational in 2018 and which is supposed to create a means for the disposal of saline waste water and to reduce the volume of saline waste water at the Werra plant by 1.5 million cubic meters to 5.5 million cubic meters annually, may prove ineffective or insufficient. In particular in dry years, certain volumes of saline wastewater would have to be disposed of remotely, generating additional costs for the transportation of this water. Measures undertaken by the K+S Group for wastewater disposal, such as obtaining permits for temporary storage of brine at the Springen mining field (Merkers mine) and for discharging process and tailings pile water into the inactive K+S Bergmannsseggen-Hugo mine (Hanover region), as well as basin capacity on site which is needed for wastewater management, may prove ineffective or insufficient, needs time for implementation and generates costs. Technical issues need to be resolved and permits obtained and subsequent adjustments to infrastructure will be required.

These external factors and 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 business.***

An entry of new competitors or the formation of larger competitors in the international potash business, as the merger of Potash Corp. and Agrium to form Nutrien, could result in a further tangible shift in the structure of the sector, as already effected by Uralkali's exit of the BPC sales organisation operated jointly with Belarusian Belaruskali in July 2013. A further aggressive expansion of new potash capacities by one or more producers could result in a further increase of competitive pressure and lead to further declining margins. This may have an adverse impact on the assets, financial and earnings position of K+S Group.

***K+S Group is exposed to risks arising from capital expenditures.***

The development of new potash capacity is very capital-intensive and takes many years to implement. For example, it took nearly five years of construction until the new potash mine near Bethune, Saskatchewan, Canada was opened and production commenced in May 2017. The Bethune mine currently has a desired annualized production capacity of two million tonnes, and an annualized production capacity of 2.86 million tonnes in the long-term. When a site of this size is being built, negative effects in the transition to regular operation (e. g. goods that temporarily do not conform to specifications) cannot be ruled out, which may result in goods being reworked or lead to price reductions. Furthermore, additional capital expenditures may be required in the future in connection with the upkeep and further development of the site. All assumptions and estimates made at the start of construction and any other investment projects are subject to potential business, economic, political and social uncertainties over time, in particular to a stable and sufficient potash price level.

If expectations and estimates, in particular regarding capacity and expected production costs (including royalties), are not met, or if further delays, for example due to damage of existing technical devices, such as the damage to a process vessel in 2016 and the necessary corrective measures, or legal disputes with external suppliers and service providers occur, this could result in increased capital expenditures and the need to finance the capital expenditures predominantly with debt. In addition, K+S Group might need to recognise impairment charges in relation to the (acquired) assets and on capital expenditures made and the expected production volume could only be available at a later point in time, which would also be the case if required permissions would not be granted in time.

Sustainability and environmental protection continue to be K+S Group's central concerns requiring increasing amounts of capital expenditures, including research and development costs. Current research projects focus on new alternative uses, tailings pile and disposal concepts as well as the reduction of saline wastewater, which are essential for the business operations of the K+S Group.

Any of these circumstances can have a material adverse effect 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 specific to mining is limited. It cannot be ruled out that the required raw material, consumable or equipment 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, including 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 damages 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 the countries in Western Europe. 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.

Changes in United States ("U.S.") trade policy are currently a particular focus of discussion, increasing political, social and economic risk. The future effects of the U.S. tax reform also carry uncertainties, the relevant impact of which cannot be assessed at present.

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.***

The production in most of K+S Group's business units is potentially harmful to the environment. In most of the Group's business units a large number of public permissions and licenses are required to operate the business. These include permissions under mining and water resource laws for underground disposal or discharge of production wastewater, permissions for storing solid waste as tailings, and licenses under contamination prevention, waste management and other environmental laws. The framework for the granting of these licences and public permissions is firmly entrenched in European and national environmental, water and mining law with respect to production in Germany and Europe, and the regulatory density is expected to increase further in the future.

K+S Group may be unable to obtain new permissions or extend or renew existing permissions. In addition, existing permissions may be restricted or even cancelled, for example, as a result of changes in the regulatory or political framework, due to violations of laws, regulations or official requirements by K+S Group, contestation in court or other events. In particular, there is a risk for all activities requiring approval that third parties will appeal against licences or permissions after they have been granted and that these will be revoked by courts. Furthermore, extensions of existing licences and permissions or new ones granted may be restricted in terms of time and scope, permanently amended or refused or further conditions, which may be financially disadvantageous, may be attached. Public and political debates regarding stricter environmental regulations for the production and waste management processes which are employed by the Group could result in the loss or restriction of operating licenses and public permissions, or could adversely impact the decision to issue new licenses or permissions. Public and political debate about the existing or prospective even higher requirements for environmental friendliness of the production processes for the production of potash and magnesium products may therefore impact the issuance of licences, approvals and permissions.

In the Potash and Magnesium Products business unit, among others, liquid residues (saline waste water) arise from both current production and through rainfall on the tailing piles. On the basis of existing permissions, 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 permissions appear unlikely and could entail a partial or even entire withdrawal of injection approvals for the disposal of liquid residues. This in turn could lead to production stoppages and/or major cuts in production at the affected sites due to a lack of disposal options for saline wastewater (injection volumes) and/or give rise to additional costs for transport to remote alternative disposal sites. Ongoing periods of low water levels for the Werra river could lead to a reduction in or the discontinuation of production of the affected locations of the Werra mine and production sites as it has already been the case in recent years. Furthermore, currently approved thresholds for the discharge of the saline waste water into surface waters could be lowered for future discharge permissions. Extensions of existing injection and discharge permissions 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.

The injection permission for the Werra mine and production sites (*Verbundwerk Werra*) which is granted until 31 December 2021 is contested in court. "Verband für Angeln und Naturschutz Thüringen e.V. (VANT)" has filed claims against the new and previous injection permissions at the Administrative Court of Kassel (*VG Kassel*). These claims are still pending. The injection permission had also been challenged in court by the local municipality of Gerstungen and the "Bund für Umwelt und Naturschutz Deutschland e.V. (BUND)". Both cases were settled out of court in 2017. In addition, a discharging permission for the Werra mine and production sites which was granted until 2020 has also been challenged in court by the municipality of Gerstungen as well as the municipalities of Witzenhausen and Herleshausen and the "Fischereigenossenschaft Untere Werra".

The Neuhof mine has also been granted a discharging permission until 2020 together with a permission for pipeline transportation of the saline waste water from Neuhof to the Werra river. Both permissions have been challenged before the Administrative Court of Kassel (*VG Kassel*) by the local municipalities of Gerstungen, Herleshausen and Witzenhausen as well as the "Verband für Angeln und Naturschutz e.V.". The Federal Republic of Germany and the State of North Rhine-Westphalia also challenged both permissions but the court dismissed the charges. The decision was confirmed by the appeal court. In this context, no further remedies are possible. The discharging permission has further been challenged by the "Verband Hessischer Fischer e.V." before the Administrative Court of Kassel (*VG Kassel*). The proceedings are still pending.

At the exploitation sites of the Potash and Magnesium business unit, solid residues arise from ongoing production and are either placed on tailings piles or disposed of underground within the framework of existing approvals. If approvals for residues heaped up or otherwise disposed 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 which could, *inter alia*, lead to a temporary reduction of production, which would have essential effects particularly for the Hattorf, Wintershall and Zielitz sites. This could negatively affect the production capacity of K+S Group and could lead to significant cost increases.

There can be no assurance that the K+S Group's public permissions and approvals will be sufficient for the K+S Groups' business purposes and upheld, also in case these permissions are or will be contested in court, extended or newly granted. It cannot be ruled out that further investments in these sites might become necessary as a result of regulatory requirements. As a consequence, production costs might continue to rise. Even the closure of affected production sites due to a sustainable inefficiency might be required, thus negatively impacting the production capacity of K+S Group.

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

In the Salt business unit, there have been no special environmental protection requirements regarding the outdoor storage of de-icing salt in North America in the past. However, more and more individual states and local authorities are now moving towards defining mandatory standards in this regard. As a result of stricter local requirements, comprehensive measures may be required, including indoor storage for K+S Group's owned and leased stockpile locations, which would result in an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

Moreover, for the underground disposal of mining waste, K+S Group has to comply with the Closed Cycle and Waste Management Law (*KrWG*) and the German Federal General Mining Ordinance (*ABBergV*). Interpretation and application of the existing regulations currently vary from one federal state within the Federal Republic of Germany to another. A more strict interpretation and application, as the case may be, of these regulations would result in increasing costs for the underground disposal of mining waste, since it may only be possible to store wastes with mineral properties in the underground. This would increase disposal costs as well as costs required to close down mining sites, which, in either case, would adversely impact the net assets, financial condition and results of operations of the K+S Group.

***K+S Group could be held liable for environmental damages.***

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, including the loss or restriction of operating permissions, but also in costs for removal, restoration and disposal actions as well as further liability risks. For example, in 2016, an increase in heavy metals concentration was identified in the ground and surface water in the surrounding area of the Hattorf tailings piles. These heavy metals are delivered to the surface by springs in Thuringia within a limited local area. Even though, in terms of composition and concentration, these heavy metals cannot be classified as pile material and the K+S Group assumes that naturally occurring heavy metals in the layers of loam and clay within in the soil beneath the Hattorf tailings pile are dissolved by saline leachate in conjunction with a low pH value of the soil, K+S Group is currently investigating the situation and exploring potential countermeasures. Comparable issues have also been identified at other sites. K+S Group is currently investigating whether the circumstances identified may require further countermeasures and/or influence the granting of future permissions for the disposal of solid production residues. In addition, environmental regulations could be tightened, which could lead to further costs or have other negative effects on K+S Group's operations. Some of these risks are either not insurable or only insurable on economically unreasonable terms or only partially insurable. Furthermore, K+S Group's reputation or that of individual subsidiaries may be damaged in

such cases. Therefore, any such event could have material adverse effects on our cash flows, financial condition and results of operations.

***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 and by letters of comfort (*Patronatserklärungen*) or group guarantees (*Konzernbürgschaften*). If, in addition to the creation of provisions and granting letters of comfort or group guarantees, collateral securities would have to be deposited, funds would be tied up. This could have 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 the products of the Potash and Magnesium Products business unit are extracted from mines in Germany and Canada, the transportation of products over long distances is typical for the business operated by K+S Group. Part of K+S Group’s products have to be transported to customers in high volumes. 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 crude 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 affect 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 and the respective infrastructure providers. A failure or a bottleneck could limit the production or sales possibilities and therefore adversely affect 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. A significant proportion of the K+S Group’s revenues is in U.S. dollars. In addition to this, revenues are also generated in other national currencies, such as Canadian dollars, Chilean pesos and pounds sterling. This can lead to the value of the service performed not matching the value of the considerations received in transactions, because income and expenditure are incurred at different times in different currencies. Exchange rate fluctuations, so far primarily in relation to the U.S. dollar, have affected the K+S Group’s business, in particular in relation to the levels of proceeds and receivables. Due to the commissioning of the Bethune site in Canada and the resulting costs incurred in Canadian dollars, fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar or the euro are now also of considerable significance to K+S Group.

Furthermore, currency effects arise at subsidiaries whose functional currency is not the Euro (translation risk), 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 Euro at spot rates and result in currency-related fluctuations in the equity of the K+S Group. These translation effects appear both in the Salt business unit and the Potash and Magnesium Products business unit.

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 comparatively higher risk premiums may be available. There is no assurance that increased interest rates may be compensated by other means. In this case, a rise of interest rates will 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 and for re-investments in fixed interest rate instruments a decrease in interest rates would encumber interest earnings and financial results.

***K+S Group's provisions for mining obligations could prove to be too low or could substantially increase and exceed the provisions it has recognized for these obligations in its accounts.***

K+S Group has accounted for substantial provisions for mining obligations. These primarily include the obligations for the infinity costs, for example, to backfill mines and shafts, but also obligations for ensuring the safety of tailings, reclamation obligations, and cover for mining damage risks. Mining obligations are usually based on legal regulations, such as the German Federal Mining Act (*Bundesberggesetz*) and are mainly set forth in operating plans. Occasionally, mining obligations might also arise out of contracts. The mining obligations, largely under public law, require securing of the surface-mining area and rehabilitation measures. Mining damage can occur through underground mining and the related subsidence of the surface or in connection with the production process through dust or salt contamination. K+S Group's provisions take into account the obvious obligations for reclamation, as well as the Group's obligations for mining damage that has been caused by its operations or has already occurred independently. The amount of such provisions is based on expected expenditures or the estimated payment of damages. Future expenditures or payments of damages could significantly exceed the existing provisions. New findings or a reevaluation of K+S Group's mining obligations could make an increase in existing provisions necessary.

In addition, the amount of the provisions for mining obligations is based on certain actuarial assumptions, including discount factors. If these assumptions change, there could be a substantial increase in mining obligations and a resulting increase in the provisions for mining obligations on K+S Group's balance sheet.

Any such event could have material adverse effects on K+S Group's cash flows, financial condition and results of operations.

***K+S Group's pension obligations could substantially increase and exceed the provisions it has recognized for these obligations in its accounts.***

K+S Group has certain pension obligations towards its employees. These pension obligations are covered by provisions. The pension provisions are in part offset by pension funds and insurance. The amount of provisions K+S Group has recognized for pension obligations



is based on certain actuarial assumptions, including discount factors (based on assumed market interest rates), demographic trends, pension trends, future salary trends and expected returns on plan assets. If actual results, particularly in relation to discount factors, were to deviate from these assumptions, or if actuarial assumptions change, there could be a substantial increase in pension obligations and a resulting increase in the provisions for pensions on K+S Group's balance sheet. K+S Group bears the risk that the value of plan assets will decrease, including with respect to pension obligations whose coverage has been outsourced to external funds, since its employees will in all cases have direct subsidiary claims against it.

According to International Accounting Standard ("IAS") 19 "Employee Benefits" actuarial gains and losses are to be recognized directly in "Other comprehensive income", taking deferred taxes into account. Changes in the discount rate used to measure pension obligations and fluctuations in the market value of plan assets for funded pension plans, can in particular result in considerable and unpredictable fluctuations in the balance sheet, as well as shifts between equity and liabilities applying the revised IAS 19. With regard to pension fund assets, K+S Group is exposed to general financial market risks of below-average portfolio performance as well as to the risk of errors in the choice of investments.

Any such event could have material adverse effects on K+S Group's net assets, cash flows, financial condition and results of operations.

***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 natural gas. Energy prices are frequently subject to strong 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 on increases in energy costs 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 natural gas is interrupted, 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 faces the risk of production cuts or stoppages and 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 production 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. The production facilities of the K+S Group are characterised by a high degree of complexity and need for efficiency, making them vulnerable to operational and accident risks to which our facilities, production plants, storage and loading facilities are exposed. In case of one of these events occurring, there is a risk of business interruptions, serious personal injury, damage to third-party property and damage to the environment which may lead to considerable cost resulting from lost revenue or K+S Group being held responsible for these

damages. Similar risks may arise from K+S Group making repairs or improvements to prevent such events from occurring, such as the recent maintenance works on a stack at the Bethune mine which became necessary in June 2018 and resulted in a stoppage of production at the Bethune mine for almost four days. Underground mines are subject to hydrogeological risks: significant damage could occur by ground water flowing over a shaft extension. There are particular risks in connection with shafts that cut through water-bearing rock shafts and in saline deposits in rock strata. 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 rock burst (a suddenly occurring subsidence of the earth's surface over a large area that is, under certain circumstances, powerful). 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 as well as all production disruptions at the relevant sites due to damages or in order to prevent potential damages would result in at least reduced output 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. In addition, 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 a 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 competitors that have the benefit of state financial support.***

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. 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.

***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;
- a 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 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. 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 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 integration 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 materialise. 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 could 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 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, K+S Group acquired companies resulting in an expanded scope of business of K+S Group. Any 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. 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 of or other malfunctions in its IT systems.***

The increasing networking of IT systems and the necessity of their permanent availability impose high demands on the information technology used. K+S Group's IT systems, part of which are outsourced, support almost all corporate functions in large measure. Malfunctions and faults in the computer systems and software, including possible attacks from the outside, for example by criminal hackers or computer viruses, and from materialization of internal risks, such as technical failure or sabotage, may particularly result in loss of the availability, integrity, confidentiality and authenticity of data and may adversely affect the Group's operational business. In such 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 is exposed to reputational risks.***

The perception of K+S Group and its business activities among the general public, including a loss of image, is difficult to control. This includes, in particular, risks with material adverse effects on the non-financial aspects of environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters, ongoing legal disputes, as well as failure to achieve management-related targets defined by the K+S Group. However, reputational risk also includes a risk of financial loss resulting from damages to the company's and its products' reputation, in lost revenue, increased operating, capital or regulatory costs, or destruction of company value. All such aspects can have an adverse effect on the business operations and its net assets, financial condition and results of operations of the K+S Group.

***K+S Group might face liquidity risks.***

A liquidity risk entails the failure to procure the financial means needed to meet payment obligations or the inability to do so in a timely manner. External factors could lead to circumstances where K+S Group is unable to replace its credit lines under acceptable commercial conditions. This could have an adverse effect on the ability to procure liquidity, cost of financing, net assets and financial conditions generally of K+S Group.

***K+S Group's leverage and debt service obligations could have a material adverse effect on its business.***

The Group has incurred substantial indebtedness and is about to incur further indebtedness by the issuance of the Notes. On top of such indebtedness, the Group is able to borrow additional funds. Increasing K+S Group's level of indebtedness could have important consequences for investors in the Notes. For example, it could:

- make it more difficult for K+S Group to satisfy its obligations with respect to its indebtedness;
- lead to a downgrade in K+S Group's rating;
- increase its vulnerability to adverse economic and industry conditions;
- require it to dedicate a substantial portion of cash flow from operating activities to payments on existing indebtedness, which could reduce the availability of cash flow to fund capital expenditures, future acquisitions and other general corporate needs;
- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place it at a competitive disadvantage compared to its competitors with less debt; and
- limit its ability to borrow additional funds.

The realization of any of these risks could have a material adverse effect on K+S Group's business, financial condition and results of operations.

***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 or with which credit lines exist as well as to parties to financial investments of K+S Group. Any default of K+S Group's customers, hedge counterparties or parties to financial investments of K+S Group could have an adverse effect on the net assets, financial condition and results of operations of K+S Group.

***K+S Group's consolidated statement of financial position includes intangible assets, which could become impaired.***

The amount of intangible assets, including goodwill, product rights and tradenames represents a considerable part of the total assets of K+S Group. An impairment test of goodwill and other intangible assets with indefinite useful life is performed at least once a year. There is no guarantee that impairments will not occur, particularly in the event of a substantial deterioration of K+S Group's future prospects or general economic conditions. If assets are considered to be impaired, impairment charges could have a material adverse effect on K+S Group's consolidated statement of financial position and results of operations.

***Changes in accounting standards could have a material adverse effect on K+S Group's financial condition and result of operations.***

K+S Group's consolidated financial statements are issued in accordance with the International Financial Reporting Standards as adopted in the European Union (IFRS). New or changed accounting standards may lead to adjustments in the relevant accounting positions of K+S Group, which could have a material adverse effect on K+S Group's financial condition and result of operations.

***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, including energy and power tax increases, 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.

This would result in additional energy tax burdens and competitive disadvantages for K+S Group's energy-intensive German subsidiaries and would have an adverse effect on K+S Group's assets, financial and earnings position.

***K+S Group is exposed to compliance risks.***

K+S Group is exposed to a large variety of business and compliance risks. Since K+S Group's domestic and foreign managers retain a certain amount of operational and decision-making flexibility K+S Group cannot guarantee that its domestic and foreign managers will not take actions, or, in particular cases, take fraudulent actions against the Group, or experience problems that could, through damage to K+S Group's reputation or otherwise, be detrimental to the Group's business, financial condition and results of operations. Individual employees of K+S Group could violate applicable laws, for example in the areas of antitrust and competition law as well as anticorruption laws. 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 rating downgrade could have an adverse effect on K+S Group's financial conditions and results of operations.***

At present, K+S AG is rated "non-investment grade" by Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ("**S&P**"). A downgrading by S&P could have a negative impact on the possibilities and terms of financing. Downgrades can, for example, require the collateralization of creditors and decrease the readiness of business partners to do business with K+S Group. At the same time, new credit lines and other financing activities could become more expensive. That could have an adverse effect on K+S Group's financial condition and results of operations.

***K+S Group is subject to risks from legal and arbitration proceedings.***

K+S AG and its subsidiaries are, or might become, involved in a number of legal and arbitration proceedings. These proceedings or potential proceedings could involve substantial claims for damages or other payments. K+S Group's litigation costs and those of third parties (in relation to which the Group might have to indemnify such third parties) could also be significant.

In particular, K+S Group currently is, and may in the future, be involved in lawsuits and arbitration proceedings with suppliers and service providers in connection with supplies and services procured in connection with the investment project for building the new Bethune potash mine. While some of the claims brought against K+S Group could be settled, claims mainly relating to overrun costs in connection with construction services provided and the allocation of responsibility for such overrun costs brought against K+S Group in an aggregate amount of EUR 159.1 million are still pending at the date of this Prospectus. Of this EUR 159.1 million, EUR 128 million are being claimed by one counterparty against which K+S

Group also brings significant counterclaims in connection with payments made on a “without prejudice” basis for services rendered. The counterparty has requested that these two claims be consolidated in one proceeding, under which other contractors would also be allowed to be named as third parties. Legal disputes and these claims can take an extended period of time to clarify and it is very difficult to predict their outcome and financial effects.

The realisation of any of these risks could have a material adverse effect on K+S Group's business, cash flows, financial condition and results of operations.

***The Issuer is mainly a holding company and its ability to serve its payment obligations depends on the receipt of funds from its subsidiaries and participations.***

K+S AG's cash flow and its ability to meet its cash requirements, including its obligations as Issuer of the Notes is dependent to a significant extent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to it in the form of loans, dividends, fees, or otherwise, as well as upon K+S AG's own credit arrangements.

The ability of K+S AG's subsidiaries to make payments to K+S AG may be restricted by, among other things, applicable corporate and other laws and regulations and by the terms of covenants and restrictions contained in financing agreements to which such subsidiaries are or will be a party. In addition to any limitations on payment to K+S AG contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to K+S AG.

## **Risk Factors relating to the Notes**

*An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes which could lead to substantial losses that Noteholders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes comprise, inter alia, the following risks:*

### ***The Notes may not be a suitable investment for all investors.***

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus, the Pricing Notice or any applicable supplement to the Prospectus;
- 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 investment in 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, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the 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.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers prior to investing in the Notes to determine whether and to what extent (i) the Notes are permitted investments for it, (ii) where relevant, the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. Each investor should also consider the tax consequences of investing in the Notes and consult its own tax advisers with respect to the acquisition, sale and redemption of the Notes in light of its personal situation.

### ***The Notes do not have an established trading market and an active trading market for the Notes may not develop.***

The Notes represent a new issue of securities for which there is currently no established trading market. Although the Issuer intends to obtain admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange, there can be no assurance that a market for the Notes will develop or, if it does develop, continue or that it will be liquid, thereby enabling investors to sell their Notes when desired, or at all, or at prices they find acceptable.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors including the creditworthiness of the Issuer as well as other factors such as the time remaining to maturity of the Notes, the outstanding amount of the Notes



and the redemption features of the Notes. Such factors will also affect the market value of the Notes.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that the Notes may not be readily sellable, that the value of the Notes will fluctuate over time and that such fluctuations may be significant.

***The Notes will be structurally subordinated to indebtedness of the subsidiaries of the Issuer.***

The Notes will not be guaranteed by any of the subsidiaries of the Issuer. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganisation, insolvency, receivership or similar proceeding of any subsidiary of the Issuer, such subsidiary will pay the holders of its own debt (including holders of third-party debt which such subsidiaries have guaranteed) before they would be able to distribute any of their assets to the Issuer. As a result, the Issuer may not have sufficient assets to make payments on the Notes, respectively.

***The Notes will be effectively subordinated to Issuer's debt to the extent such debt is secured by assets or guarantees by subsidiaries of the Issuer that are not also securing the Notes.***

The Notes will be effectively subordinated to the Issuer's debt to the extent such debt is secured by assets or by guarantees of subsidiaries of the Issuer that are not also securing the Notes. Although the Terms and Conditions require the Issuer to secure the Notes equally if it provides security for the benefit of Capital Market Indebtedness (as defined in the Terms and Conditions), the requirement to provide equal security to the Notes is subject to a number of significant exceptions and carve-outs as set out in detail in the Terms and Conditions included in this Prospectus. To the extent the Issuer or any of its subsidiaries provides security interest over their assets for the benefit of other debt without also securing the Notes, the Notes will be effectively junior to such debt to the extent of such assets. The same applies to debt incurred by the Issuer or any other member of the K+S Group, which is guaranteed by a subsidiary of the Issuer. In each case, holders of (present or future) secured or guaranteed debt of the Issuer may recover disproportionately more on their claims than the Noteholders in an insolvency, bankruptcy or similar proceeding. The Issuer may not have sufficient assets remaining to make payments under the Notes.

***No restriction on the amount of debt which the Issuer may incur in the future***

There is no restriction on the amount of debt, which the Issuer may issue, which ranks equal to the Notes. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer may or shall defer payments of the principal amount or interest under the Notes.

***The Notes are subject to a risk of early redemption.***

The Issuer will have the right to redeem the Notes early in certain circumstances. If the Issuer redeems the Notes prior to maturity, a Noteholder is exposed to the risk that due to such early redemption his investment will have a lower than expected yield. Additionally, such Noteholder may only be able to reinvest on less favourable conditions as compared to the original investment.

***Although the occurrence of specific change of control events will permit the Noteholders to require redemption or repurchase of the Notes, the Issuer may not be able to redeem or repurchase such Notes.***

Upon the occurrence of specific change of control events, the Noteholders will have the right to require the redemption or, at the option of the Issuer, repurchase of all of the Notes at their principal amount, plus accrued and unpaid interest. The Issuer's ability to redeem or repurchase Notes upon such a change of control event will be limited by its access to funds at the time of the redemption or repurchase. Upon a change of control event, the Issuer may be required to immediately repay the outstanding principal, any accrued interest on and any other amounts owed by it under other debt outstanding. The source of funds for these repayments would be the available cash or cash generated from other sources. However, there can be no assurance that there will be sufficient funds available upon a change of control event to make these repayments and any required redemption or repurchases of the Notes.

***The Terms and Conditions, including the terms of payment of principal and interest, can be amended by Noteholders' resolutions and any such resolution will be binding for all Noteholders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.***

Since the Terms and Conditions provide for meetings of Noteholders or the taking of votes without a meeting, the Terms and Conditions may be amended (as proposed or agreed by the Issuer) by majority resolution of the Noteholders and any such majority resolution will be binding on all Noteholders. Any Noteholder is therefore subject to the risk that its rights against the Issuer under the Terms and Conditions, including the terms of payment of principal and interest, are amended, reduced or even cancelled by a majority resolution of the Noteholders. Any such majority resolution will even be binding on Noteholders, who have declared their claims arising from the Notes due and payable based on the occurrence of an event of default, but who have not received payment from the Issuer prior to the amendment taking effect. According to the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz – "SchVG"*), the relevant majority for Noteholders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of Notes outstanding. Therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.

***Since no Holders' Representative will be appointed as from the Issue Date of Notes, it will be more difficult for Noteholders to take collective action with respect to the Notes.***

No initial holders' representative will be appointed under the Terms and Conditions. Any appointment of a holders' representative for the Notes post issuance of the Notes will, therefore, require a majority resolution of the Noteholders. If the appointment of a holders' representative is delayed, this will make it more difficult for Noteholders to take collective action to enforce their rights under the Notes.

***It is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions if such right was passed on a holders' representative.***

If a holders' representative will be appointed by majority decision of the Noteholders it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, if such right was passed to the holders' representative by majority vote for the Notes who is then exclusively responsible to claim and enforce the rights of all the Noteholders of the Notes.

***In case of certain events of default, the Notes will only be redeemable if Noteholders of at least 10 per cent. of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration might be rescinded by majority resolution of the Noteholders.***

The Terms and Conditions provide that, in case of certain events of default, any notice declaring the Notes due and payable shall become effective only when the Principal Paying Agent has received such default notices from Noteholders representing at least 10 per cent. of the aggregate principal amount of the Notes then outstanding. Under the SchVG, even if a default notice is given by a sufficient number of Noteholders, it could be rescinded by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Noteholders would have to consent to a rescission than have delivered default notices.

Noteholders should be aware that, as a result, they may not be able to accelerate their Notes upon the occurrence of certain events of default, unless the required quorum of Noteholders with respect to the Notes delivers default notices and such acceleration is not rescinded by majority resolution of the Noteholders.

***The market value of the Notes could decrease if the creditworthiness of the Issuer worsens or is perceived to worsen.***

If, for example, because of the materialisation of any of the risks regarding K+S Group, the Issuer is less likely to be in a position to fully perform all obligations under the Notes when they fall due, the market value of the Notes will suffer. In addition, even if the Issuer is not actually less likely to be in a position to fully perform all obligations under the Notes when they fall due, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business areas as K+S Group could adversely change.

If any of these risks occur, third parties would only be willing to purchase Notes for a lower price than before the materialisation of the relevant risk. Under these circumstances, the market value of the Notes would decrease.

***Credit ratings may not reflect all risks and are subject to change.***

Ratings assigned to the Issuer by rating agencies are an indicator of the Issuer's ability to meet its obligations under the Notes in a timely manner. The lower the assigned rating is on the respective scale, the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. The market value of the Notes from time to time is likely to be dependent upon the level of credit rating assigned to the long-term debt of the Issuer. Rating agencies may change, suspend or withdraw their ratings at short notice. A rating's change, suspension or withdrawal may affect the price and the market

value of the Notes. An investor may thus incur financial disadvantages as he may not be able to sell the Notes at a fair price. The ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***The Notes bear specific risks typical for fixed rate notes.***

The Notes are fixed rate notes. Therefore, each Noteholder is particularly exposed to the risk that the price of the Notes falls as a result of changes in market interest rates. While the nominal interest rate of the Notes as specified in the Terms and Conditions is fixed during the term of the Notes, the current market interest rates typically change on a daily basis. As the market interest rates changes, the price of fixed rate notes also changes, but in the opposite direction. If the market interest rate increases, the price of fixed rate notes typically decreases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate decreases, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate. However, notwithstanding the factors described above, the Issuer is obliged to redeem the Notes at their principal amount at maturity.

***The trading market for debt securities may be volatile and may be adversely impacted by many events.***

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in Germany and other jurisdictions in which K+S Group is active as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the market price of the Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which an investor in the Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price of the Notes or the purchase price paid by such investor.

***No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus.***

The Terms and Conditions are based on the laws of the Federal Republic of Germany in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Germany or administrative practice or the official application or interpretation of German law after the date of this Prospectus.

***The Notes are subject to exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal

payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Investors are subject to tax risks.***

Potential purchasers of the Notes should be aware that stamp duties 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. Accordingly, it is not possible to predict the precise tax treatment of the Notes which will apply at any given time.

***The Notes are subject to inflation risks.***

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Note. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

***The Notes are subject to transaction costs and charges.***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Note. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees). Potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

***Because the Global Notes are held by or on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A., investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

The Notes will be represented by one or more Global Notes. Such Global Notes will be deposited with a common safekeeper for Euroclear Bank SA/NV, Brussels, Belgium ("**Euroclear**") and Clearstream Banking S.A., Luxembourg ("**Clearstream, Luxembourg**"). Investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will

maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and the Issuer will discharge its payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in the Global Notes.

## **USE OF PROCEEDS**

In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately EUR 597,900,000. The Issuer intends to use these proceeds for the repayment of existing debt and for general corporate purposes.

## INFORMATION ON K+S AG AS ISSUER

### Responsibility Statement

The responsibility statement is set out on page 2 of this Prospectus.

### Statutory Auditors

The independent auditor of K+S AG is Deloitte GmbH Wirtschaftsprüfungsgesellschaft (formerly known as “Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft”), Aegidientorplatz 2a, 30159 Hannover, Federal Republic of Germany (“**Deloitte**”), a member of the German Chamber of Public Accountants, Berlin (*Wirtschaftsprüferkammer*). Deloitte and its antecessors have been the responsible auditors of K+S Group since 1972 and Deloitte has audited the consolidated financial statements of K+S Group for the fiscal years ended on 31 December 2017 and 31 December 2016, and has, in each case, issued an unqualified auditor’s report (*Bestätigungsvermerk*). The consolidated financial information as of and for the three-month periods ended 31 March 2018 and 31 March 2017 as presented in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2018 have neither been reviewed nor audited by Deloitte.

### Financial Information relating to K+S Group’s assets and liabilities, financial position and profits and losses

The audited consolidated financial statements of K+S AG for the fiscal year ended on 31 December 2017 contained in K+S AG’s Annual Report 2017 on pages 133-196 and the audited consolidated financial statements of K+S AG for the fiscal year ended on 31 December 2016 contained in K+S AG’s Annual Report 2016 on pages 131-191 which have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the EU (“**IFRS**”) are incorporated by reference into this Prospectus.

The unaudited and unreviewed consolidated financial information as of and for the three-month periods ending 31 March 2018 and 31 March 2017 which is contained in K+S AG’s Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2018 on pages 9-11, consisting of a consolidated income statement, a consolidated statement of cash flows and a consolidated balance sheet which have been prepared on a basis consistent with IFRS but do not contain notes (*Anhang*), is incorporated by reference into this Prospectus.

### Selected Financial Information

The following tables set out selected financial information relating to the K+S Group. Unless otherwise indicated, the information has been extracted from the audited consolidated financial statements of K+S AG for the fiscal years ended 31 December 2017 and 31 December 2016 and from the unaudited and unreviewed consolidated financial information as of and for the three-month periods ended 31 March 2018 and 31 March 2017 as presented in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2018, consisting of a consolidated income statement, a consolidated balance sheet and a consolidated statement of cash flows.



	Period from 1 January until 31 March 2018 (unaudited)	Period from 1 January until 31 March 2017 (unaudited)	Fiscal year ended 31 December 2017 (audited unless otherwise indi- cated)	Fiscal year ended 31 December 2016 (audited unless otherwise indi- cated)
(EUR in millions)				
Revenues	1,169.8	1,126.4	3,627.0	3,456.6
EBITDA (adjusted) <sup>(1)</sup>	236.8 <sup>(7)</sup>	210.9 <sup>(7)</sup>	576.7	519.1
Operating Earnings (EBIT I) <sup>(2)</sup>	147.0 <sup>(7)</sup>	137.4 <sup>(7)</sup>	270.8	229.3
Adjusted free cash flow <sup>(3)(6)(7)</sup>	142.8	55.2	-389.8	-776.8
(EUR in millions, unless otherwise indicated)				
	As of 31 March 2018 (unaudited)	As of 31 March 2017 (unaudited)	As of 31 December 2017 (audited unless otherwise indi- cated)	As of 31 December 2016 (audited unless otherwise indi- cated)
(EUR in millions, unless otherwise indicated)				
Equity	4,001.5	4,609.7	4,160.7	4,552.2
Total assets	9,536.5	9,696.5	9,754.4	9,645.5
Net debt <sup>(4)(6)(7)</sup>	4,009.0	3,613.9	4,140.5	3,583.8
Net debt/EBITDA (ad- justed) <sup>(5)(7)</sup>	6.7 <sup>(8)</sup>	8.1 <sup>(8)</sup>	7.2	6.9

<sup>(1)</sup> **“EBITDA (adjusted)”** is defined as follows: Operating Earnings (EBIT I) plus depreciation and amortization/ plus impairment losses/ less reversals of impairment losses on non-current assets, adjusted for capitalized depreciation expenses recognized directly in equity. EBITDA (adjusted) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. 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 statement of cash flows that were recognized in accordance with IFRS.

<sup>(2)</sup> **“Operating Earnings (EBIT I)”** is defined as follows: Earnings after operating hedges (EBIT II) less income / plus expenses from fair value changes of operating anticipatory hedges still outstanding minus neutralization of changes in the fair value of operating anticipatory hedges recognised in prior periods less recognised income / plus recognised expenses arising from currency hedging capital expenditure in Canada. Operating Earnings (EBIT I) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. 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 statement of cash flows that were recognized in accordance with IFRS.

<sup>(3)</sup> **“Adjusted free cash flow”** is defined as follows: Proceeds from sale of assets less purchases of intangible assets less purchases of property, plant and equipment less purchases of financial investments plus proceeds from sale of consolidated companies plus proceeds from sale of securities and other financial investments minus purchases of securities and other financial investments, adjusted by purchases/sales of securities and other financial investments plus cash flow from operating activities. Adjusted free cash flow is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. 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 statement of cash flows that were recognized in accordance with IFRS. The table below shows the reconciliation for Adjusted free cash flow.

	Period from 1 January until 31 March 2018 (unaudited)	Period from 1 January until 31 March 2017 (unaudited)	For the fiscal year ended 31 December 2017 (audited unless otherwise indicated)	For the fiscal year ended 31 December 2016 (audited unless otherwise indicated)
	(EUR in millions)			
Proceeds from disposals of assets	0.2	0.6	60.0	3.0
- Purchases of intangible assets	1.3	0.9	11.3	9.6
- Purchases of property, plant and equipment	88.4	211.5	743.5	1,202.2
- Purchases of financial investments	0.5	-	7.6	13.4
+ Proceeds from sale of consolidated companies	-	-	5.8	-
+ Proceeds from sale of securities and other financial investments	5.2	5.4	62.4	33.5
- Purchases of securities and other financial investments	5.2	-	29.3	12.7
<b>Investing cash flow<sup>(6)(7)(9)</sup></b>	<b>-90.0</b>	<b>-206.4</b>	<b>-663.5</b>	<b>-1,201.4</b>
Net of purchases/proceeds from sale of securities and other financial investments <sup>(6)</sup>	-	5.4	33.1	20.8
<b>Investing cash flow (pre sale/purchase of securities)<sup>(6)(7)(9)</sup></b>	<b>-90.0</b>	<b>-211.8</b>	<b>-696.6</b>	<b>-1,222.2</b>
Net cash flow from operating activities	232.8	267.0	306.8	445.4
<b>Adjusted free cash flow<sup>(6)(7)</sup></b>	<b>142.8</b>	<b>55.2</b>	<b>-389.8</b>	<b>-776.8</b>

(4) "Net debt" is defined as follows: Cash on hand and balances with banks plus non-current securities and other financial investments plus current securities and other financial investments less non-current financial liabilities less current financial liabilities less liabilities from finance leases plus reimbursement claim (Morton Salt bond) less non-current provisions for pensions and similar obligations less non-current provisions for mining obligations. Net debt is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. 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 balance sheet that were recognized in accordance with IFRS. The table below shows the reconciliation for Net debt.

	As of 31 March 2018 (unaudited)	As of 31 March 2017 (unaudited)	As of 31 December 2017 (audited unless otherwise indicated)	As of 31 December 2016 (audited unless otherwise indicated)
	(EUR in millions)			
Cash on hand and balances with banks	329.6	164.1	182.6	140.2
+ Non-current securities and other financial investments	7.0	7.0	7.0	7.0
+ Current securities and other financial investments	11.5	8.9	11.4	14.3
- Non-current financial liabilities	2,451.4	2,214.8	2,451.8	2,214.7
- Current financial liabilities	585.1	278.6	569.9	319.8
- Liabilities from finance leases	164.6 <sup>(7)</sup>	148.6 <sup>(7)</sup>	173.0	50.7
+ Reimbursement claim (Morton Salt bond)	19.0 <sup>(10)</sup>	22.2 <sup>(10)</sup>	19.6	22.6
<b>Net financial liabilities<sup>(6)(7)</sup></b>	<b>2,834.0</b>	<b>2,439.8</b>	<b>2,974.1</b>	<b>2,401.1</b>
- Non-current provisions for pensions and similar obligations	174.1	171.8	166.4	186.7
- Non-current provisions for mining-obligations	1,000.9	1,002.3	1,000.0	996.0
<b>Net debt<sup>(6)(7)</sup></b>	<b>4,009.0</b>	<b>3,613.9</b>	<b>4,140.5</b>	<b>3,583.8</b>

- <sup>(5)</sup> “**Net debt/EBITDA (adjusted)**” is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group’s performance. 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 balance sheet, income statement and the statement of cash flows that were recognized in accordance with IFRS.
- <sup>(6)</sup> Unaudited.
- <sup>(7)</sup> Extracted from K+S AG’s internal accounting records.
- <sup>(8)</sup> For reasons of comparability, Net debt/EBITDA (adjusted) for the periods from 1 January until 31 March 2018 and 1 January until 31 March 2017 is based on the EBITDA (adjusted) for the last twelve months ending on 31 March 2018 and 31 March 2017, respectively. EBITDA (adjusted) for the last twelve months ending on 31 March 2018 (EUR 602.6 million) was derived by adding K+S Group’s EBITDA (adjusted) for the period from 1 January until 31 March 2018 (EUR 236.8 million) to K+S Group’s EBITDA (adjusted) for the fiscal year ended 31 December 2017 (EUR 576.7 million) and subtracting K+S Group’s EBITDA (adjusted) for the period from 1 January until 31 March 2017 (EUR 210.9 million). EBITDA (adjusted) for the last twelve months ending on 31 March 2017 (EUR 444.7 million) was derived by adding K+S Group’s EBITDA (adjusted) for the period from 1 January to 31 March 2017 (EUR 210.9 million) to K+S Group’s EBITDA (adjusted) for the fiscal year ended 31 December 2016 (EUR 519.1 million) and subtracting K+S Group’s EBITDA (adjusted) for the period from 1 January to 31 March 2016 (EUR 285.3 million). Net debt/EBITDA (adjusted) for the periods from 1 January until 31 March 2018 and 1 January until 31 March 2017 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.
- <sup>(9)</sup> Investing cash flow is not identical with cash flow from investment activities as presented in the consolidated statement of cash flows. Investing cash flow is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group’s performance. 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 statement of cash flows that were recognized in accordance with IFRS.
- <sup>(10)</sup> Extracted from K+S AG’s internal accounting records. Reimbursement claim (Morton Salt bond) amounted to USD 23.4 million as of 31 March 2018 and USD 23.8 million as of 31 March 2017. Euro foreign exchange reference rates applied as of 29 March 2018 (1.2321 USD/EUR) and 31 March 2017 (1.0691 USD/EUR), as applicable.

## 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 3 October 1889 as “Aktiengesellschaft für Bergbau und Tiefbohrung”. Formerly 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” and as of 2012 operates the two core business units Potash and Magnesium products as well as Salt. Additional complementary activities include recycling activities as well as the disposal and 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 – MDAX50® sponsored by Frankfurter Wertpapierbörse since 21 March 2016.

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 (*Amtsgericht*) under registration number HRB 2669. “K+S Aktiengesellschaft” is both the legal and the commercial name of K+S AG. The duration of the company is indefinite.

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.

### Organisational Structure

K+S AG mainly acts as the holding company for the K+S Group and holds shares, directly and indirectly, in its subsidiaries, both in Germany and abroad, which make a significant contribution to its financial development. In addition to K+S AG, all significant holding companies

which K+S AG controls have been included in the consolidated financial statements. The possibility of exerting control is based on the majority of voting rights, either directly or indirectly. Subsidiaries of minor importance are not consolidated.

Significant subsidiaries are the directly held K+S KALI GmbH, K+S Salz GmbH, and K+S Finance Belgium BVBA.

K+S Salz GmbH groups esco and K+S Netherlands Holding B.V., which, amongst others, holds subsidiaries in Canada, Brazil and Chile. K+S Finance Belgium BVBA, together with K+S Netherlands Holding B.V., holds shares in Morton Salt Inc. through subsidiaries. K+S KALI GmbH and K+S Salz GmbH essentially hold their foreign subsidiaries through their own intermediate holding companies. K+S Entsorgung GmbH, K+S Transport GmbH and Chemische Fabrik Kalk GmbH (“CFK”) are held directly by K+S AG.

## **Business Overview**

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

The K+S Group is one of the world’s leading suppliers of specialised and standard fertilizers (source: IFA, Potash Statistic 2016 Detailed Report, K+S Group) with a long history in potash mining. In the salt business, measured by production capacity, K+S Group is the largest producer of salt products globally with sites in Europe as well as North and South America (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 16<sup>th</sup> ed. 2017). K+S Group offers a comprehensive range of products and services for agriculture, industry, consumers and communities. This results in a diversified exposure of K+S Group to structurally attractive end markets.

In its Potash and Magnesium Products and Salt business units, the K+S Group’s business model is set up along the following six sections of the value chain: (i) exploration, (ii) mining (conventional mining above and below ground as well as solution mining), (iii) production (processing and refining of products), (iv) logistics, (v) sales/marketing and (vi) application, with a specific focus of K+S Group to be put on its product market units Agriculture, Industry, Consumers and Communities as part of the new corporate strategy “Shaping 2030”.

In the fiscal year 2017, K+S Group generated revenues of EUR 3,627.0 million (2016: EUR 3,456.6 million). In 2017, 44% of the revenues of K+S Group were generated in Europe (2016: 43%), 35% in North America (2016: 38%), 11% in South America (2016: 11%), 8% in Asia (2016: 6%) and 2% in Africa and Oceania (2016: 2%).

In the period from 1 January 2018 until 31 March 2018, K+S Group generated revenues of EUR 1,169.8 million (2017: EUR 1,126.4 million) and EBITDA (adjusted) of the K+S Group of EUR 236.8 million (2017: EUR 210.9 million). The difference between EBITDA (adjusted) for the period from 1 January 2017 and 31 March 2017 and 2018, respectively, was mainly due to the increased volume and mix of products sold and an increase in price. This was partially off-set by negative effects on EBITDA (adjusted) from currency fluctuations and other effects (net), such as logistics costs, during the same period.

### ***Business Units***

K+S AG operates the following business units that are closely linked in terms of strategic, technical and economic aspects: Potash and Magnesium Products, Salt Products and Complementary Activities, which comprises in particular Waste Management and Recycling, K+S Transport GmbH, Animal Hygiene Products and CFK (trading).

In the fiscal year 2017, the business unit Potash and Magnesium Products generated 47% (2016: 44%), the business unit Salt Products 49% (2016: 51%) and Complimentary Activities 4% (2016: 5%) of K+S Group's total revenues with third parties. In the fiscal year 2017, the total sales volume of potash and magnesium products and salt products by K+S Group amounted to an aggregate of 27.0 million tonnes (2016: 25.5 million tonnes).

### *Potash and Magnesium Products*

Most of the products from the Potash and Magnesium Products business unit are used as plant nutrients in agriculture. As natural products, these are also largely permitted for ecological farming under EU law. Furthermore, the Potash and Magnesium Products business unit offers its customers products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and food industries as well as food processing components.

Potassium chloride, a universally applicable mineral fertilizer for all crops not sensitive to chloride and for all types of soil, is used in particular for important crops, such as cereals, corn, rice and soybeans. Potassium chloride is spread directly on fields as a granulate or mixed with other straight fertilizers (e.g. primary sources of plant nutrients like nitrogen or phosphate) in bulk blenders to produce what is known as "bulk blends" (i.e. a combination of various nutrients). K+S Group also supplies potassium chloride as a fine-grain "standard" product to the fertilizer industry, which processes it along with other nutrients to produce complex fertilizers.

The fertilizer specialities of the business unit differ from traditional potassium chloride, either because they are chloride-free or because of different nutrient formulas with magnesium, sulphur, sodium and trace elements. These products are used for crops which have a greater need for magnesium and sulphur, such as rape or potatoes, as well as for chloride-sensitive special crops, such as citrus fruits, wine or vegetables.

In addition, the Potash and Magnesium Products business unit offers a wide range of high-quality potassium and magnesium products for industrial applications, which are available in different degrees of purity and in specific grain sizes. These are used, for example, in chlorine-alkali electrolysis in the chemical industry, in the production of glass and plastics, in the mineral oil industry, in metallurgical processes, in the textile industry, in biotechnology, in oil and gas exploration, as well as in the recycling of plastics. Furthermore, the Potash and Magnesium Products business unit provides a product range meeting the particularly high requirement of the pharmaceutical, cosmetics, foodstuffs and animal feed industries.

At the date of this prospectus, the Potash and Magnesium Products business unit extracts potash and magnesium crude salts at six mines in Germany and refines them. During the process of mineral extraction at the Neuhof mine, in a first step, raw salt is mined underground. It contains various minerals, such as Kieserite (19%) and potassium chloride (KCl, 16%), as well as some residues (65%). In a second step at the overground facilities, KCl and Kieserite are further refined separately into marketable products, typically as a powder or a granulated version (potassium chloride (MOP) or Kieserite), or they are blended into a variety of specialty products with different mineral components (e.g. Magnesia-Kainit, Korn-Kali and sulphate of potash (SOP). The annual production capacity of the Potash and Magnesium Products business unit is currently around 8 million tonnes.

With its Potash and Magnesium Products business unit, K+S Group offers its customers special plant nutrients, products for industrial applications, high-purity potassium and magne-

sium salts for the pharmaceutical, cosmetics and food processing industries as well as primary products for the production of animal feed. A broad distribution network and an exclusive outline agreement with Koch Fertilizer LLC, for the supply and sales of potash fertilizers in the US, facilitates sales of the products across the world and is designed to ensure a continuous supply of K+S Group's customers in order to help strengthening and intensifying K+S Group's customer relationships. Regional growth projects in China, Saudi Arabia and South East Asia and a flexible multi-product strategy are expected to contribute to strengthen the Potash and Magnesium Products business unit's global presence. The Potash and Magnesium Products business unit is predominantly reflected in K+S KALI GmbH, its subsidiaries and K+S Potash Canada General Partnership. The Inactive Plants unit also assigned to this business unit oversees the potash and rock salt mines in Germany, whose production has been discontinued.

The Potash and Magnesium business unit's revenues in 2017 were mainly generated from potassium chloride (43%) (2016: 42%), fertilizer specialities (42%) (2016: 42%) and industrial products (15%) (2016: 16%). The Operating Earnings (EBIT I) of the Potash and Magnesium business unit in 2017 amounted to EUR 81.3 million (2016: EUR 33.6 million). In the fiscal year 2017, K+S Group sold in total 6.7 million tonnes of potash and magnesium products (2016: 6.1 million tonnes). These included 3.2 million tonnes of potassium chloride (MOP) (2016: 3.0 million tonnes), 2.7 million tonnes of fertilizer specialities (2016: 2.4 million tonnes) and 0.8 million tonnes of industrial products (2016: 0.7 million tonnes). The average selling price in 2017 amounted to 254 EUR/tonne (2016: 253 EUR/tonne). The costs per tonne (excluding operating expenses for the investment project for building the new Bethune potash mine) amounted to 214 EUR/tonne in 2017 (2016: 232 EUR/tonne). With its broad portfolio of specialty products, K+S Group generally generates higher average sales prices in comparison to the average sales prices of potassium chloride (MOP). This portfolio partly also follows different trends and seasons and thereby positively effects overall fluctuations in revenues. The stability of the portfolio is further supported by the fact that average sales prices of specialty products are generally less volatile than average sales prices of potassium chloride (MOP).

K+S Group is the largest producer of potash products in Western Europe (source: IFA, Potash Statistic 2016 Detailed Report, K+S Group).

On 2 May 2017, the new potash mine at the Bethune site in Canada (the "**Bethune mine**") was opened after nearly five years in construction. In 2011, K+S Canada Holdings Inc., an indirect wholly owned subsidiary of K+S AG, had taken over control of Potash One located in Vancouver, thereby holding together with K+S Potash Canada several potash exploration licences in the Canadian province of Saskatchewan, including the Bethune mine. The acquisition of Potash One in 2011 made 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.

Currently, the technical annualized production capacity of the Bethune mine after the commissioning in 2017 is two million tonnes of different products of potassium chloride, which are extracted by way of underground solution mining. Phase one is expected to be followed by the secondary mining and the gradual expansion of production capacity to 2.86 million tonnes per year in 2023. In the third expansion phase, about ten years later, a further capacity increase is anticipated. The product portfolio is expected to comprise potassium chloride standard, granulated potassium chloride and in particular high-quality industrial products. K+S Group intends to use the products produced at the site of the Bethune mine to supply cus-

tomers in North America, South America and Asia in the future, and thus to tap into markets in which the company does currently not have a presence. In 2017, approximately 500 thousand tonnes of potash and magnesium products were produced at the Bethune mine.

The Bethune mine is expected to supplement the existing German production network of K+S Group with an important North American location. It is also expected to increase international competitiveness and to leverage the existing distribution structure of the K+S Group. It strategically aims at broadening the product portfolio of the Potash and Magnesium Products business unit, extending the average mine life, improving average cash production costs and increasing the share of variable production cost.

With regard to reducing K+S Group's dependence on the water flow of the Werra river and the corresponding risk of having to limit production at the Werra plant sites, K+S Group has commissioned the kainite crystallization and flotation facility (the "**KCF Facility**"). The KCF Facility was built to provide an additional means for the disposal of saline waste water and to reduce the volume of saline waste water at the Werra plant by a further 1.5 million cubic meters to 5.5 million cubic meters annually. The facility has become operational in January 2018 and the overall related costs amounted to around EUR 180 million, representing the K+S Group's largest individual project to date for water protection. Other measures include the expansion of the Hattorf (Werra) tailings pile capacity. In addition, expansions are planned for the tailings pile capacities at Wintershall (Werra) and Zielitz, along with the prolongation of the Werra river injection permission (1.5 million cubic meters). Further projects, such as the construction of the so called Oberweserpipeline (which is aimed at reducing injection of saline waste water at the Werra by supplementary long-distance pipeline to the Upper Weser), the coverage of tailings piles and underground storage, which is currently being analysed, are expected to help with the implementation of sustainable solutions for the dependency on water flow of the Werra river.

At the Sigmundshall mine, Lower Saxony, the stocks are coming to an end, with the result that K+S Group decided in November 2017 to stop potash production at the end of 2018. The Sigmundshall mine as of 2017 had an annual production capacity of 600 kilotons (mainly potassium chloride (MOP) and Kieserite). The technical measures required to shut down production and secure the mine are being developed as part of a comprehensive project and will be presented to the relevant authorities as a closure plan for approval. The long term mining obligations have already been provisioned for by K+S Group with an estimated approximate negative effect on cash in a low single digit EUR million amount per year. Discussions with workforce representatives and trade unions have been conducted to find new opportunities and alternatives for affected employees. In addition, negotiations have been taking place to achieve a fair balance of interests and a socially acceptable redundancy plan. The expected expenses were taken into account by K+S Group by recognising a personnel provision. Other factors weighing on earnings will result from the reduction in the planned useful lives due to shorter terms and from adjustments to mining provisions. In total, this had an impact of EUR 43 million on profit or loss in the 2017 financial year.

### *Salt*

The Salt business unit offers its customers various salt products for a number of applications. In particular, it markets consumer salt, food processing salt, industrial salt, salt for chemical use and de-icing salt. Depending on the particular application, the products differ primarily in terms of their grain size and shape, degree of purity, the form in which they are supplied and possible additives.

In the consumer products segment, K+S Group manufactures products such as table salt, water softening salt for home use and dishwasher salt for end users. The portfolio also includes premium products such as kosher and low-sodium salt. Applications in the consumer salt product segment also include products for, inter alia, body care or pool chlorination.

The salt for the food processing industry product segment produces salt for the foodstuffs industry (e.g. in the food processing or the baking industry and as condiments and preservative agents). This includes, amongst others, pretzel and pickling salt.

Industrial salts are used by dyeing works, in the textile industry, in the production of animal nutrition, for preserving fish, in drilling fluids used for the extraction of oil and natural gas, as well as in many other industrial areas. Pharmaceutical salts are a key element in infusion and dialysis solutions. Products for end users are manufactured in the industrial salt segment too, such as e.g. water softening salts.

Salt for chemical use is one of the most important raw materials for the chemical industry. In electrolysis plants, it is split into chlorine, caustic soda and hydrogen. It reaches the end user as a component of various plastics (for example, PVC, polycarbonates or synthetic resin).

Winter road maintenance services, public and private road authorities, road maintenance depots and commercial bulk customers procure de-icing agents from K+S Group. Premium de-icing salt blends are also offered, which, through the addition of calcium or magnesium chloride, create more heat on contact with ice and snow than conventional products and therefore work more quickly, especially at very low temperatures. Household packages for end users round off the product range in this segment.

With an annual production capacity of about 31 million tonnes of salt in 2017, K+S Group is the world's largest producer of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 16<sup>th</sup> ed. 2017). The Salt business unit is represented in Europe as well as North America and South America with its own distribution units and more than 30 assets. Furthermore, the business unit exports salt products to Asia and other regions of the world. The business unit comprises the sub-units esco - european salt company GmbH & Co. KG ("**esco**"), whose activities are mainly focused on Europe, K+S Chile S.A. ("**K+S Chile**") with activities in South America and Morton Salt Inc. ("**Morton Salt**"), one of the largest salt producers in North America. In a highly freight-cost sensitive business, the global production network is designed to ensure close proximity to the customers of K+S Group. In addition, the production network is complemented by a supply chain structure.

At the date of this prospectus, esco operates three rock salt mines, two brine plants and several evaporated salt plants in Germany, France, the Netherlands, Portugal Spain, one salt processing company in the Czech Republic and has numerous distribution sites in Europe. K+S Chile extracts rock salt in Salar Grande de Tarapacá through open-cast mining, a process that is characterised as being among the most cost-efficient production methods in the industry. Furthermore, the Chilean shipping company Empremar S.A. is also part of the Salt business unit. With a fleet of two own and additional chartered ships it provides maritime logistics for K+S Chile. At the date of this prospectus, K+S Windsor Salt Ltd. ("**Windsor Salt**") and Morton Salt operate six rock salt mines, nine plants processing evaporated salt, three solar salt plants and four salt processing sites in the United States, in Canada and in the Bahamas.

The Salt business unit's revenues in 2017 were mainly generated from de-icing salt (36%) (2016: 52%), consumer products (23%) (2016: 8%), industrial salt (18%) (2016: 18%), food



processing salt (14%) (2016: 7%), and salt for chemical use (8%) (2016: 15%). The Operating Earnings (EBIT I) of the Salt business unit amounted to EUR 223.0 million in 2017 (2016: EUR 203.7 million). In 2017, K+S Group sold in total 20.3 million tonnes of salt products (2016: 19.4 million tonnes). These included 10.7 million tonnes of de-icing products (2016: 10.1 million tonnes) and 9.7 million tonnes of non-de-icing products (2016: 9.3 million tonnes). The average selling price in 2017 amounted to 57.5 EUR/tonne for de-icing products (2016: 60.4 EUR/tonne) and to 114.8 EUR/tonne for non-de-icing products (2016: 120.2 EUR/tonne).

On 22 March 2018, K+S Group, aligned with the strategic targets of its “Shaping 2030” strategy, decided to develop a new off-shore brine field by drilling a new cavern at the Dutch production plant of Frisia Zout B.V. in Harlingen.

### *Complementary Activities*

The Complementary Activities bundle four activities: the Waste Management and Recycling business unit, K+S Transport GmbH, Animal Hygiene Products (granulation) and CFK (trading).

Waste Management and Recycling business unit uses parts of underground chambers that have been created by the extraction of crude salt for the elimination and reutilization of waste products. The salt mineral sites used by K+S Group for this purpose are separated from the ongoing extraction operation, are impervious to both gas and liquids and are separated from the layers carrying groundwater. At the date of this prospectus, this business unit operates two underground depositories and five underground reutilisation facilities. The waste stored in the underground depositories is permanently removed from the biosphere. For the underground reutilisation, permitted waste such as residue from the flue gas cleaning procedure is used as a backfill material to fill the chambers.

K+S Transport GmbH in Hamburg acts as K+S Group’s own logistics services provider, offering a number of different logistics services.

At the Salzdetfurth site, extensive sections of the above ground infrastructure of an inactive potash plant are used to granulate among others the well-known branded animal hygiene product CATSAN® for K+S Group’s customer MARS GmbH.

The product range of CFK comprises a selection of basic chemicals and its trading business.

### **Shaping 2030**

“Shaping 2030” is the new group strategy of K+S Group. It builds on the company’s strengths in mining and processing minerals and makes use of the chances of global megatrends. It incorporates the systematical development of the existing business of K+S Group, as well as the development of new areas of business in which the company can use its capabilities.

At its core, the strategy goes to reposition a manufacturing-driven company as a market-focused, customer-focused enterprise and includes the company’s commitment to the raw materials potash and salt as well as to the manufacturing sites in Germany and abroad.

Through 2020, K+S Group plans to align its business to its four product market units – Agriculture (comprising potassium chloride (MOP), premium fertilizers and fertigation products), Industry (comprising chemical, pharmaceutical, industrial specialities and food processing products), Consumers (comprising consumer products) and Communities (comprising de-

icing products). For this, the Potash and Magnesium Products and Salt business units shall be more closely integrated to form 'One Company'. This is a key prerequisite for strengthening the customer focus and it will allow K+S Group to develop its product portfolio more systematically and tap synergies in its existing business. This shall mostly be achieved in the areas of production, digitalisation, administration, procurement and logistics. Further measures include a reduction of Net Debt as a proportion to EBITDA (adjusted), an advance in corporate culture as well as an increase in financial transparency and the deconstruction of silos. As a result, K+S Group expects to generate an annual positive effect on earnings of at least EUR 150 million per year from the end of 2020. According to current internal calculations, under the new structure, the unit Agriculture would have contributed approximately 39% of total revenues of K+S Group in the financial year ending December 31, 2017, whereas Industry would have contributed approximately 32%, Communities approximately 16%, and Consumers approximately 13% of total revenues, respectively. The approximate contribution to EBITDA (adjusted) in the respective period would have been 36% (Agriculture), 38% (Industry), 17% (Communities), and 9% (Consumers), respectively.

For the years 2020 – 2030, K+S has drafted a strategic roadmap setting out development goals and growth options. It aims to increase the operating earnings and reduce the business's dependence on external factors such as weather and the global market price for potassium chloride (MOP). To realize these growth options, the company will expand the specialty business and related areas such as fertigation. K+S Group also intends to step up its business in high-growth regions such as Asia and Africa and in the industrial sector intends to strengthen its product portfolio and to expand its offering for the pharmaceutical industry. The new strategy will also open up new development and job opportunities for employees and includes plans to reduce the size of the Executive Board as well as the formation of an extended management team.

K+S is making a clear commitment to sustainability and setting ambitious goals for occupational safety and reducing saline waste water. In the past, K+S Group has already significantly reduced the amount of saline wastewater and intends to discontinue deep-well injection of saline wastewater from potash production in Germany by the end of 2021. In all strategic decisions K+S Group strives to integrate environmental, social and economic aspects and has set ambitious objectives for different fields of action in three areas: people, environment and business ethics, seeing sustainability as an opportunity to guide the company through innovative changes.

## ***Market Environment and Competition***

### *Potash market*

The strong growth of the global economy generally over recent years has mainly been the result of growth in the Asian emerging markets but also in South America. 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, the steadily increasing world population and a decrease in arable farm land intensifies the necessity for efficient farming and therefore the demand for fertilizers. Moreover, 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 aware-

ness in these regions is expected to lead to a considerable increase in demand. The long term expectation is an increase in global potash consumption of 2 to 4% (source: IFA Medium-Term Outlook for World Agriculture and Fertilizer Demand 2016/17 – 2021/22 presented at 85th IFA Annual Conference 22 May – 24 May 2017, Marrakech, Morocco).

The global potash market size in 2017 amounted to a production volume of 70.4 million tons (2016: 65.3 million tons) and a sales volume of 69.9 million tons (2016: 65.6 million tons), with Asia being the largest market in terms of sales volume (production volume: 15.8 million and sales volume: 33.2 million tons), followed by North America (production volume: 21.7 million and sales volume: 11.2 million tons), South America (production volume: 2.2 million and sales volume: 12.7 million tons), Europe (production volume: 6.9 million and sales volume: 6.2 million tons), Eastern Europe and former Soviet Union (production volume: 23.9 million and sales volume: 5.2 million tons) as well as Africa (production volume: 0 million and sales volume: 1.4 million tons). Thereof, K+S Group held in 2017 a market share of 8% (2016: 7.8%) in aggregate. Important competitors are the North American companies Potash Corp. and Agrium, which merged in early 2018 to form Nutrien, as well as Mosaic. These competitors jointly operate the export organisation Canpotex with a market share of 28% in 2017. Other competitors comprise the Russian Uralkali (17% market share in 2017), the Belarusian Belaruskali (16% market share in 2017), Israel's ICL (8% market share in 2017), Jordan's APC and Chile's SQM (each with a market share of 3% in 2017). K+S Group further competes with various smaller producers in China (with an aggregate market share of 13% in 2017) and in other countries worldwide (with an aggregate market share of 3% in 2017). (Source: IFA Potash Statistic 2017 Detailed Report, K+S Group).

In 2017, the Potash and Magnesium business unit achieved more than half of its revenues in Europe (59%) (2016: 62%) benefiting from the logistically favourable location of its production sites for European customers. Also in South America (16%) (2016: 17%), particularly in Brazil, as well as in Asia (17%) (2016: 14%), the Potash and Magnesium business unit holds a noteworthy market position, while the revenues in Africa, Oceania (4%) (2016: 5%) and North America (5%) (2016: 3%) were split nearly even (sum does not add up to 100% due to rounding differences).

The fertilizer specialities containing potassium and magnesium distinguish K+S Group from its competitors. In contrast to the deposits of other competitors worldwide, the raw materials found at the German deposits of K+S Group contain a mix of not only potassium, but also magnesium and sulphur. This allows the Potash and Magnesium Products business unit to offer a more diverse range of products than other competitors. This range of products comprises fertilizers with special plant nutrients, products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and food processing industries as well as pre-products for the production of feed. With these fertilizers K+S Group holds one of the leading positions in the world (source: IFA, Potash Statistic 2016 Detailed Report, K+S Group).

In the 2017 financial year, the industry-specific situation for the Potash and Magnesium Products business unit was characterized by strong demand. Because contracts between the major potash producers and the Chinese and Indian customers were signed at a relatively late date in 2016, remaining contractual quantities were still delivered in the first six months of 2017. It was not until the beginning of the second half of the year that the contractual parties were able to reach an agreement on a new price for potassium chloride including freight of USD 230 per tonne in China and USD 240 per tonne in India (2016: USD 219 and 227 per

tonne, respectively). As a result of ongoing strong demand throughout the year, the price for potassium chloride has improved in many regions around the world.

Prices for fertilizer specialties showed first indications of recovery at the end of the year after higher product availability on the market had initially caused prices to fall slightly. Farmers cultivating chloride-sensitive crops, such as vegetables or wine, tend to be less sensitive to the cost of using fertilizer on account of the attractive earnings that can be generated with these crops.

### *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, economic growth and industrialisation, particularly in developing economies and the rise in living standards, population growth, urbanization and infrastructure developments lead to a stronger growth in demand for this product. Apart from that, salt is an indispensable de-icing application and an important component in industrial and chemical use.

Salt deposits are widely dispersed and salt is generally consumed close to where it is produced due to high transportation costs. The salt 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. Important competitors of K+S Group in the salt market include, among others, Compass and Cargill in North America, Artyomosol and Akzo in Europe, China National Salt in Asia and Dampier in Australia.

The key sales markets of the Salt business unit in Europe are Germany, the Benelux countries, France, Scandinavia, the Iberian Peninsula, the Czech Republic and Poland. The United States, in particular the Great Lakes and the East Coast, Canada, in particular eastern Canada, Brazil, Peru, and Chile are markets of particular importance on the American continent. The Salt business units' revenues in 2017 were therefore mainly achieved in North America (69%) (2016: 72%), Europe (24%) (2016: 21%), South America (7%) (2016: 6%) and Asia (0%) (2016: 0%).

Regionally, the de-icing salt business is strongly dependent on weather conditions. K+S Group's network of production facilities in Europe, North America and South America and its presence in attractive de-icing markets, such as Eastern Canada, the US East Coast and the Great Lakes area as well as Scandinavia and Central Europe, enables K+S Group to respond more flexibly to fluctuations in demand for de-icing salt than the local competitors. In the other units, owing to the limited possibility for substitution in most applications, the demand situation is relatively stable.

Mild winter weather at the beginning of 2017 led to relatively high de-icing salt inventories at US customers in the Midwest and on the East Coast of the United States. Regional prices in this segment have thus declined for the early fill business for the 2017/2018 winter season. In contrast, the wintery weather conditions in Europe resulted in a reduction of inventory levels and therefore in a slight recovery of de-icing salt prices. The start of the 2017/2018 de-icing salt season was better overall compared to the weak previous year due to favourable winter conditions in North America.

General conditions for sales of consumer products and salts for the food industry remained largely unchanged compared to the previous year. Demand for premium products (sea salt and kosher salt) was once again robust.

Primarily industrial salt and salt for chemical use showed a positive trend. In South America, in particular, demand for salt for the extraction of copper from the mined raw ore (copper leaching) was once again strong. Prices for salt for chemical use increased in Europe due to reduced product availability and strong demand. Slightly higher global demand for pharmaceutical salts was seen due primarily to an ageing population.

### ***Trend Information and Significant Changes in Financial or Trading Position***

There has been no material adverse change in the prospects of K+S AG since 31 December 2017.

There have been no significant changes in the financial or trading position of the Issuer since 31 March 2018.

### **Administrative, Management and Supervisory Bodies**

In accordance with the German Stock Corporation Act (*Aktiengesetz*), K+S AG has both an executive board (*Vorstand*) (the “**Executive Board**”) and a supervisory board (*Aufsichtsrat*) (the “**Supervisory Board**”). 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 AG are:

<b>Name</b>	<b>Function</b>	<b>Membership on other Supervisory Boards and comparable bodies</b>
Dr. Burkhard Lohr	Chairman of the Executive Board, Chief Executive Officer	Member of the Supervisory Board of the K+S KALI GmbH  Member of the North West Regional Advisory Board of Commerzbank AG
Dr. Thomas Nöcker	Member of the Executive Board, Personnel Director	
Thorsten Boeckers	Member of the Executive Board, Chief Financial Officer	Member of the Supervisory Board of K+S KALI GmbH  Member of the Southern Regional Advisory Board of HDI Global SE
Mark Roberts	Member of the Executive Board	

As part of the K+S Group’s new corporate strategy “Shaping 2030”, a decision was made in November 2017 to restructure and reduce the size of the Executive Board to initially four and, in the future, three members as well as to form an extended management team.

#### ***Supervisory Board***

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

<b>Name (Principal occupation)</b>	<b>Function</b>	<b>Membership on other Supervisory Boards and comparable bodies</b>
Dr. rer. nat. Andreas Kreimeyer  Former Member of the Board and research spokesperson at BASF SE	Chairman	Member of the Advisory Council of C.H. Boehringer Sohn AG & Co. KG Vice-Chairman of the Supervisory Board of Karlsruher Institut für Technologie (KIT)
Ralf Becker(*)  State District Manager North of the Mining, Chemicals and Energy Trade Union	Deputy Chairman	Deputy Chairman of the Supervisory Board of Continental Reifen Deutschland GmbH Member of the Supervisory Board of Deutsche Shell Holding GmbH Member of the Supervisory Board of Deutsche Shell GmbH Member of the Supervisory Board of Shell Deutschland Oil GmbH
Petra Adolph(*)  Board secretary IG BCE	Member	Member of the Supervisory Board of CEWE Stiftung & Co. KGaA
André Bahn(*)  Vice-Chairman of the Collective Works Council of the K+S Group  Chairman of the Works Council of K+S KALI GmbH's Werra plant	Member	
Jella S. Benner-Heinacher  Deputy General Manager of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V.	Member	Member of the Supervisory Board of A.S. Création Tapeten AG
Peter Bleckmann(*)  Vice-Chairman of the Collective Works Council of the K+S Group  Chairman of the Works Council of esco – European salt company GmbH & Co. KG's Borth plant	Member	
Philip Freiherr von dem Bussche  Entrepreneur/Farmer	Member	Chairman of the Supervisory Board of Bernard Krone Holding SE & Co. KG Member of the Advisory Board of DF World of Spices GmbH Chairman of the Advisory Board of Grimme GmbH & Co. KG Member of the Shareholders' Committee Pfeifer und Langen IHKG
George Cardona  Economist	Member	

Dr. Elke Eller Personnel Director TUI AG	Member	Member of the Supervisory Board of TUI Deutschland GmbH Member of the Supervisory Board of TUIfly GmbH
Gerd Grimmig Graduate Mining Engineer	Member	
Axel Hartmann <sup>(*)</sup> Chairman of the Collective Works Council of the K+S Group Chairman of the Works Council of K+S KALI GmbH's Neuhof-Ellers plant	Member	
Michael Knackmuß <sup>(*)</sup> Chairman of the Works Council of K+S KALI GmbH's Zielitz plant	Member	
Thomas Kölbl Chief Financial Officer of Südzucker AG	Member	Deputy Chairman of the Supervisory Board of CropEnergies AG Chairman of the Supervisory Board of PortionPack Europe Holding B.V. Chairman of the Advisory Board of Südzucker Versicherungs-Vermittlungs-GmbH Member of the Supervisory Board of AGRANA Stärke GmbH Member of the Supervisory Board of AGRANA Zucker GmbH Member of the Board of Directors of ED&F MAN Holdings Limited Member of the Supervisory Board of Freiburger Holding GmbH Member of the Conseil d'Administration of Raffinerie Tirlemontoise S.A. Member of the Comité de Supervision of Saint Louis Sucre S.A.S. Member of the Supervisory Board of Südzucker Polska S.A.
Gerd Kübler <sup>(*)</sup> Head of Mining, K+S AG	Member	
Nevin McDougall Master of Agriculture Independent Advisor/ Entrepreneur NLM Management Inc. Member of the Board of Bioenterprise Corporation	Member	

Anke Roehr<sup>(\*)</sup> Member

Chairman of the Works Council  
of the headquarters of esco  
GmbH & Co. KG, Hanover

Sales assistant at esco GmbH  
& Co. KG, Hanover

<sup>(\*)</sup> Employee Representatives

The Supervisory Board appointed by its resolution (*Beschluss*) dated 24 August 2016 Dr. Burkhard Lohr as K+S AG's new Chairman of the Executive Board. In this function, Dr. Burkhard Lohr, who previously served as K+S AG's Chief Financial Officer, has succeeded K+S AG's former Chairman of the Executive Board, Mr. Norbert Steiner, who retired on 11 May 2017. The role of the Chief Financial Officer has been assumed by Mr. Thorsten Boeckers, who was appointed by a further resolution (*Beschluss*) of the Supervisory Board dated 31 August 2016 as K+S AG's new Chief Financial Officer, beginning on 12 May 2017.

After the former Chairman of the Supervisory Board, Dr. Ralf Bethke, resigned from the Supervisory Board upon his retirement in May 2017, the members of the Supervisory Board have elected Dr. Andreas Kreimeyer as new Chairman of the Supervisory Board. In May 2018, Dr. Eller, Mr. Grimmig and Mr. McDougall have been elected to the Supervisory Board by the annual shareholders' meeting of K+S AG.

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, Federal Republic of 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 AG do not have potential conflicts of interests between any duties to K+S AG and their private interests or other duties.

### **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 100%. According to K+S AG's information as of May 2018, approximately 61% of the Issuer's shares are held by institutional investors and 39% by private investors.

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 a notification received from BlackRock, Inc. on 18 May 2018, BlackRock, Inc., through various controlled undertakings, as of 15 May 2018 held a notifiable interest in the voting rights of K+S AG of 6.10% (5.16% of voting rights attached to shares plus 0.94% of voting rights through instruments according to Section 38(1) of the German Securities Trading Act).

Based on a notification received from Dimensional Holdings Inc. on 14 June 2018, Dimensional Holdings Inc., through various controlled undertakings, as of 11 June 2018 held a notifiable interest in the voting rights of K+S AG of 3.52% (3.01% of voting rights attached to



shares plus 0.51% of voting rights through instruments according to Section 38(1) of the German Securities Trading Act).

Other than that, based on notifications received from shareholders through 20 June 2018, no person held, in the aggregate, voting rights of more than 3% in K+S AG.

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

### **Material Financings**

In June 2012, K+S AG issued notes in an aggregate principal amount of EUR 500,000,000. These notes are due for repayment on 20 June 2022 and bear interest at an interest rate of 3.00% *per annum*.

In December 2013, K+S AG issued two series of notes. The first series of notes consists of notes in an aggregate principal amount of EUR 500,000,000. These notes are due for repayment on 6 December 2018 and bear interest at an interest rate of 3.125% *per annum*. The second series of notes consists of notes in an aggregate principal amount of EUR 500,000,000. These notes are due for repayment on 6 December 2021 and bear interest at an interest rate of 4.125% *per annum*.

On 6 April 2017, K+S AG issued fixed rate notes in an aggregate principal amount of EUR 400,000,000, bearing interest at an interest rate of 2.625% *per annum* and being due for repayment on 6 April 2023 (the "**Original 2023 Notes**"). On 24 May 2017, K+S AG issued additional fixed rate notes with the same terms and conditions as the Original 2023 Notes in all material respects (save for the issue price and the date of issue) in an aggregate principal amount of EUR 225,000,000 (the "**Additional Notes**"), which were consolidated with and form a single series with the Original 2023 Notes, increasing the aggregate nominal amount to EUR 625,000,000.

In addition, K+S AG is party to a EUR 1,000,000,000 syndicated credit facility with a duration until 2020. At the date of this Prospectus, the credit facility has not been utilized.

As of the date of this Prospectus, K+S AG has issued euro-denominated promissory notes (*Schuldscheindarlehen*) in a total notional amount of EUR 765,000,000 consisting of twelve different tranches with maturities between 2019 and 2023 whereof promissory notes in an aggregate amount of EUR 325,500,000 will become due in 2019, promissory notes in an aggregate amount of EUR 334,500,000 will become due in 2021, promissory notes in an aggregate amount of EUR 65,000,000 will become due in 2022 and promissory notes in an aggregate amount of EUR 40,000,000 will become due in 2023.

Additionally, K+S AG took out a bilateral loan in the amount of EUR 45,000,000 that is due for repayment in May 2020.

As of the date of this Prospectus, K+S AG has issued euro-denominated commercial papers in a total notional amount of EUR 75,000,000 which mature in 2018. The commercial paper program covers issues of up to EUR 300,000,000 in total.

### **Legal and arbitration proceedings**

The injection permission for the Werra mine and production sites (*Verbundwerk Werra*) which is granted until 31 December 2021 is contested in court. "Verband für Angeln und Naturschutz Thüringen e.V (VANT)" has filed claims against the new and previous injection permissions at the Administrative Court of Kassel (*VG Kassel*). These claims are still pending.

The injection permission had also been challenged in court by the local municipality of Gerstungen and the “Bund für Umwelt und Naturschutz Deutschland e.V. (BUND)”. Both cases could be settled out of court in 2017. In addition, a discharging permission for the Werra mine and production sites which was granted until 2020 has also been challenged in court by the municipality of Gerstungen as well as the municipalities of Witzenhausen and Herleshausen and the “Fischereigenossenschaft Untere Werra”. In this context, the municipality of Gerstungen has agreed to advocate for amicable settlement of the proceedings.

The Neuhof mine has also been granted a discharging permission until 2020 together with a permission for pipeline transportation of the saline waste water from Neuhof to the Werra river. Both permissions have been challenged before the Administrative Court of Kassel (*VG Kassel*) by the local municipalities of Gerstungen, Herleshausen and Witzenhausen as well as the “Verband für Angeln und Naturschutz e.V.”. In this context, the municipality of Gerstungen has agreed to advocate for amicable settlement of the proceedings. The Federal Republic of Germany and the State of North Rhine-Westphalia also challenged both permissions but the court dismissed the charges. The decision was confirmed by the appeal court. In this context, no further remedies are possible. The discharging permission has further been challenged by the “Verband Hessischer Fischer e.V.” before the Administrative Court of Kassel (*VG Kassel*). The proceedings are still pending.

In May 2017, the higher regional court (*Oberlandesgericht*) Thuringia rejected an appeal brought by the prosecutor’s office against a decision of the regional court (*Landgericht*) Meiningen, which did not allow for criminal proceedings in connection with criminal charges which had originally been filed by the prosecutor’s office on 3 February 2016. These charges had been brought against current and former members of the Executive Board and employees of K+S AG in connection with the alleged committing of criminal offenses involving the injecting of saline wastewater into the Gerstungen trough in the years 1999 through 2007. The regional court of Meiningen did not allow for criminal proceedings for both, reasons of fact and law. The court saw no sufficient grounds for a suspicion of criminal behaviour and ruled that even if there were sufficient grounds for such suspicions, criminal proceedings would be statute-barred concerning most charges brought forth by the prosecutor’s office.

K+S Group currently is, and may get involved in further lawsuits and arbitration proceedings with suppliers and service providers in connection with supplies and services procured in connection with the investment project for building the new Bethune potash mine. While some of the claims brought against K+S Group could be settled, claims mainly relating to overrun costs in connection with construction services provided and the allocation of responsibility for such overrun costs brought against K+S Group in an aggregate amount of EUR 159.1 million are still pending at the date of this Prospectus. Of this EUR 159.1 million, EUR 128 million are being claimed by one counterparty against which K+S Group also brings significant counterclaims in connection with payments made on a “without prejudice” basis for services rendered. The counterparty has requested that these two claims be consolidated in one proceeding, under which other contractors would also be allowed to be named as third parties. In total, K+S Group currently raises claims and counterclaims in an aggregate amount of EUR 247.1 million against contracting parties involved in the project.

In connection with an investigation against persons unknown relating to a mining accident in 2013, premises of K+S Group were searched on 23 May 2018. K+S Group is not involved as a party in the proceedings.

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 financial position or profitability of K+S AG or the K+S Group.

## **Additional Information**

### ***Share Capital***

As at 31 March 2018, K+S AG's subscribed capital amounted 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.

### ***Fiscal Year***

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

### ***Memorandum and Articles of Association***

According to Article 2 of its articles of association, the objects of K+S AG consist in:

- 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 Issuer's objects.

### **Material Contracts**

K+S AG has not entered into material contracts outside the ordinary course of its business, which could result in any group member being under an obligation or entitlement that is material to K+S AG's ability to meet its obligations to the Noteholders.

### **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.

### **Recent Events and Outlook**

#### ***Recent Events***

Positive developments can be reported concerning the approval process for the expansion of tailings pile capacity at the Hattorf site, which started in 2011. Based on the concept, which has been enhanced further to reduce the environmental impact, the licensing authorities have issued a positive overall forecast as regards the approvability. Accordingly, the application for 'early commencement' for surface clearance was approved on 9 November 2017. K+S Group is therefore confident of being able to complete the approval process such that this has no material effects on production.

Following intensive talks, K+S Group reached an agreement on a settlement with BUND (Bund für Umwelt- und Naturschutz Deutschland e. V.). Assuming a normal water flow of the Werra, K+S Group will renounce up to one million cubic meters of the deep-well injection volume approved for the next four years, and will also not submit any new application for injection after the current approval expires at the end of 2021. In return, BUND withdrew its complaint and the emergency petition based on this against the existing deep-well injection permit.

In December 2017, K+S Group also settled the long-standing disputes with the municipality of Gerstungen and successfully concluded the negotiations. Accordingly, K+S Group undertakes to support the municipality in implementing an action plan for optimising the drinking water supply. In return, the municipality of Gerstungen withdraws the action and summary proceedings against permits for deep-well injection issued under water and mining laws which it had initiated and agrees to advocate for amicable settlement of the proceedings against the discharge of saline wastewater into the Werra river.

### **Outlook**

For 2018, K+S Group expects the global potash demand to remain at least stable compared to the level in 2017 (2017: around 70 million tonnes including about 4 million tonnes of potassium sulphate and potash grades with a lower mineral content). Prices for fertilizer specialties are showing initial indications of recovery and the price environment for standard potash (MOP) so far continued to recover in 2018.

In the de-icing salt segment, the 2017/2018 winter season started better overall than the weak previous year. This was mainly attributable to good wintery weather conditions in North America.

North America is among the leading sales regions for the consumer products and food processing salt business. Demand in this area is expected to remain more or less stable in 2018. Consumption at the previous year's level is expected in Europe and South America as well. In the long term, however, a global trend of increased use of more premium salt such as sea salt or kosher salt as well as low-sodium products is discernible.

In the salt for chemical use and industrial salt segments, demand is expected to rise slightly in the medium term. The global economic upturn should increase the demand for salt for industrial applications significantly. Aided by the aging population, demand for pharmaceutical salts should continue to support moderate growth rates. In South America, demand for salt for the extraction of copper from the mined raw ore (copper leaching) is expected to grow in 2018 as well.

In the 2018 financial year, K+S Group expects that in its Potash and Magnesium Products business unit, the increase in production volumes at the Bethune site in Canada and the expected absence of wastewater-related production stoppages at the Werra plant will have a positive effect on earnings. This also holds true with regard to the major challenges the K+S Group continues to face at the integrated Werra plant. As a consequence of the production outages in 2016 and 2017, K+S Group continues to produce there below the technically feasible capacity limit and thus is not able to exploit the deductible potential. In the Salt business unit, K+S Group assumes that a tangible increase in sales volumes and improvements in the product mix, partially set off by higher logistics expenses, will have a positive effect on earnings in the 2018 financial year. Adjusted free cash flow for the K+S Group is expected to im-

prove significantly in the 2018 financial year, but is expected to remain negative due to the abovementioned challenges at the integrated Werra plant.

## 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 (vorbehaltlich § 1(d)) von EUR 600.000.000 ist eingeteilt in auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 100.000 (die „**Schuldverschreibungen**“).
- (b) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die „**vorläufige Globalurkunde**“) ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen, die durch eine Dauerglobalurkunde (die „**Dauerglobalurkunde**“ und zusammen mit der vorläufigen Globalurkunde, die „**Globalurkunden**“) ohne Zinsscheine verbrieft sind, ausgetauscht. Die Einzelheiten eines solchen Austausches werden in die Aufzeichnungen der ICSDs (wie nachstehend definiert) aufgenommen. Die Globalurkunden tragen jeweils die eigenhändigen Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.
- (c) Die vorläufige Globalurkunde wird an einem Tag (der „**Austauschtag**“) gegen die Dauerglobalurkunde ausgetauscht, der nicht weniger als 40 Tage nach dem Tag der Begebung der Schuldverschreibungen liegt. Ein solcher Austausch darf nur nach Vorlage

### Terms and Conditions

*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 (subject to § 1(d)) of EUR 600,000,000 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 note (the „**Temporary Global Note**“) without coupons. The Temporary Global Note will be exchangeable for Notes represented by a permanent global note (the „**Permanent Global Note**“) and together with the Temporary Global Note, the „**Global Notes**“) without coupons. The details of such exchange shall be entered in the records of the ICSDs (as defined below). The Global Notes shall each be signed manually by authorized signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and interest coupons will not be issued.
- (c) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the „**Exchange Date**“) not earlier than 40 days after the date of issue of the Notes. Such exchange shall only be made upon delivery of certifications to the effect that the ben-

von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Solange die Schuldverschreibungen durch eine vorläufige Globalurkunde verbrieft sind, werden Zinszahlungen erst nach Vorlage dieser Bescheinigungen vorgenommen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Begebung der Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß dieses § 1(c) auszutauschen. Schuldverschreibungen, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 1(f) definiert) geliefert werden.

(d) Jede die Schuldverschreibungen verbrieftende Globalurkunde wird so lange von einem oder im Namen eines Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind. **Clearingsystem** bezeichnet Clearstream Banking S.A., Luxemburg („**CBL**“) und Euroclear Bank SA/NV, Brüssel, Belgien („**Euroclear**“) bzw. deren Rechtsnachfolger (CBL und Euroclear jeweils ein „**ICSD**“ und zusammen die „**ICSDs**“). Die Schuldverschreibungen werden in Form einer neuen Globalurkunde (*New Global Note*) („**NGN**“) ausgegeben und von einer gemeinsamen Verwahrstelle im Namen beider ICSDs verwahrt. Der Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtnennbetrag. Die Register der

official owner or owners of the Notes is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40<sup>th</sup> day after the date of issue of the Notes will be treated as a request to exchange the Temporary Global Note pursuant to this § 1(c). Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 1(f)).

(d) Each Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. **Clearing System** means each of the following: Clearstream Banking S.A., Luxembourg („**CBL**“) and Euroclear Bank SA/NV, Brussels, Belgium („**Euroclear**“) or any legal successor (CBL and Euroclear each an „**ICSD**“ and together the „**ICSDs**“). The Notes are issued in new global note („**NGN**“) form and are kept in custody by a common safekeeper on behalf of both ICSDs. The principal amount of Notes represented by the Global Note shall be the aggregate principal amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such cus-

ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger Nachweis über den Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt. Bei jeder Rückzahlung oder Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Ankauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über die Rückzahlung bzw. die Zahlung bzw. den Ankauf und die Entwertung bezüglich der Globalurkunde anteilig in den Registern der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Nennbetrag der in den Registern der ICSDs verzeichneten und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. angekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der gezahlten Rückzahlungsrate abgezogen wird. Bei Austausch nur eines Teils der Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, stellt die Emittentin sicher, dass die Einzelheiten dieses Austauschs anteilig in die Register der ICSDs eintragen werden.

- (e) „**Anleihegläubiger**“ bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Schuldverschreibungen.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine

holder's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or interest payment being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid. On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

- (e) „**Noteholder**“ means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

On an exchange of a portion only of the Notes represented by a Temporary



vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Register der ICSDs aufgenommen werden.

- (f) Für die Zwecke dieser Anleihebedingungen bezeichnet „**Vereinigte Staaten**“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

## § 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 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

Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

- (f) For the purposes of these Terms and Conditions, “**United States**” means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## § 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 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

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, 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 zum Ausgabetag der Schuldverschreibungen bestehen, oder (iv) 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 Wandelschuldverschrei-

- (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 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 existing on the issue date of the Notes, or (iv) 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 Subsidi-

bungen 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 (v) 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, oder (vi) die der Erneuerung, Verlängerung oder dem Austausch irgendeiner Sicherheit gemäß vorstehend (i) bis (v) dienen, oder (vii) solche Sicherheiten, die Kapitalmarktverbindlichkeiten besichern, deren Kapitalbetrag (bei Aufaddierung auf den Kapitalbetrag sonstiger Kapitalmarktverbindlichkeiten, für die andere Sicherheiten als die nach (i) bis (vi) zulässigen bestehen) EUR 50.000.000 (oder deren jeweiligen Gegenwert in anderen Währungen) nicht überschreitet.

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 Haftungsvereinbarungen für Verbindlichkeiten von Dritten) aus Schuldscheindarlehen oder aus Anleihen, Schuldver-

ary 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 (v) 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, or (vi) which is provided in connection with the renewal, extension or replacement of any security pursuant to foregoing (i) through (v), or (vii) which secures Capital Market Indebtedness the principal amount of which (when aggregated with the principal amount of any other Capital Market Indebtedness which has the benefit of a security other than any permitted under the sub-paragraphs (i) to (vi) above) does not exceed EUR 50,000,000 (or its equivalent in other currencies at any time).

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 for obligations of third parties) that is borrowed either in the form of promissory notes (*Schuldscheindarlehen*) or through the issuance of

schreibungen 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 18. Juli 2018 (der „**Zinslaufbeginn**“) (einschließlich) mit 3,250 % jährlich verzinst. Die Zinsen sind jährlich nachträglich am 18. Juli jeden Jahres (jeweils ein „**Zinszahlungstag**“), beginnend mit dem 18. Juli 2019, 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. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, fallen vom Fälligkeitstermin (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) Zinsen zum gesetzlichen Verzugszinssatz an. Der gesetzliche Verzugszinssatz entspricht dem von der Deutschen Bundesbank jeweils veröffentlichten Basiszinssatz zuzüglich fünf Prozentpunkten, §§ 288 Abs. 1, 247 Abs. 1 BGB.
- (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

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 3.250 per cent. *per annum* from and including 18 July 2018 (the “**Interest Commencement Date**”). Interest is payable annually in arrear on 18 July of each year (each an “**Interest Payment Date**”), commencing on 18 July 2019.
- (b) Subject as provided herein, a Note shall cease to bear interest from the end of the day preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue from and including the due date until but excluding the date of the actual redemption of the Notes at the default rate of interest established by statutory law. The default rate of interest established by statutory law is five percentage points above the basis rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*).
- (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

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 18. Juli 2024 (der „**Fälligkeitstag**“) zu ihrem 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 (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.

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 18 July 2024 (the “**Maturity 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 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.

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.

(c) Wenn 80% oder mehr des Nennbetrags der dann ausstehenden Schuldverschreibungen durch die Emittentin oder eine Tochtergesellschaft der Emittentin zurückgezahlt oder zurückerworben wurde, ist die Emittentin berechtigt, nach ihrer Wahl alle ausstehenden Schuldverschreibungen mit einer Frist von mindestens 30 und höchstens 60 Tagen gegenüber den Anleihegläubigern gemäß § 9 zu kündigen und zum Nennbetrag zuzüglich etwaiger bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurück zu zahlen.

(d) Die Emittentin kann, nachdem sie gemäß Absatz (e) gekündigt hat, die Schuldverschreibungen insgesamt oder teilweise innerhalb des Zeitraums vom 18. April 2024 (einschließlich) bis 17. Juli 2024 (einschließlich) zum Nennbetrag, nebst etwaigen bis zum maßgeblichen Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

(e) Die Kündigung ist den Anleihegläubigern der Schuldverschreibungen durch die Emittentin gemäß § 9

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.

(c) If 80% or more in principal amount of the Notes then outstanding have been redeemed or purchased by the Issuer or any subsidiary of the Issuer, the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders, in accordance with § 9, redeem, at its option, the remaining Notes as a whole at their principal amount, together with interest (if any) accrued to the date fixed for redemption (excluding).

(d) The Issuer may, upon notice given in accordance with clause (e), redeem all or some only of the Notes within the period from 18 April 2024 (including) to 17 July 2024 (including) at their principal amount together with accrued interest, if any, to (but excluding) the relevant redemption date.

(e) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 9. Such notice shall specify:

bekanntzugeben. Sie muss die folgenden Angaben enthalten:

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|--|--|
| <p>(i) eine Erklärung, ob Schuldverschreibungen insgesamt oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen, und</p> <p>(ii) den maßgeblichen Rückzahlungstag, der nicht weniger als 20 und nicht mehr als 40 Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Anleihegläubigern liegen darf.</p>   | <p>(i) whether the Notes will be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed; and</p> <p>(ii) the relevant redemption date, which shall be not less than 20 nor more than 40 days after the date on which notice is given by the Issuer to the Noteholders.</p>   |
| <p>(f) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den Regeln des betreffenden Clearingsystems ausgewählt. Für das technische Verfahren der ICSDs wird im Fall einer teilweisen Rückzahlung der entstehende Rückzahlungsbetrag entweder als reduzierter Nennbetrag oder als Poolfaktor nach Ermessen der ICSDs in das Register der ICSDs aufgenommen.</p> | <p>(f) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System. For technical procedure of the ICSDs, in the case of a partial redemption the outstanding redemption amount will be reflected in the records of the ICSDs as either a reduction in principal amount or as a pool factor, at the discretion of the ICSDs.</p> |

## § 5 Zahlungen

- (a) Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt nur nach ordnungsgemäßem Nachweis gemäß

## § 5 Payments

- (a) Payment of principal and interest on the Notes shall be made, subject to applicable fiscal and other laws and regulations, 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. Payment of interest on Notes represented by a Temporary Global Note shall be made only upon due certification as provided in § 1(c).

### § 1(c).

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 Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt alle Rückzahlungsbeträge und 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 („**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

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 to principal or interest will be deemed to include all redemption amounts and 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 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.



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 gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung zu der Bundesrepublik Deutschland unterliegt und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
  - (iii) deren Einbehalt oder Abzug auf eine Zahlung an eine natürliche Person erfolgt und zwar auf der Grundlage (x) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (y) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (z) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung
- (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 that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany; or
  - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to (x) any European Union Directive or Regulation concerning the taxation of interest income, or (y) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (z) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or

oder Vereinbarung umgesetzt oder befolgt; 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 dem U.S. "Foreign Account Tax Compliance Act" 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; oder
- (v) aufgrund einer Rechtsänderung, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 9 wirksam wird.

**§ 7 Kontrollwechsel, Recht auf vorzeitige Rückzahlung**

understanding; or

- (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 the U.S. "Foreign Account Tax Compliance Act") 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; or
- (v) by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 9, whichever occurs later.

**§ 7 Change of Control, Right of Early Redemption**

- (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 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 wurde, 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 gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 15(d)(i), dass der entsprechende Anleihegläubiger 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
- (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 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 to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 15(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

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| <p>die Emittentin erwirbt bzw. erwerben; oder</p> <p>(ii) die Emittentin sämtliche oder nahezu sämtliche ihrer Vermögenswerte an eine Person (außer eine Tochtergesellschaft) veräußert oder anderweitig abgibt; oder</p> <p>(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 angekauft 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).</p> | <p>date of the Notes; or</p> <p>(ii) the Issuer sells or otherwise transfers all or substantially all of its assets to any Person (except for any subsidiary); or</p> <p>(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 (<i>Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen - WpÜG</i>).</p> |
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„**Kontrolle**“ bedeutet direktes oder indirektes (im Sinne des § 34 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, Fonds,

“**Control**” means direct or indirect (within the meaning of § 34 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 a state, in each case whether or not be-

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.

#### § 8 Kündigungsrechte der Anleihegläubiger

- (a) Die Anleihegläubiger sind berechtigt, ihre Schuldverschreibungen zur sofortigen Rückzahlung fällig zu stellen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich etwaiger bis zum Tag ihrer Rückzahlung (ausschließlich) aufgelaufener Zinsen durch Abgabe einer 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 20 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 Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft (mit Ausnahme der Schuldverschreibungen) wird bei Fälligkeit oder nach Ablauf einer etwaigen

ing 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 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 (if any) to but excluding the date of repayment by giving 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 20 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 Financial Indebtedness of the Issuer or any Material Subsidiary incurred otherwise than under the Notes is not paid when due nor within any originally applicable grace period or

Nachfrist nicht bezahlt, oder eine Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft 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 auf andere Weise vorzeitig fällig, es sei denn, der Gesamtbetrag dieser Finanzverbindlichkeiten ist kleiner als EUR 20.000.000 (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 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
- (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 Zusam-

any Financial Indebtedness of the Issuer or any Material Subsidiary 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), unless the aggregate amount of all such Financial Indebtedness is less than EUR 20,000,000 (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 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
- (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

- menhang 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. 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 zumindest in Textform (§ 126b Bürgerliches Gesetzbuch) gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 15(d)(i), dass der jeweilige Anleihegläubiger 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
- 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 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 at least in text form (§ 126b of the German Civil Code, *Bürgerliches Gesetzbuch*) to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 15(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 Note-

vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Anleihegläubigern im Gesamtnennbetrag von mindestens einem Zehntel, gemessen am Gesamtnennbetrag der dann ausstehenden Schuldverschreibungen, eingegangen sind.

- (e) **„Wesentliche Tochtergesellschaft“** im Sinne von § 8 bezeichnet jede direkte oder indirekte Tochtergesellschaft der Emittentin, deren Umsatz oder Bilanzsumme gemäß ihrem geprüften, nicht konsolidierten Jahresabschluss (bzw. wenn die betreffende Tochtergesellschaft selbst konsolidierte Jahresabschlüsse erstellt, deren konsolidierter Umsatz oder konsolidierte Bilanzsumme gemäß deren geprüften, konsolidierten Jahresabschluss), der für die Zwecke des letzten geprüften konsolidierten Konzernabschlusses der Emittentin benutzt wurde, mindestens 5 % des konsolidierten Konzernumsatzes oder der konsolidierten Bilanzsumme betragen hat, wie aus dem geprüften, konsolidierten Konzernabschluss der Emittentin ersichtlich, wobei eine neu erworbene Tochtergesellschaft der Emittentin bis zum Ablauf von sechs Monaten ab Durchführung des Erwerbs nicht als Wesentliche Tochtergesellschaft gilt. Ein Bericht der Wirtschaftsprüfer der Emittentin darüber, ob ihrer Meinung nach eine Tochtergesellschaft zu einem bestimmten Zeitpunkt eine Wesentliche Tochtergesellschaft ist oder war bzw. nicht ist oder nicht war, ist, sofern nicht ein offensichtlicher Irrtum vorliegt, für alle Beteiligten endgültig und bindend.
- (f) **„Finanzverbindlichkeit“** bezeichnet (i) jede Kapitalmarkverbindlichkeit (wie in § 2 definiert) und (ii) die ungetilgten Kapitalbeträge aller Gelder, die als
- holders 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-tenth in aggregate principal amount of Notes then outstanding.
- (e) **“Material Subsidiary”** within the meaning of § 8 means a (direct or indirect) subsidiary of the Issuer whose turnover or total assets as shown in the audited non-consolidated financial statements (or, where such subsidiary itself prepares consolidated financial statements, whose consolidated turnover or consolidated total assets as shown in the audited consolidated financial statements) of such subsidiary used for the purposes of the preparation of the Issuer's latest audited consolidated financial statements represents at least 5 per cent. of the consolidated turnover or the consolidated total assets of the Group as shown in the Issuer's latest audited consolidated financial statements, provided that any newly acquired subsidiary of the Issuer shall in no event constitute a Material Subsidiary until expiry of a six-month period from the completion of the relevant acquisition. A certificate issued by the Issuer's auditors stating that a subsidiary is or is not or was or was not at a specified date a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.
- (f) **“Financial Indebtedness”** means (i) any Capital Market Indebtedness (as defined in § 8) and (ii) the outstanding principal amount of all money bor-



Darlehen von Banken aufgenommen wurden.

rowed from Banks.

#### **§ 9 Bekanntmachungen**

- (a) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, außer wie in § 14(h) vorgesehen, werden im Bundesanzeiger und (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind und die Regularien dieser Börse dies verlangen) auf der Internetseite der Luxemburger Börse unter [www.bourse.lu](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 Gesamtnennbetrag 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 Deutsche Bank Aktiengesellschaft ist die Hauptzahlstelle (die „**Hauptzahlstelle**“ und gemeinsam mit

#### **§ 9 Notices**

- (a) All notices regarding the Notes, except as stipulated in § 14(h), will be published in the Federal Gazette (*Bundesanzeiger*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](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) Deutsche Bank Aktiengesellschaft will be the principal paying agent (the “**Principal Paying Agent**” and, togeth-

etwaigen von der Emittentin nach § 11(b) bestellten zusätzlichen Zahlstellen, die „Zahlstellen“). Die Geschäftsräume der Hauptzahlstelle befinden sich unter der folgenden Adresse:

Deutsche Bank Aktiengesellschaft  
Trust and Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Deutschland

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

(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 in ihrer jeweiligen Funktion sind ausschließlich Beauftragte der Emittentin. Zwischen den Zahlstellen einerseits und den Anleihegläubigern andererseits besteht kein Auftrags- oder Treuhandverhältnis.

er with and any additional paying agent appointed by the Issuer in accordance with § 11(b), the “**Paying Agents**”). The address of the specified office of the Principal Paying Agent is:

Deutsche Bank Aktiengesellschaft  
Trust and Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Federal Republic of Germany

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

(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 Ersetzung

(a) Die Emittentin (oder die Nachfolgeschuldnerin) ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen aus den Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Anleihegläubiger jede andere Gesellschaft, deren stimmberechtigte Gesellschaftsanteile zu mehr als 90 % direkt oder indirekt von der Emittentin gehalten werden, an Stelle der Emittentin als Hauptschuldnerin (die „**Nachfolgeschuldnerin**“) für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (i) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (ii) die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten hat und berechtigt ist, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (iii) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Anleihegläubiger hinsichtlich solcher Quellensteuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;

## § 12 Substitution

(a) The Issuer (or the Substitute Debtor) may, without the consent of the Noteholders, if no payment of principal or of interest on any of the Notes is in default, at any time substitute for the Issuer, any other company of which more than 90 per cent. of the voting shares or other equity interests are directly or indirectly owned by the Issuer as principal debtor in respect of all obligations arising from or in connection with the Notes (the “**Substitute Debtor**”) provided that:

- (i) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (ii) the Substitute Debtor has obtained all necessary authorisations and may transfer to the Principal Paying Agent in Euro and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (iii) the Substitute Debtor has agreed to indemnify and hold harmless each Noteholder against any withholding tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution;

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| <p>(iv) die Emittentin unwiderruflich und unbedingt gegenüber den Anleihegläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zu zahlenden Beträge garantiert;</p>   | <p>(iv) the Issuer irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes;</p>  |
| <p>(v) aufgrund der Ersetzung kein Ereignis eintreten würde, welches die Nachfolgeschuldnerin dazu berechtigen würde, die Schuldverschreibung gemäß § 4(b) zu kündigen und zurückzuzahlen;</p>  | <p>(v) no event would occur as a result of the substitution that would give rise to the right of the Substitute Debtor to call the Notes for redemption pursuant to § 4(b);</p>   |
| <p>(vi) die Nachfolgeschuldnerin, falls sie ihren Sitz in einem anderen Land als der Bundesrepublik Deutschland hat, einen Zustellungsbevollmächtigten mit Sitz in der Bundesrepublik Deutschland für Rechtstreitigkeiten und andere Verfahren vor deutschen Gerichten bestellt hat; und</p>  | <p>(vi) the Substitute Debtor, if a foreign company, has appointed an authorised agent domiciled in the Federal Republic of Germany for accepting services of process for any legal disputes or other proceedings before German courts; and</p>   |
| <p>(vii) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (i), (ii), (iii), (iv) und (v) erfüllt wurden.</p>  | <p>(vii) there shall have been delivered to the Principal Paying Agent an opinion or opinions with respect to the relevant jurisdictions of lawyers of recognised standing to the effect that the provisions of subparagraphs (i), (ii), (iii), (iv) and (v) above have been satisfied.</p>   |
| <p>(b) Im Fall einer Schuldnerersetzung gemäß § 12(a) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder</p> | <p>(b) In the event of a substitution pursuant to § 12(a), any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. This will apply</p> |

Steuersatz hat. Dies gilt nur, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die K+S AG erfolgen soll, oder dass die Bezugnahme auf die Nachfolgeschuldnerin und gleichzeitig auch auf die K+S AG, im Hinblick auf deren Verpflichtungen aus der Garantie gemäß § 12(a)(iv), erfolgen soll.

- (c) Jede Ersetzung ist gemäß § 9 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Falle einer wiederholten Anwendung dieses § 12 jede frühere Nachfolgeschuldnerin von ihren sämtlichen Verbindlichkeiten aus den Schuldverschreibungen frei.

#### **§ 13 Vorlegungsfrist, Verjährung**

Die Vorlegungsfrist gemäß § 801 Abs. 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.

#### **§ 14 Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger**

- (a) Die Emittentin kann mit den Anleihegläubigern gemäß §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – „**SchVG**“) in seiner jeweils geltenden Fassung Änderungen der Anleihebedingungen durch Mehrheitsbeschluss der Anleihegläubiger vereinbaren. Insbesondere können die Anleihegläubiger durch Beschluss mit der in § 14(b) genannten Mehrheit Änderungen

only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference will continue to be a reference only to K+S AG, or that the reference will be to the Substitute Debtor and K+S AG, in relation to K+S AG's obligations under the guarantee pursuant to § 12(a)(iv), at the same time.

- (c) Notice of any substitution shall be published in accordance with § 9. Upon such publication, the substitution will become effective, and the Issuer and in the event of a repeated application of this § 12, any previous Substitute Debtor will be discharged from any and all obligations under the Notes.

#### **§ 13 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.

#### **§ 14 Amendments to the Terms and Conditions by resolution of the Noteholders**

- (a) The Issuer may agree with the Noteholders on amendments to the Terms and Conditions by virtue of a majority resolution of the Noteholders pursuant to §§ 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – “**SchVG**”), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Condi-

zustimmen, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, einschließlich der in § 5 Abs. 3 SchVG genannten Maßnahmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger gleichermaßen verbindlich.

- (b) Vorbehaltlich der Bestimmungen des folgenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit können die Anleihegläubiger Beschlüsse mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte fassen. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, dürfen nur mit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine „**Qualifizierte Mehrheit**“) gefasst werden.
- (c) Die Anleihegläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und §§ 5 ff. SchVG fassen.
- (d) Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 15(d)(i)(a) und (b) und durch
- tions, including such measures as provided for under § 5 paragraph 3 of the SchVG by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(b) below. A duly passed majority resolution shall be binding equally upon all Noteholders.
- (b) Except as provided by the following sentence and provided that 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 paragraph 3 numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a “**Qualified Majority**”).
- (c) The Noteholders may pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with §§ 5 et seqq. of the SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 and §§ 5 et seqq. of the SchVG.
- (d) Attendance at the meeting (*Gläubigerversammlung*) and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice (*Einberufung*) no later than the third day preceding the meeting. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 15(d)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable

Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

- (e) Falls Beschlüsse der Anleihegläubiger im Wege einer Abstimmung ohne Versammlung gefasst werden, müssen die Anleihegläubiger, zusammen mit der Stimmabgabe, ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 15(d)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Stimmabgabe (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.
- (f) Wird für die Gläubigerversammlung gemäß § 14(d) oder die Abstimmung ohne Versammlung gemäß § 14(e) die mangelnde Beschlussfähigkeit festgestellt, kann – im Fall der Gläubigerversammlung – der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und – im Fall der Abstimmung ohne Versammlung – der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Für die Anmeldung der Gläubiger zu einer zweiten Versammlung gilt § 14(d) Satz 3 entsprechend.
- (e) If resolutions of the Noteholders shall be made by means of a vote without a meeting (*Abstimmung ohne Versammlung*) Noteholders must, together with casting their votes, demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 15(d)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such votes have been cast until and including the day the voting period ends.
- (f) If it is ascertained that no quorum exists for the meeting (*Gläubigerversammlung*) pursuant to § 14(d) or the vote without a meeting (*Abstimmung ohne Versammlung*) pursuant to § 14(e), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with § 15 paragraph 3 sentence 2 of the SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of § 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Noteholders' registration. The provisions set out in § 14(d) sentence 3 shall apply mutatis mutandis to the Noteholders' registration for a second meeting.

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| <p>(g) Die Anleihegläubiger können durch Mehrheitsbeschluss einen gemeinsamen Vertreter der Gläubiger (der „<b>Gemeinsame Vertreter</b>“) bestellen oder abberufen, und die Pflichten, Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung der Rechte der Anleihegläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters festlegen. Der Beschluss zur Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn der Gemeinsame Vertreter befugt ist, Änderungen des wesentlichen Inhalts der Anleihebedingungen gemäß § 14(b) zuzustimmen.</p> | <p>(g) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative (the “<b>Noteholders’ Representative</b>”), the duties and responsibilities and the powers of such Noteholders’ Representative, the transfer of the rights of the Noteholders to the Noteholders’ Representative and a limitation of liability of the Noteholders’ Representative. Appointment of a Noteholders’ Representative may only be passed by a Qualified Majority if such Noteholders’ Representative is to be authorised to consent, in accordance with § 14(b) hereof, to a material change in the substance of the Terms and Conditions.</p> |
| <p>(h) Bekanntmachungen betreffend diesen § 14 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.</p>   | <p>(h) Any notices concerning this § 14 shall be made exclusively pursuant to the provisions of the SchVG.</p>  |

**§ 15 Schlussbestimmungen**

**§ 15 Final Clauses**

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| <p>(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.</p>   | <p>(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.</p>   |
| <p>(b) Erfüllungsort ist Frankfurt am Main.</p>  | <p>(b) Place of performance is Frankfurt am Main.</p>   |
| <p>(c) Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, unterliegen jegliche aus oder im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder Verfahren der nichtausschließlichen Zuständigkeit des Landgerichts Frankfurt am Main.</p> | <p>(c) Subject to any mandatory jurisdiction for specific proceedings under the SchVG, 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.</p> |
| <p>(d) Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin oder in Rechtsstreitigkeiten,</p>  | <p>(d) Any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are</p>   |



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 Clearingsystems 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 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.

## § 16 Sprache

Die deutsche Version dieser Anleihebedingungen ist bindend. Die englische Übersetzung dient lediglich

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 certified as being a true copy by a duly authorised representative of the Clearing System, 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 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.

## § 16 Language

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

Informationszwecken.

only.

## TAXATION

*The following is a general discussion of certain tax consequences under the tax laws of the Federal Republic of Germany and the Grand-Duchy of Luxembourg of the acquisition and ownership of 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. The following section only provides some very general information on the possible tax treatment of the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the laws of the Federal Republic of Germany and the Grand-Duchy of Luxembourg currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect.*

**PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NOTES INCLUDING THE EFFECT OF ANY TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY AND 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), interest payments on the Notes are generally 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 interest payments (the “**Disbursing Agent**”). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions but excluding foreign permanent establishments of German resident 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). For individuals subject to church tax the Disbursing Agent has to collect the church tax by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor has to file a tax return specifying its investment income and will then be assessed to church tax.

The withholding tax regime should also apply to any gains from the disposition or redemption of Notes realised 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 interest coupons and interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the payment of interest coupons or interest claims if the Notes have been disposed of separately. Where custody has changed since the acquisition and the acquisition data is not proved or not permitted to be 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.

Accrued interest (*Stückzinsen*) received by the investor upon disposal of the Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the Notes. Accrued interest paid by the investor upon an acquisition of the Notes after the Issue Date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

According to a decree issued by the German Federal Ministry of Finance in relation to private investors, a disposal of Notes will be disregarded if the sales proceeds do not exceed the related transaction costs with the consequence that losses resulting from such disposal are treated as non-deductible for German taxation purposes. The same applies where, based on an agreement with the depository institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. The Federal Fiscal Court (*Bundesfinanzhof*) has recently ruled that definite losses from bad debt (*Forderungsausfall*) suffered by a private investor are tax-deductible, but the Federal Ministry of Finance did not yet amend the corresponding statement the aforementioned tax decree, which has to be applied by the Disbursing Agent for withholding tax purposes. In relation to a (voluntary) waiver of a receivable (*Forderungsverzicht*), the tax authorities take the view that losses are not tax deductible, which has been confirmed in 2016 by a final ruling of a lower fiscal court (*Finanzgericht*).

German withholding tax should generally not be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, but only to the extent the annual aggregate investment income does not exceed the maximum lump sum deduction amount (*Sparer-Pauschbetrag*) shown on the withholding tax exemption certificate. Currently, the maximum lump sum deduction amount (*Sparer-Pauschbetrag*) is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife or registered partners). Expenses actually incurred are not deductible. Similarly, no withholding tax is levied if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office of the investor.

German tax resident corporate investors and, upon application, other German tax resident business investors holding the Notes as assets of a domestic business should in essence not be subject to withholding tax on capital gains from the disposition, sale or redemption of the Notes subject to certain formal requirements (i.e., for these investors only interest payments, but no capital 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. The Issuer does not assume any responsibility for the deduction of German withholding tax at the source (including solidarity surcharge and, where applicable, church tax thereon).

### **Private Investors**

For German tax resident private investors the withholding tax is – without prejudice to certain exceptions – definitive under a special flat tax regime (*Abgeltungsteuer*). Under the flat tax regime, expenses actually incurred in connection with the investment into the Notes are not tax-deductible. 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 results in a lower tax burden. Also in this case, expenses actually incurred are not deductible. 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 offset against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realised, 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***

Interest payments and capital gains from the disposition or redemption of the Notes held as business assets (*Betriebsvermögen*) by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Any withholding tax deducted from interest 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 interest 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 tax 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 or by a German permanent representative of the investor.

### ***Substitution of the Issuer***

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Substitute Debtor and subject to similar taxation rules like the Notes. In particular, such a substitution might result in the recognition of a taxable gain or loss for any Noteholder.

### ***Other taxes***

At present, the purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may opt for a liability to value added tax with regard to the sales of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögenssteuer*) is, at present, not levied in Germany.

### ***Proposed Tax Law Changes under the 2018-2021 Agenda of the Grand Coalition***

The German government for the legislative period 2018 - 2021 formed by the Grand Coalition (*Große Koalition*) of Christian Democratic Union (*CDU*), the Christian Social Union (*CSU*) and the Social Democratic Party (*SPD*) concluded a coalition agreement dated February 7, 2018, providing, inter alia, for an abolishment of the flat tax rate of 26.375% with the definitive taxation of interest income as soon as the automatic information exchange on tax matters (*Automatischer Informationsaustausch in Steuerfragen*) is established. Instead, interest income shall be taxed by way of assessment on the basis of the investor's marginal tax rate of up to 47.475% (plus church tax, if any).

## **Grand Duchy of Luxembourg**

*The comments below are intended as a basic overview of certain tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to a solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

A Noteholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

### ***Withholding tax***

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Under the Luxembourg law dated December 23, 2005, as amended, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents to or for the benefit of Luxembourg individual residents are subject to a 20% withholding tax (the "**Withholding Tax**"). Interest which is accrued once a year on savings accounts (short and long term) and which does not exceed EUR 250 per person and per paying agent is exempted from the withholding tax.

Under the Luxembourg law dated December 23, 2005, as amended, Luxembourg resident individuals who are the beneficial owners pursuant to the aforementioned law, acting in the course of their private wealth, can opt to self-declare and pay a 20% levy (the "**Levy**") on certain interest payments on savings income made by a paying agent established outside Luxembourg in an EU Member State or the European Economic Area.

### ***Taxation of the Noteholders***

#### ***Taxation of Luxembourg non-residents***

A non-resident Noteholder, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxem-

bourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident Noteholder acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes since the non-resident Noteholder has to include such aforementioned income in their taxable income for Luxembourg income tax assessment purposes.

#### *Taxation of Luxembourg residents*

##### Luxembourg resident individuals

Under the Luxembourg law dated December 23, 2005 as amended, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a Levy on interest payments and other similar income, when a paying agent is established outside Luxembourg in an EU Member State or the European Economic Area. The Withholding Tax or the Levy represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of the management of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg. Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of the Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the Withholding Tax or to the Levy if the Luxembourg resident individual opts for the Levy when the paying agent is established outside Luxembourg in an EU Member State or the European Economic Area. Individual Luxembourg resident Noteholders receiving the interest must include the portion of the price corresponding to this interest in their taxable income; the Withholding Tax levied will be credited against their final income tax liability.

##### Luxembourg resident companies

Luxembourg resident joint stock companies (*société de capitaux*) and some other entities of a collective nature (*organismes à caractère collectif*) which are Noteholders and which are subject to Luxembourg income tax without the benefit of a special tax regime in Luxembourg or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest (including accrued but unpaid interest) and in case of sale, repurchase, redemption or exchange, the difference between the sale, repurchase, redemption or exchange price (received or accrued) and the book value of the Notes sold, repurchased, redeemed or exchanged.

##### Luxembourg resident companies benefiting from a special tax regime

A corporate Luxembourg resident Noteholder that is governed by the law of May 11, 2007, on family estate management companies, as amended (*société de gestion de patrimoine familial*), or by the law of December 17, 2010, on undertakings for collective investment, as

amended (*organismes de placement collectif*), or by the law of February 13, 2007, on specialised investment funds, as amended (*fonds d'investissement spécialisés*), or by the law of July 23, 2016, on reserved alternative investment funds (*fonds d'investissement alternatifs réservés*) and treated as a specialized investment fund for Luxembourg tax purposes, is neither subject to Luxembourg income tax in respect of interest accrued or received, redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

### **Net Wealth Tax**

A Luxembourg resident Noteholder, as well as a non-resident Noteholder who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, is subject to Luxembourg net wealth tax on such Notes, except if the Noteholder is (i) a resident or non-resident individual, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii) a specialized investment fund governed by the amended law of February 13, 2007, or (iv) a family estate management company governed by the amended law of May 11, 2007, (v) a securitization company governed by the amended law of March 22, 2004 on securitization (*titrisation*), (vi) a professional pension institution (*institution de retraite professionnelle*) governed by the amended law of July 13, 2005, (vii) a Luxembourg resident company governed by the amended law of June 15, 2004, on venture capital vehicles (*société d'investissement en capital à risque*) or (viii) a reserved alternative investment fund governed by the law of July 23, 2016.

A Luxembourg resident securitization company governed by the amended law of March 22, 2004, on securitization (*titrisation*), a Luxembourg professional pension institution (*institution de retraite professionnelle*) governed by the amended law of July 13, 2005, a Luxembourg resident company governed by the amended law of June 15, 2004, on venture capital vehicles (*société d'investissement en capital à risque*), and an opaque Luxembourg resident reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes governed by the law of July 23, 2016, are only subject to a minimum net wealth tax.

### **Other Taxes**

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or exchange of the Notes, unless the documents relating to the Notes are registered in Luxembourg (which would be on a voluntary basis).

No Luxembourg estate or inheritance tax is levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death. Where an individual Noteholder is a Luxembourg resident for inheritance tax purposes at the time of his death, the Notes are included in his taxable estate for inheritance tax purposes. No Luxembourg gift tax is levied on the transfer of the Notes by gift, unless the gift is registered in Luxembourg.

### **The proposed Financial Transaction Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transactions tax (the “**FTT**”) in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the



“**participating Member States**”) as well as Estonia. However, Estonia has since stated that it will not participate.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate and/or participating Member States may decide to discard the Commission’s Proposal. In Germany, the Grand Coalition in the coalition agreement restated the aim towards the introduction of a substantial FTT within the EU.

Prospective holders of the shares are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE OF THE NOTES

### General

Pursuant to a subscription agreement dated 13 July 2018 (the “**Subscription Agreement**”) between the Issuer and each of Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International and HSBC Bank plc (each a “**Joint Lead Manager**” and together the “**Joint Lead Managers**”) and Banco Santander, S.A. and Commerzbank Aktiengesellschaft (each a “**Co-Manager**” and together the “**Co-Managers**” and together with the Joint Lead Managers the “**Managers**”), the Managers agree, subject to certain closing conditions, to subscribe and pay for the Notes at an issue price of 100.00 per cent. of their principal amount (the “**Issue Price**”) less certain customary management and underwriting commissions and to sell the Notes.

The Managers will be entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, the Issuer will agree to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Managers are lenders under K+S Group’s syndicated credit facility.

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.

In addition, certain Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Furthermore, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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

### No public offering

No action has been or will be taken in any country or jurisdiction by the Issuer or the Managers that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is

required. Persons who have access to this Prospectus are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdictions in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribution such offering material, in all cases at their own expense.

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.

## **Selling Restrictions**

### ***General***

Each Manager has represented and agreed that it has not offered, sold, or delivered and will not offer, sell or deliver any of the Notes directly or indirectly, or distribute this Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that would result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on the Issuer.

Each Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

### ***European Economic Area***

In relation to each Member State of the European Economic Area (each, a “**Relevant Member State**”), each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression “**offer**” includes 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; and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### ***United States and its Territories***

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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, each Manager has represented, warranted and agreed that, except to the extent permitted under U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D) (the “**D Rules**”):

- (a) it has not offered or sold Notes, and during the restricted period shall not offer or sell Notes, directly or indirectly to a United States person or to a person who is within the United States or its possessions, and it has not delivered and shall not deliver within the United States or its possessions Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a United States person or to a person who is within the United States or its possessions, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes for purposes of resale in connection with their original issuance and not for the purpose of resale directly or indirectly to a United States person or a person within the United States or its possessions and it shall acquire or retain Notes for its own account only in accordance with the requirements of the D Rules;
- (d) with respect to each affiliate that acquires Notes from it for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations contained in clauses (a), (b) and (c) of this paragraph on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in clauses (a), (b) and (c) of this paragraph; and
- (e) it shall obtain for the benefit of the Issuer the representations and agreements contained in clauses (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in the D Rules, for the offer or sale of Notes during the restricted period.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury Regulations thereunder, including the D Rules. For the avoidance of doubt, all references to the D Rules above also refer to any successor rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 that are substantially identical to the D Rules in effect at the date of this Prospectus.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) could violate the registration requirements of the Securities Act.

***United Kingdom of Great Britain and Northern Ireland***

Each Manager has represented and agreed that,

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

***Canada***

The Notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each Manager has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each Manager also represents and agrees that it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of Notes in Canada, other than in compliance with applicable securities laws.

## GENERAL INFORMATION

### Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Supervisory Board of the Issuer dated 14 May 2018 and by a resolution of the Executive Board of the Issuer dated 10 April 2018.

### Clearing and Settlement

Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("**Euroclear**") and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy L-1855 Luxembourg ("**Clearstream Luxembourg**").

The Notes are intended upon issue to be deposited with, or on behalf of, Clearstream Luxembourg as common safekeeper which does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

The Notes have been assigned securities codes as follows:

ISIN: XS1854830889;

Common Code: 185483088; and

WKN: A2NBE7.

### Issue Date

The Issue Date of the Notes is 18 July 2018.

### Yield

For the initial subscribers of the Notes, the yield of the Notes to maturity is 3.250 per cent. *per annum*. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) method and based on the issue price of the Notes. The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis.

### Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market "*Bourse de Luxembourg*" and to be listed on the Official List of the Luxembourg Stock Exchange with effect of 18 July 2018. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of MIFID II.

### Expenses Related to the Admission to Trading

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 15,000.

## Principal Paying Agent

The Principal Paying Agent is Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Federal Republic of Germany.

## Listing Agent

The Listing Agent is Deutsche Bank Luxembourg S.A., 2 boulevard Konrad Adenauer, L-1115 Luxembourg, Luxembourg.

## Rating

Standard & Poor's Credit Market Services Europe Limited (German Branch) ("**S&P**")<sup>(1)(2)</sup> has assigned a long-term credit rating of BB<sup>(3)</sup> (outlook stable) to K+S AG.

The Notes are expected to be rated BB<sup>(4)</sup> by S&P<sup>(1)(2)</sup>.

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. 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 Note is outstanding, copies 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 *www.bourse.lu*) free of charge during normal business hours at the specified office of the Issuer:

- (a) the constitutional documents of the Issuer;
- (b) a copy of the Prospectus, any supplement thereto, if any, and any document incorporated by reference therein.

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<sup>(1)</sup> Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 May 2011 and by Regulation (EC) No 462/2013 of the European Parliament and of the Council of 21 May 2013 (the "**CRA Regulation**").

<sup>(2)</sup> The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

<sup>(3)</sup> According to Standard & Poor's: "Obligors rated 'BB' [...] are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation [...]. An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments." "The ratings [...] may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

<sup>(4)</sup> According to Standard & Poor's: "Obligations rated 'BB' [...] are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation [...]. An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation." "The ratings [...] may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

## INCORPORATION BY REFERENCE

The following documents are incorporated by reference into this Prospectus:

1. English language translation from the German language audited consolidated financial statements for the fiscal year ended 31 December 2017 of K+S Group as contained in the Annual Report for the year 2017 to which the page numbers refer.

- Income Statement (p. 133),
- Statement of Comprehensive Income (p. 133),
- Balance Sheet (p. 134 – p. 135),
- Statement of Cash Flows (p. 136),
- Statement of Changes in Equity (p. 137),
- Notes (p. 138 – p. 196),
- Auditor's Report<sup>(1)</sup> (p. 197 – p. 202).

2. English language translation from the German language audited consolidated financial statements for the fiscal year ended 31 December 2016 of K+S Group as contained in the Annual Report for the year 2016 to which the page numbers refer.

- Income Statement (p. 131),
- Statement of Comprehensive Income (p. 131),
- Operating Earnings (EBIT I) (p. 131),
- Balance Sheet (p. 132),
- Cash Flow Statement (p. 133),
- Statement of Changes in Equity (p. 134 – p. 135),
- Notes (p. 136 – p. 191),
- Auditor's Report<sup>(1)</sup> (p. 192).

3. English language translation from the German language unaudited and unreviewed consolidated financial information as of and for the three-month periods ending 31 March 2018 and 31 March 2017 of K+S Group as contained in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2018 to which the page numbers refer.

- Income Statement (p. 9),
- Reconciliation to Operating Earnings (EBIT I) and EBITDA (p. 9),
- Statement of Cash Flows (p. 10),
- Balance Sheet (p. 11).

Any information incorporated by reference that is not included in the above cross-reference list is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004 (as amended).

As long as any Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange and any applicable laws so require the documents incorporated by reference are available on the

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<sup>(1)</sup> English language translation of the German language auditor's report (*Bestätigungsvermerk*), issued in accordance with German generally accepted auditing standards, in particular Section 322 of the German Commercial Code (*Handelsgesetzbuch*) which refers to the consolidated financial statements and the respective group management report as a whole and not solely to the consolidated statements incorporated by reference into this prospectus.



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, Federal Republic of Germany.

## NAMES AND ADDRESSES

### Issuer

**K+S Aktiengesellschaft**  
Bertha-von-Suttner Straße 7  
34131 Kassel  
Federal Republic of Germany

### Principal Paying Agent

**Deutsche Bank Aktiengesellschaft**  
Taunusanlage 12  
60325 Frankfurt am Main  
Federal Republic of Germany

### Listing Agent in Luxembourg

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

### Joint Lead Managers

#### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

#### **DZ BANK AG Deutsche Zentral-Genossenschaftsbank,**

**Frankfurt am Main**  
Platz der Republik  
60325 Frankfurt am Main  
Federal Republic of Germany

#### **Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

#### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

### Co-Managers

#### **Banco Santander, S.A.**

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

#### **Commerzbank Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

### Auditors

*To the Issuer*

#### **Deloitte GmbH Wirtschaftsprüfungsgesellschaft**

Aegidientorplatz 2a  
30159 Hannover  
Federal Republic of Germany

### Legal Advisors

*To the Issuer*

#### **Freshfields Bruckhaus Deringer LLP**

Bockenheimer Anlage 44  
60322 Frankfurt am Main  
Federal Republic of Germany

*To the Managers*

#### **Linklaters LLP**

Taunusanlage 8  
60329 Frankfurt am Main  
Federal Republic of Germany