



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

Up to EUR [●] [●] per cent. notes due 2018, issue Price: [●] per cent  
Up to EUR [●] [●] per cent. notes due 2021, issue Price: [●] per cent

K+S Aktiengesellschaft, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Germany (the "Issuer" or "K+S AG" and together with its subsidiaries and affiliates, "K+S Group" or the "Group"), will issue on or about 6 December 2013 (the "Issue Date") EUR [●] [●] per cent. fixed rate notes in bearer form due 2018 (the "Tranche 1 Notes") with a denomination of EUR 1,000 and EUR [●] [●] per cent. fixed rate notes in bearer form due 2021 with a denomination of EUR 1,000 (the "Tranche 2 Notes" and together with the Tranche 1 Notes the "Notes"). The Notes will be governed by the laws of the Federal Republic of Germany ("Germany").

This prospectus (the "Prospectus") constitutes a prospectus within the meaning of 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) (the "Prospectus Directive"). 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)).

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 law relating to prospectuses for securities (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*), as amended, (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. The Issuer has requested the CSSF to provide the competent authorities in Germany, Austria and The Netherlands and may request to provide competent authorities in additional host Member States within the European Economic Area with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law (the "Notification").

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 and to be admitted to the official list of the Luxembourg Stock Exchange (the "Official List"). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended.

The final issue price, the aggregate principal amount of Notes to be issued, the interest rate, the issue proceeds and the yield will be included in the Pricing Notice (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES" below) which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on or prior to the Issue Date of the Notes.

The Tranche 1 Notes have been assigned the following securities codes:  
ISIN XS0997941199, Common Code 099794119, WKN A1YCR4.

The Tranche 2 Notes have been assigned the following securities codes:  
ISIN XS0997941355, Common Code 099794135, WKN A1YCR5.

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

**Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 36.**

*Joint Lead Managers*

**BNP PARIBAS**

**Deutsche Bank**

**DZ BANK AG**

**Morgan Stanley**

*Co-Managers*

**Commerzbank**

**Helaba**

**Société Générale**

**UniCredit Bank**

**Corporate & Investment  
Banking**

**This Prospectus is dated 22 November 2013**

## RESPONSIBILITY STATEMENT

K+S Aktiengesellschaft (the "**Issuer**" or "**K+S AG**" and together with its consolidated subsidiaries the "**Group**" or the "**K+S Group**") 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.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer, K+S Group and the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and of the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and K+S Group and of the rights attached to the Notes; (ii) the information contained in this Prospectus relating to the Issuer, K+S Group and the Notes is accurate and complete in all material respects and not misleading; (iii) that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, K+S Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading; and (v) reasonable enquiries have been made by the Issuer to ascertain all such facts for the purposes aforesaid.

## NOTICE

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 Joint Lead Managers (as defined in "*SUBSCRIPTION, SALE AND OFFER OF THE NOTES*"). Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication (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 "*DESCRIPTION OF THE 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. The Issuer does not assume

any obligation to update such forward-looking statements and to adapt them to future events or developments.

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 that 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, numerical and market data or other information cannot be verified by the Issuer.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any documents incorporated herein by reference. The final issue price, the aggregate principal amount of Notes to be issued, the interest rate, the issue proceeds and the yield of the issue will be included in the Pricing Notice (as defined in "*SUBSCRIPTION, SALE AND OFFER OF THE NOTES*" below) which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on or prior to the Issue Date of the Notes.

Neither the Joint Lead 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.

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. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Joint Lead 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 Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

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 offer or solicitation.

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 Joint Lead 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, SALE AND OFFER OF THE NOTES – Selling Restrictions.**"

The legally binding language of this Prospectus is English. Any part of the Prospectus in German language constitutes a translation, except for the terms and conditions of the Notes (the "**Terms and Conditions**") in respect of which German is the legally binding language.

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 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" refer to the legal currency of the United States of America and references to "CAD" refer to the legal currency of Canada.

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, THERE IS NO ASSURANCE THAT DEUTSCHE BANK AG, LONDON BRANCH (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL 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 may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

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## SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

### Section A – Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	<b>Warnings</b>	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the Notes should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of its member state to the Agreement on the European Economic Area (EEA), have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>
A.2	<b>Consent to the use of the prospectus</b>	<p>Each of BNP PARIBAS, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and Morgan Stanley &amp; Co. International plc (each a "Joint Lead Manager" and together the "Joint Lead Managers") and Commerzbank Aktiengesellschaft, Landesbank Hessen-Thüringen Girozentrale, Société Générale and UniCredit Bank AG (each a "Co-Manager" and together the "Co-Managers") and each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use the Prospectus in Austria, Germany, The Netherlands and Luxembourg for the subsequent resale or final placement of the Notes during the period from and including 25 November 2013 to and including 13 December 2013, provided however, that the Prospectus is still valid in accordance with Article 11 of the Luxembourg act relating to prospectuses for securities (<i>Loi relative aux prospectus pour valeurs mobilières</i>) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as</p>

		<p>amended, <i>inter alia</i>, by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010) (the "Luxembourg Prospectus Law").</p> <p>The Prospectus may only be delivered to potential investors together with all supplements in accordance with Art. 13 of the Luxembourg Prospectus Law published before such delivery. Any supplement to the Prospectus in accordance with Art. 13 of the Luxembourg Prospectus Law will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>).</p> <p>When using the Prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.</p> <p><b>In the event of an offer being made by a further financial intermediary, the further financial intermediary shall provide information to investors on the terms and conditions of the Notes at the time of that offer.</b></p>
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## Section B – Issuer

Element	Description of Element	Disclosure requirement
<b>B.1</b>	<b>Legal and commercial name</b>	K+S Aktiengesellschaft
<b>B.2</b>	<b>Domicile, legal form, legislation, country of incorporation</b>	K+S Aktiengesellschaft ("K+S AG") is a German stock corporation ( <i>Aktiengesellschaft</i> ) incorporated and operating under the laws of the Federal Republic of Germany and domiciled in the Federal Republic of Germany.
<b>B.4b</b>	<b>Known trends affecting the Issuer and the industries in which it operates</b>	With respect to the potash and magnesium market Russian Uralkali's exit from the BPC sales organisation operated jointly with Belarusian Belaruskali along with Uralkali's related statement that it wants to expand production and sales created considerable uncertainty about future volume and price developments on the market for potash fertilizers which continues to be the case. The announcement caused tangible restraint with regard to purchasing decisions as no new stable price level has been established yet. The level at which prices will stabilise and the duration of this phase of uncertainty cannot be assessed. This situation has already prompted some potash producers, including K+S Group, to adjust production planning for 2013.
<b>B.5</b>	<b>Description of the Group and the Issuer's</b>	K+S AG mainly acts as the holding company for the K+S Group. The Executive Board takes responsibility for the overall performance of K+S Group. The Board Members are individually responsible for

	<b>position within the Group</b>	(business) units of K+S Group according to the business distribution plan.				
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not applicable. No profit forecasts or estimates are made.				
<b>B.10</b>	<b>Nature of any qualifications in the audit report on historical financial information</b>	Not applicable. The auditors have issued unqualified audit reports for the consolidated financial statements for the fiscal years 2011 and 2012.				
<b>B.12</b>	<b>Selected historical key financial information</b>	The following table sets out selected financial information relating to the K+S Group. The information has been extracted from the audited consolidated financial statements of K+S AG for the fiscal year ended 31 December 2012 and the unaudited consolidated financial statements of K+S AG for the interim period ended 30 September 2013, unless stated otherwise. These consolidated financial statements of K+S AG have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS"). In 2011, K+S Group divested the business activities of COMPO and in 2012 the Nitrogen business. All income statement figures and cash flow figures for the fiscal years 2012 and 2011 as well as the balance sheet figures for 2012 refer to the continued operations of the K+S Group. The balance sheet figures for 2011 were not adjusted and therefore include the discontinued operations of the Nitrogen business.				
		Period from 1 January until 30 September 2013 (unaudited)	Period from 1 January until 30 September 2012 (unaudited)	Financial year ended 31 December 2012 (unaudited figures adjusted due to IAS 19) <sup>(1)</sup>	Financial year ended 31 December 2012 (audited unless otherwise indicated)	Financial year ended 31 December 2011 (audited unless otherwise indicated)
		(EUR in millions, unless otherwise indicated)				
	Revenues	2,972.5	2,993.7	3,935.3	3,935.3	3,996.8 <sup>(5)</sup>
	EBITDA from continued operations <sup>(2)</sup>	739.0	790.6 <sup>(4)</sup>	1,033.3	1,037.7	1,146.0 <sup>(5)</sup>
	Group earnings after taxes from continued operations	360.7	428.1 <sup>(4)</sup>	565.8	568.5	609.3 <sup>(5)</sup>
	Gross cash flow from continued operations	490.9	625.1	813.0	813.0	859.0 <sup>(5)</sup>
		30 September 2013	30 September 2012	31 December 2012	31 December 2012	31 December 2011
	Equity as of	3,432.7	3,314.9 <sup>(4)</sup>	3,393.9	3,477.3	3,084.6
	Total assets as of	6,490.8	6,417.5 <sup>(4)</sup>	6,596.6	6,639.0	6,056.9
	Net indebtedness <sup>(3)</sup> as of (unaudited)	902.0	750.2	827.3	756.0 <sup>(6)</sup>	610.8 <sup>(6)</sup>
	Employees (full time equivalent) as of	14,473 <sup>(6)</sup>	14,352 <sup>(6)</sup>	14,362	14,362	14,338 <sup>(5)</sup>
	(1)	Adjusted in accordance with the International Accounting Standards ("IAS") 19 "Employee Benefits", which was approved by the International Accounting Standards Board in June 2011 and endorsed by the EU in June 2012, to be applied for the first time to financial years beginning on or after 1 January 2013. The changes have been applied retroactively with the beginning of the comparative period, i.e. as of 1 January 2012. Figures taken from the unaudited consolidated financial statements for the interim period ended 30 September 2013.				

	<p>(2) "EBITDA" is defined as earnings before interest, taxes, depreciation and amortisation excluding effects from market valuation of forecast hedging instruments. Depreciation and amortisation includes write-downs of tangible and intangible assets. EBITDA is not defined by IFRS. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.</p> <p>(3) "Net indebtedness" is calculated as follows: current bank loans and overdrafts + non-current bank loans and overdrafts + provisions for pensions and similar obligations + non-current provisions for mining obligations – cash on hand and balances with banks – non-current and current securities and other financial investments – reimbursement claim bond Morton Salt. Net indebtedness is not defined by IFRS. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the balance sheet that were recognized in accordance with IFRS.</p> <p>(4) Adjusted in accordance with IAS 19. Figures taken from the unaudited consolidated financial statements for the interim period ended 30 September 2013.</p> <p>(5) Adjusted in accordance with IFRS 5. All income and expenses of the Nitrogen and COMPO businesses, classified as discontinued operations, were disclosed in a separate item "Earnings after taxes from discontinued operations" and are therefore not reflected in the items presented. Figures are taken from the audited consolidated financial statements for the financial year ended 31 December 2012.</p> <p>(6) Not extracted from financial statements.</p>
	<p><b>Material adverse change in the prospects of the Issuer</b></p> <p>Russian Uralkali's exit from the BPC sales organisation operated jointly with Belarusian Belaruskali along with Uralkali's related statement that it wants to expand production and sales created considerable uncertainty about future volume and price developments on the market for potash fertilizers which continues to be the case. The announcement caused tangible restraint with regard to purchasing decisions as no new stable price level has been established yet. The level at which prices will stabilise and the duration of this phase of uncertainty cannot be assessed. This situation has already prompted some potash producers, including K+S Group, to adjust production planning for 2013.</p> <p>Therefore, K+S AG expects that the operating earnings of K+S Group as well as the adjusted Group earnings after taxes will significantly decrease compared to the level achieved in 2012 while revenues are expected to remain at the same level as in 2012.</p> <p>Other than this, there has been no material adverse change in the prospects of K+S AG since 31 December 2012.</p>
	<p><b>Significant change in the financial or trading position</b></p> <p>Not applicable: There have been no significant changes in the financial or trading position of the Issuer since 30 September 2013.</p>
<b>B.13</b>	<p><b>Recent Events</b></p> <p>Russian Uralkali's exit from the BPC sales organisation operated jointly with Belarusian Belaruskali along with Uralkali's related statement that it wants to expand production and sales created considerable uncertainty about future volume and price developments on the market for potash fertilizers and this continues to be the case. The level at which prices will stabilise and the duration of this phase of uncertainty cannot be assessed. This situation has already prompted some potash producers, including K+S Group, to adjust production planning for 2013.</p> <p>The exceptionally strong outburst of carbon dioxide caused by extraction blasting at the Unterbreizbach mine site on 1 October 2013 caused the mine to be closed and the introduction of short time work, with limited resumption of crude salt extraction only possible since 11 November 2013. This will very likely adversely affect K+S Group's</p>

		annual potash output since compensation by other plants is not planned.
<b>B.14</b>	<b>Statement on dependency upon other entities within the Group</b>	<p>Please refer to Element B.5 above.</p> <p>Not applicable. The Issuer is the parent company of K+S Group. It is not dependent upon other entities within K+S Group.</p>
<b>B.15</b>	<b>Principal activities</b>	<p>K+S AG and its subsidiaries are worldwide suppliers of specialised and standard fertilizers and salt products.</p> <p><i>Potash and Magnesium Products</i></p> <p>The Potash and Magnesium Products business unit extracts potash and magnesium crude salts at six mines in Germany, which are further processed there and at a former mining site to create end and intermediate products. Furthermore, the business unit has three processing sites in France. The annual production capacity of the business unit is up to 7.5 million tonnes of potash and magnesium products. As a result of an advanced greenfield project for the construction of a solution mine (the "<b>Legacy Project</b>"), the business unit is expected to be able to increase its annual production capacity by at least 2.86 million tonnes over the long term. A broad distribution network facilitates the sale of these products in Europe and overseas.</p> <p><i>Salt</i></p> <p>In the Salt business unit, the K+S Group markets food grade salt, industrial salt, salt for chemical use and de-icing salt. With an annual production capacity of about 30 million tonnes of salt, K+S Group is the world's largest producer of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13<sup>th</sup> ed. 2011). The Salt business unit is represented in Europe as well as North America and South America with its own distribution units. 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 &amp; Co. KG ("<b>esco</b>"), whose activities are mainly focused on Europe, K+S Chile S.A. ("<b>K+S Chile</b>") with activities in South America and the United States, and Morton Salt Inc., one of the largest salt producers in North America. esco operates three rock salt mines, two brine plants and several evaporated salt plants in Germany, France, the Netherlands, Portugal and Spain, and has numerous distribution sites in Europe. The annual production capacity of esco is about 8.0 million tonnes of crystallised salt and 1.7 million tonnes of salt in brine. K+S Chile extracts rock salt in Salar Grande de Tarapacá through open-cast mining. In 2013, the production capacity was expanded to about 8 million tonnes. Moreover, Salina Diamante Branco, which belongs to K+S Salt LA from an organisational point of view, operates a sea salt facility with an annual capacity of 0.5 million tonnes in the north-eastern part of Brazil. In the United States, K+S Chile distributes its salt products via the International Salt Company,</p>

		<p>LLC ("ISCO"). Morton Salt operates six rock salt mines, seven solar plants and nine plants processing evaporated salt in the United States, in Canada and in the Bahamas. Its annual production capacity totals about 13 million tonnes of salt.</p> <p><i>Complementary Activities</i></p> <p>In addition to disposal activities for the underground disposal and the reutilisation of waste in potash and rock salt mines, the salt slag and building material recycling (waste management and recycling) as well as the granulation of CATSAN®, the term "Complementary Activities" bundles further activities of importance to the K+S Group. With K+S Transport GmbH, K+S Group possesses its own logistics service provider. Chemische Fabrik Kalk GmbH trades in different basic chemicals.</p>												
<b>B.16</b>	<b>Controlling Persons</b>	<p>Not applicable: K+S AG is to its knowledge not controlled.</p> <p>The following shareholders have notified K+S AG in accordance with Sections 21 et seq. of the German Securities Trading Act (<i>Wertpapierhandelsgesetz; WpHG</i>) that at least 3% of the voting rights in K+S AG are either held directly by them or are attributed to them:</p> <table> <thead> <tr> <th>Name</th> <th>Total share</th> <th>Reference date of latest notice</th> </tr> </thead> <tbody> <tr> <td>Meritus Trust Company Limited</td> <td>9.88%</td> <td>12 July 2011</td> </tr> <tr> <td>via EuroChem Group SE</td> <td>5.08%</td> <td>11 May 2012</td> </tr> <tr> <td>Blackrock Inc.</td> <td></td> <td></td> </tr> </tbody> </table>	Name	Total share	Reference date of latest notice	Meritus Trust Company Limited	9.88%	12 July 2011	via EuroChem Group SE	5.08%	11 May 2012	Blackrock Inc.		
Name	Total share	Reference date of latest notice												
Meritus Trust Company Limited	9.88%	12 July 2011												
via EuroChem Group SE	5.08%	11 May 2012												
Blackrock Inc.														
<b>B.17</b>	<b>Credit ratings of the Issuer or its debt securities</b>	<p>Standard &amp; Poor's Credit Market Services Europe Limited (German Branch)<sup>(1),(3)</sup> has assigned the long-term credit rating of BBB to K+S AG.</p> <p>Moody's Deutschland GmbH<sup>(2),(3)</sup> has assigned the long-term credit rating of Ba1 to K+S AG.<sup>(4)</sup></p> <p>(1) Standard &amp; 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, as amended (the "CRA Regulation").</p> <p>(2) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation.</p> <p>(3) The European Securities and Markets Authority publishes on its website (<a 829="" 853="" 939="" 955"="" data-label="Page-Footer" href="http://www.esma.europa.eu/page&gt;List-registered-and-certified-CRAs&lt;/a&gt;) 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.&lt;/p&gt; &lt;p&gt;(4) 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.&lt;/p&gt; &lt;/td&gt;&lt;/tr&gt; &lt;/table&gt; &lt;/div&gt; &lt;div data-bbox="> <p>11</p> </a></p>												

## Section C – Securities

Element	Description of Element	Disclosure requirement
C.1	<b>Type and class of securities being offered including any security identification number</b>	<p>The Issuer issues two tranches of unsecured and unsubordinated notes bearing fixed interest. These tranches (the "Tranches") are the "Tranche 1 Notes" and the "Tranche 2 Notes". The notes of each Tranche are defined as the "Notes".</p> <p>The security identification numbers of the Tranche 1 Notes are: ISIN: XS0997941199; Common Code: 099794119; and WKN: A1YCR4.</p> <p>The security identification numbers of the Tranche 2 Notes are: ISIN: XS0997941355; Common Code: 099794135; and WKN: A1YCR5.</p>
C.2	<b>Currency of the securities issue</b>	Euro
C.5	<b>Restrictions on free transferability of the securities.</b>	Not applicable: The Notes are freely transferable. However, the offer and the sale of the Notes and the distribution of offering materials are subject to specific restrictions that vary depending on the jurisdiction where the Notes are offered or sold or the offering materials are distributed.
C.8	<b>Rights attached to the Notes, ranking of the Notes, limitations of the rights attached to the Notes</b>	<p><i>Negative Pledge:</i> The Terms and Conditions of the Notes contain a negative pledge provision.</p> <p><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.</p> <p><i>Early Redemption for Taxation Reasons:</i> Early redemption of the Notes for reasons of taxation will be permitted, if as a result of any change in, or amendment to, the laws or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of Germany or any political subdivision or taxing authority thereto or therein</p>

		<p>affecting taxation or the obligation to pay duties of any kind, the Issuer will become obligated to pay additional amounts on the Notes.</p> <p><i>Events of Default:</i></p> <p>The Terms and Conditions of the Notes provide for events of default entitling Noteholders to demand immediate redemption of the Notes.</p> <p><i>Cross Default:</i></p> <p>The Terms and Conditions of the Notes provide for cross default provisions.</p> <p><i>Change of Control:</i></p> <p>The Terms and Conditions of the Notes provide for a change of control provision. Each Noteholder is entitled to request the Issuer to redeem the Notes of each such requesting Noteholder at their principal amount together with accrued interest upon the occurrence of a change of control.</p> <p><i>Status of the Notes pari passu:</i></p> <p>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.</p> <p><i>Resolutions of Holders:</i></p> <p>The Notes contain provisions pursuant to which the Noteholders may consent by resolution to amendments of the terms and conditions of the Notes in accordance with the German Act on Debt Securities of 2009 (<i>Schuldverschreibungsgesetz</i> – "SchVG"), and pursuant to which the Noteholders decide upon certain other matters regarding the Notes.</p>
C.9	<b>Interest and Redemption Payments, Yield, Name of holders' representative</b>	<p>See C.8.</p> <p><i>Interest and Interest Payment Dates:</i></p> <p>The Tranche 1 Notes will bear interest from and including 6 December 2013 to, but excluding, 6 December 2018 at a rate of [●] per cent. <i>per annum</i>, payable annually in arrear on 6 December in each year, commencing on 6 December 2014.</p> <p>The Tranche 2 Notes will bear interest from and including 6 December 2013 to, but excluding, 6 December 2021 at a rate of [●] per cent. <i>per annum</i>, payable annually in arrear on 6 December in each year, commencing on 6 December 2014.</p> <p><i>Underlying on which Interest Rate is based:</i></p> <p>Not applicable. The interest rate is not based on an underlying.</p> <p><i>Maturity Date, Amortization, Repayment Procedures:</i></p> <p>Unless previously redeemed in whole or in part or repurchased and cancelled, the Tranche 1 Notes shall be redeemed at their principal amount together with accrued interest on 6 December 2018.</p>

		<p>Unless previously redeemed in whole or in part or repurchased and cancelled, the Tranche 2 Notes shall be redeemed at their principal amount together with accrued interest on 6 December 2021.</p> <p><i>Indication of yield:</i></p> <p>The yield of the Tranche 1 Notes is [●].</p> <p>The yield of the Tranche 2 Notes is [●].</p> <p><i>Name of holders' representative:</i></p> <p>Not applicable. A representative of the Noteholders is not initially appointed. The Terms and Conditions provide that the respective Noteholders may agree by majority resolution to amendments of the Terms and Conditions of each Tranche and appoint a holders' representative (<i>gemeinsamer Vertreter</i>) to exercise the Noteholders' rights on behalf of each Noteholder for the respective Tranche.</p>
<b>C.10</b>	<b>Derivative component in interest payment</b>	<p>See C.9.</p> <p>Not applicable. The Notes have no derivative component when paying interest, which could influence the value of the Notes by having an impact on the value of the underlying instrument or several underlying instruments.</p>
<b>C.11</b>	<b>Admission to trading of securities on a regulated market</b>	Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

#### Section D – Risks

Element	Description of Element	Disclosure requirement
<b>D.2</b>	<b>Key information on the key risks specific to the Issuer or its industry</b>	<p>The following is a summary of risk factors regarding the Issuer and K+S Group that may affect the Issuer's ability to fulfil its obligations under the Notes.</p> <ul style="list-style-type: none"> <li>• K+S Group is subject to effects of macroeconomic trends.</li> <li>• K+S Group is subject to general fluctuations in demand, supply and price levels and is currently exposed to significant price declines.</li> <li>• K+S Group is subject to seasonal fluctuations in demand and price levels.</li> <li>• K+S Group is subject to the risk of new competitors entering the potash market.</li> <li>• K+S Group is exposed to risks arising from capital expenditure, in particular from the Legacy Project of K+S Potash Canada.</li> </ul>

		<ul style="list-style-type: none"> <li>• K+S Group depends on sufficient supply from special materials and supplies, commodities and technical equipment.</li> <li>• K+S Group faces risks from changes in the political, social or economic environment.</li> <li>• K+S Group highly depends on public permissions and is subject to numerous environmental laws and regulations, which may impose stringent remedial requirements.</li> <li>• K+S Group is subject to risks from future occupational exposure limits.</li> <li>• K+S Group is subject to risks from the requirement for collateral security.</li> <li>• Increasing freight costs might have an impact on K+S Group's results of operations.</li> <li>• Fluctuations in currency exchange rates could have a material adverse effect on K+S Group's financial conditions and results of operations.</li> <li>• Fluctuations in interest rates could have an adverse effect on K+S Group's financial conditions and results of operations.</li> <li>• K+S Group is dependent on energy costs and energy supply.</li> <li>• Carbon dioxide pockets in certain deposits could lead to injuries or the damaging of property.</li> <li>• K+S Group's mining facilities are exposed to operational and accident risks.</li> <li>• K+S Group is exposed to antitrust risks.</li> <li>• K+S Group could suffer from the removal of anti-dumping protection.</li> <li>• K+S Group faces personnel risks.</li> <li>• K+S Group might have misjudged or may misjudge risks inherent in the acquisition past or future corporate acquisitions and therefore not attain the objectives aimed for with such acquisitions.</li> <li>• 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.</li> <li>• Estimates of mineral reserves are based on uncertain assumptions that, if changed, could result in the need to restate mineral reserves.</li> <li>• K+S Group might be unable to effectively manage its own</li> </ul>
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		<p>growth or to develop or raise the resources necessary in order to control or support its growth.</p> <ul style="list-style-type: none"> <li>• K+S Group might experience failures of or other malfunctions in its computer systems.</li> <li>• K+S Group might face liquidity risks.</li> <li>• K+S Group is subject to counterparty risks.</li> <li>• 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.</li> <li>• K+S Group is exposed to compliance risks.</li> <li>• A rating downgrade could have an adverse effect on K+S Group's financial conditions and results of operations.</li> </ul> <p>The realisation of any of the risks described above may affect the Issuer's ability to fulfil its payment obligations under the Notes and/or lead to a decline in the market price of the Notes.</p>
D.3	<b>Key information on the key risks specific to the securities</b>	<p>An investment in the Notes involves certain risks associated with the characteristics 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. Those risks include that:</p> <ul style="list-style-type: none"> <li>• The Notes may not be a suitable investment for all investors.</li> <li>• The Notes do not have an established trading market and an active trading market for the Notes may not develop.</li> <li>• The Notes will be structurally subordinated to indebtedness of the subsidiaries of the Issuer.</li> <li>• The Notes will be effectively subordinated to Issuer's debt to the extent such debt is secured by assets that are not also securing the Notes.</li> <li>• The Notes are subject to a risk of early redemption.</li> <li>• 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.</li> <li>• The Terms and Conditions of each Tranche of Notes, including the terms of payment of principal and interest, can be amended by a Noteholders' resolutions and any such resolution will be binding for all Noteholders of the respective Tranche of Notes. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of any Tranche of the Notes outstanding.</li> </ul>

		<ul style="list-style-type: none"> <li>• In case of certain events of default, each Tranche of Notes will only be redeemable if Noteholders of at least 5 per cent of the aggregate principal amount of the respective Tranche of Notes then outstanding declare such Tranche of Notes due and payable. Such declaration of acceleration might be rescinded by majority resolution of the Noteholders of such Tranche of Notes.</li> <li>• 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.</li> <li>• It is possible that a Noteholder may be deprived in its individual right to pursue and enforce its rights under the Terms and Conditions if such right was passed on a holders' representative.</li> <li>• The market value of the Notes could decrease if the creditworthiness of the Issuer worsens or is perceived to worsen.</li> <li>• Credit ratings may not reflect all risks and are subject to change.</li> <li>• The Notes bear specific risks typical for fixed rate notes.</li> <li>• The trading market for debt securities may be volatile and may be adversely impacted by many events.</li> <li>• 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.</li> <li>• The Notes are subject to exchange rate risks and exchange controls.</li> <li>• Investors are subject to tax risks.</li> <li>• Payments on the Notes may be subject to U.S. withholding under FATCA.</li> <li>• A disposal of the Notes may become subject to a Financial Transaction Tax.</li> <li>• The Notes are subject to inflation risks.</li> <li>• The Notes are subject to transaction costs and charges.</li> </ul> <p>The realisation of any of the risks described above may lead to a decline in the market price of the Notes.</p>
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## Section E – Offer

Element	Description of Element	Disclosure requirement
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	The Issuer intends to use the proceeds to finance capital expenditures in the Legacy Project in Canada, to repay existing debt and for general corporate purposes.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p><i>Offering of the Notes:</i>  The Notes will be offered to institutional investors and retail investors in compliance with applicable public offer restrictions by the Joint Lead Managers and the Co-Managers during an offer period which will commence not earlier than 25 November 2013 and will be open until and including 6 December 2013 subject to a shortening or extension agreed by the Issuer and the Joint Lead Managers. Should the Issuer and the Joint Lead Managers determine any shortening or extension of the offer period (e.g. due to changing market conditions), such changes will be published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>).</p> <p>The Notes may be offered to the public in each of Germany, Luxembourg, Austria and The Netherlands following the effectiveness of the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive.</p> <p><i>Pricing Notice:</i>  The final issue prices, the aggregate principal amount of each Tranche of Notes to be issued, the interest rates, the issue proceeds and the yield for each Tranche will be included in a pricing notice (the "<b>Pricing Notice</b>") which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) on or prior to the Issue Date of the Notes.</p> <p><i>Conditions of the offer:</i>  There are no conditions to which the offer is subject.</p> <p><i>Technical details of the offer:</i>  During the offer period investors may submit offers to purchase Notes to the Joint Lead Managers using the information system Bloomberg or any other commonly used information systems. In the case of an order prior to the determination of the pricing details, the investors shall specify at which price they would be prepared to purchase which amount of Notes. Following determination and notification of the pricing details the Joint Lead Managers will offer the Notes upon request in Germany, Luxembourg, Austria and The Netherlands.</p> <p><i>Confirmation of offers placed by, and allotments to, investors:</i>  Each investor who has submitted an order in relation to the Notes and whose order is accepted by the Joint Lead Managers will receive a confirmation by electronic mail, fax or through commonly</p>

		<p>used information systems setting out its respective allotment of Notes. Before an investor receives a confirmation from the Joint Lead Managers that its offer to purchase Notes has been accepted, the investor may reduce or withdraw its purchase order.</p> <p><i>Delivery of the Notes to investors:</i></p> <p>Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the Notes will be made within six business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes so purchased will be delivered via book-entry through the clearing systems and their depository banks against payment of the Issue Price.</p>
<b>E.4</b>	<b>A description of any interest that is material to the issue/offer including conflicting interests.</b>	<p>The Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions.</p> <p>There are no interests of natural and legal persons other than the Issuer and the Joint Lead Managers involved in the issue, including conflicting ones that are material to the issue.</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer or the offeror.</b>	<p>Not applicable. The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.</p>

## GERMAN TRANSLATION OF THE SUMMARY (ZUSAMMENFASSUNG)

*Zusammenfassungen bestehen aus Informationsblöcken, die als "Angaben" bezeichnet werden. Diese Angaben sind in Abschnitten A-E (A.1 – E.7) nummeriert.*

*Diese Zusammenfassung enthält alle Angaben, die für eine Zusammenfassung für diese Art von Wertpapier und diese Emittentin erforderlich sind. Da einige Angaben nicht aufgenommen werden müssen, kann die Nummerierung Lücken enthalten.*

*Auch wenn eine Angabe für diese Art von Wertpapier und diese Emittentin in diese Zusammenfassung aufgenommen werden muss, kann es sein, dass keine relevanten Informationen zur Verfügung stehen. In diesem Fall wird eine kurze Beschreibung der geforderten Angabe mit dem Hinweis "entfällt" in die Zusammenfassung aufgenommen.*

### **Abschnitt A – Einleitung und Warnhinweise**

Punkt	Beschreibung	Geforderte Angaben
<b>A.1</b>	<b>Warnhinweise</b>	<p>Die Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden.</p> <p>Ein Anleger sollte sich bei jeder Entscheidung, in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzes stützen.</p> <p>Ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, muss möglicherweise nach den nationalen Rechts-vorschriften seines Mitgliedstaats zum Vertrag über den Europäischen Wirtschaftsraum (<b>EWR</b>) für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann.</p> <p>Anleger sollten beachten, dass zivilrechtlich nur diejenigen Personen haften, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt, die in Bezug auf Anlagen in die Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen.</p>
<b>A.2</b>	<b>Zustimmung zur Verwendung des Prospekts</b>	BNP PARIBAS, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main und Morgan Stanley & Co. International plc (jeweils ein " <b>Gemeinsamer Konsortialführer</b> " und zusammen die " <b>Gemeinsamen Konsortialführer</b> ") und Commerzbank Aktiengesellschaft, Landesbank Hessen-Thüringen Girozentrale, Société Générale und UniCredit Bank AG (jeweils ein " <b>Co-Konsortialbanken</b> " und gemeinsam die " <b>Co-Konsortialbanken</b> ") und jeder weitere

		<p>Finanzintermediär, der die emittierten Schuldverschreibungen nachfolgend weiter verkauft oder endgültig platziert, ist berechtigt, den Prospekt für den späteren Weiterverkauf oder die endgültige Platzierung der Schuldverschreibungen während des Zeitraums vom 25. November 2013 (einschließlich) bis 13. Dezember 2013 (einschließlich) in Österreich, Deutschland, den Niederlanden und Luxemburg zu verwenden, vorausgesetzt jedoch, dass der Prospekt in Übereinstimmung mit Artikel 11 des Luxemburger Wertpapierprospektgesetzes (<i>Loi relative aux prospectus pour valeurs mobilières</i>), welches die Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003 (geändert durch Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010) (das "Luxemburger Prospektrecht") umsetzt, noch gültig ist.</p> <p>Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen nach Art. 13 des Luxemburger Prospektrechts übergeben werden. Jeder Nachtrag zum Prospekt nach Art. 13 des Luxemburger Prospektrechts kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg (<a href="http://www.bourse.lu">www.bourse.lu</a>) eingesehen werden.</p> <p>Bei der Nutzung des Prospektes hat jeder jeweilige weiterer Finanzintermediär sicherzustellen, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.</p> <p><b>Für den Fall, dass ein weiterer Finanzintermediär ein Angebot macht, informiert dieser weitere Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen der Schuldverschreibungen.</b></p>
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## Abschnitt B – Emittent

Punkt	Beschreibung	Geforderte Angaben
B.1	<b>Gesetzliche und kommerzielle Bezeichnung</b>	K+S Aktiengesellschaft
B.2	<b>Sitz, Rechtsform, geltendes Recht und Land der Gründung</b>	K+S Aktiengesellschaft („K+S AG“) ist eine nach dem Recht der Bundesrepublik Deutschland gegründete und operierende deutsche Aktiengesellschaft mit Sitz in der Bundesrepublik Deutschland.
B.4b	<b>Bereits bekannte Trends, die</b>	In Bezug auf den Kali- und Magnesiummarkt hat der Austritt der russischen Uralkali aus der mit der weißrussischen Belaruskali gemeinsam betriebenen Vertriebsorganisation BPC und die damit

	<b>sich auf die Emittentin und die Branchen, in denen er tätig ist, auswirken</b>	verbundene Ankündigung von Uralkali, die Produktion und den Vertrieb ausweiten zu wollen, zu erheblicher Unsicherheit über die weitere Mengen- und Preisentwicklung im Markt für Kalidüngemittel geführt, die nach wie vor anhält. Die Ankündigung hat eine spürbare Zurückhaltung bei Kaufentscheidungen zur Folge, da sich noch kein stabiles neues Preisniveau gebildet hat. Auf welchem Niveau sich die Preise stabilisieren werden und wie lange diese Phase der Unsicherheit noch anhalten wird ist derzeit nicht abschätzbar. Die Situation hat bereits einige Kaliproduzenten, darunter die K+S Gruppe, veranlasst, ihre Produktionsplanung für 2013 anzupassen.
<b>B.5</b>	<b>Beschreibung der Gruppe und der Stellung der Emittentin innerhalb dieser Gruppe</b>	Die K+S AG agiert hauptsächlich als Holding Gesellschaft der K+S Gruppe. Der Vorstand verantwortet das Gesamtergebnis der K+S Gruppe. Die Vorstandsmitglieder sind für die im Geschäftsverteilungsplan zugewiesenen (Geschäfts-) Einheiten einzeln verantwortlich.
<b>B.9</b>	<b>Gewinnprognosen oder -schätzungen</b>	Entfällt. Es wird keine Gewinnprognose oder -schätzung getätigt.
<b>B.10</b>	<b>Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen</b>	Entfällt. Die Abschlussprüfer haben jeweils einen uneingeschränkten Bestätigungsvermerk zu den Konzernabschlüssen der Emittentin für die Geschäftsjahre 2011 und 2012 erteilt.
<b>B.12</b>	<b>Ausgewählte wesentliche historische Finanzinformationen</b>	Die folgende Tabelle enthält ausgewählte Finanzinformationen über die K+S Gruppe. Die Informationen entstammen, soweit nicht anders ausgewiesen, dem geprüften Konzernabschluss der K+S AG zum 31. Dezember 2012 und dem ungeprüften Zwischenabschluss der K+S AG zum 30. September 2013. Diese konsolidierten Finanzinformationen der K+S AG wurden nach den International Financial Reporting Standards, wie sie in der EU anzuwenden sind, aufgestellt („IFRS“). In 2011 hat die K+S Gruppe das COMPO-Geschäft veräußert und in 2012 das Nitrogen-Geschäft. Alle gezeigten Zahlen der Gewinn- und Verlustrechnung und der Kapitalflussrechnung für die Geschäftsjahre 2012 und 2011 sowie die Bilanzzahlen für das Geschäftsjahr 2012 beziehen sich auf die fortgesetzte Geschäftstätigkeit der K+S Gruppe. Die Bilanzzahlen für das Geschäftsjahr 2011 wurden nicht angepasst und beinhalten daher den aufgegebenen Geschäftsbereich Nitrogen-Geschäft.

		Zeitraum vom 1. Januar bis zum 30. September 2013 (ungeprüft)	Zeitraum vom 1. Januar bis zum 30. September 2012 (ungeprüft)	Geschäftsjahr zum 31. Dezember 2012 (ungeprüft wegen IAS 19 angepasste Zahlen) <sup>(1)</sup>	Geschäftsjahr zum 31. Dezember 2012 (geprüft soweit nicht anders angegeben)	Geschäftsjahr zum 31. Dezember 2011 (geprüft soweit nicht anders angegeben)
(EUR in Millionen, soweit nicht anders angegeben)						
Umsatz		2.972,5	2.993,7	3.935,3	3.935,3	3.996,8 <sup>(b)</sup>
EBITDA aus fortgeführter Geschäftstätig- keit <sup>(2)</sup>		739,0	790,6 <sup>(4)</sup>	1.033,3	1.037,7	1.146,0 <sup>(b)</sup>
Ergebnis nach Steuern aus fortgeführter Geschäftstätig- keit		360,7	428,1 <sup>(4)</sup>	565,8	568,5	609,3 <sup>(b)</sup>
Brutto-Cashflow aus fortgeführter Geschäftstätig- keit		490,9	625,1	813,0	813,0	859,0 <sup>(b)</sup>
	<b>30. September 2013</b>	<b>30. September 2012</b>	<b>31. Dezember 2012</b>	<b>31. Dezember 2012</b>	<b>31. Dezember 2012</b>	<b>31. Dezember 2011</b>
Eigenkapital zum Stichtag		3.432,7	3.314,9 <sup>(4)</sup>	3.393,9	3.477,3	3.084,6
Aktiva zum Stichtag		6.490,8	6.417,5 <sup>(4)</sup>	6.596,6	6.639,0	6.056,9
Nettoverschuldu- ng <sup>(3)</sup> zum Stichtag (ungeprüft)		902,0	750,2	827,3	756,0 <sup>(b)</sup>	610,8 <sup>(b)</sup>
Arbeitnehmer (Vollzeitäquiva- lent) zum Stichtag		14.473 <sup>(b)</sup>	14.352 <sup>(b)</sup>	14.362	14.362	14.338 <sup>(b)</sup>
(1)	Angepasst in Übereinstimmung mit International Accounting Standards ("IAS") 19 "Leistungen an Arbeitnehmer" der im Juni 2011 vom International Accounting Standards Board verabschiedet wurde und im Juni 2012 von der EU in das europäische Recht übernommen wurde und erstmalig für Geschäftsjahre anzuwenden ist, die am oder nach dem 1. Januar 2013 beginnen. Die Änderungen sind rückwirkend, auf den Beginn der Vergleichsperiode, d.h. zum 1. Januar 2012, vorzunehmen. Die Zahlen wurden dem ungeprüften Zwischenabschluss zum 30. September 2013 entnommen.					
(2)	"EBITDA" ist definiert als das Ergebnis vor Zinsen, Ertragsteuern und Abschreibungen und exklusive Effekten von der Marktbewertung von Derivaten. Der Begriff Abschreibungen umfasst Abschreibungen auf immaterielle Vermögenswerte und Sachanlagevermögen. EBITDA ist nicht durch IFRS definiert. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variiert und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Gewinn- und Verlustrechnung und der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt wurden.					
(3)	"Nettoverschuldung" wird wie folgt berechnet: Kurzfristige und Langfristige Finanzverbindlichkeiten + Rückstellungen für Pensionen und ähnliche Verpflichtungen + langfristige Verpflichtungen für bergbauliche Verpflichtungen – flüssige Mittel – Wertpapiere und sonstige Finanzinvestitionen – Rückzahlungsanspruch aus der Morton Anleihe. Nettoverschuldung ist nicht durch IFRS definiert. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variiert kann und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Bilanz, die in Übereinstimmung mit IFRS ermittelt wurden.					
(4)	Angepasst in Übereinstimmung mit IAS 19. Die Zahlen wurden dem ungeprüften Zwischenabschluss zum 30. September 2013 entnommen.					
(5)	Angepasst in Übereinstimmung mit IFRS 5. Alle Erträge und Aufwendungen des COMPO- und Nitrogen-Geschäfts, die als nicht fortgeführte Geschäftstätigkeit klassifiziert wurden, wurden in einem separaten Posten "Ergebnisse nach Steuern aus nicht fortgeführter Geschäftstätigkeit" dargestellt. Die Zahlen wurden dem geprüften Konzernabschluss zum 31. Dezember 2012 entnommen.					
(6)	Nicht den Abschlüssen entnommen.					
<b>Wesentliche Verschlechter- ung der Aussichten der Emittentin</b>	Der Austritt der russischen Uralkali aus der mit der weißrussischen Belaruskali gemeinsam betriebenen Vertriebsorganisation BPC und die damit verbundene Ankündigung von Uralkali, die Produktion und den Vertrieb ausweiten zu wollen, hat zu erheblicher Unsicherheit über die weitere Mengen- und Preisentwicklung im Markt für Kalidüngemittel geführt, die nach wie vor anhält. Die Ankündigung hat eine spürbare Zurückhaltung bei Kaufentscheidungen zur Folge, da sich noch kein stabiles neues Preisniveau gebildet hat. Auf welchem Niveau sich die Preise stabilisieren werden und wie lange diese Phase der Unsicherheit noch anhalten wird ist derzeit nicht abschätzbar. Die Situation hat bereits einige Kaliproduzenten, darunter die K+S Gruppe, veranlasst, ihre Produktionsplanung für 2013 anzupassen.					

		<p>Daher rechnet die K+S AG damit, dass das operative Ergebnis der K+S Gruppe und das bereinigte Konzernergebnis nach Steuern im Vergleich zum Jahr 2012 erheblich zurückgehen werden, während die Umsatzerlöse voraussichtlich auf dem Niveau von 2012 bleiben werden.</p> <p>Abgesehen davon haben sich die Aussichten der K+S AG seit dem 31. Dezember 2012 nicht wesentlich verschlechtert.</p>
	<b>Signifikante Veränderungen in der Finanz- bzw. Handelsposition</b>	Entfällt: Es gab seit dem 30. September 2013 keine wesentlichen Änderungen in der Finanzlage oder der Handelsposition der Emittentin.
<b>B.13</b>	<b>Letzte Entwicklungen</b>	<p>Der Austritt der russischen Uralkali aus der mit der weißrussischen Belaruskali gemeinsam betriebenen Vertriebsorganisation BPC und die damit verbundene Ankündigung von Uralkali, die Produktion und den Vertrieb ausweiten zu wollen, hat zu erheblicher Unsicherheit über die weitere Mengen- und Preisentwicklung im Markt für Kalidüngemittel geführt, die nach wie vor anhält. Auf welchem Niveau sich die Preise stabilisieren werden und wie lange diese Phase der Unsicherheit noch anhalten wird ist derzeit nicht abschätzbar. Die Situation hat bereits einige Kaliproduzenten, darunter die K+S Gruppe, veranlasst, ihre Produktionsplanung für 2013 anzupassen.</p> <p>Der massive Ausbruch von Kohlendioxid, der am 1. Oktober 2013 durch eine Gewinnungssprengung im Bergwerk Unterbreizbach ausgelöst wurde führte zu einer Schließung der Mine und der Anmeldung von Kurzarbeit. Erst seit dem 11. November 2013 ist eine eingeschränkte Wiederaufnahme der Rohsalzförderung möglich. Dies wird mit hoher Wahrscheinlichkeit einen Rückgang der jährlichen Kali-Produktion der K+S Gruppe zur Folge haben, da ein Ausgleich durch andere Werke nicht geplant ist.</p>
<b>B.14</b>	<b>Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe</b>	<p>Siehe B.5</p> <p>Entfällt: Die Emittentin ist die Muttergesellschaft der K+S Gruppe und nicht von anderen Instituten innerhalb der K+S Gruppe abhängig.</p>
<b>B.15</b>	<b>Haupttätigkeiten</b>	<p>Die K+S AG und ihre Tochtergesellschaften sind weltweite Anbieter von Spezial- und Standarddüngemitteln und Salzprodukten.</p> <p><i>Kali- und Magnesiumprodukte</i></p> <p>Der Geschäftsbereich Kali- und Magnesiumprodukte gewinnt in sechs Bergwerken in Deutschland Kali- und Magnesiumrohsalze, die dort und an einem ehemaligen Bergwerksstandort zu End- und Zwischenprodukten weiterverarbeitet werden. Darüber hinaus</p>

	<p>gehören dem Geschäftsbereich drei Weiterverarbeitungsstandorte in Frankreich an. Die jährliche Produktionskapazität des Geschäftsbereichs beträgt bis zu 7,5 Mio. t Kali- und Magnesiumprodukte. Durch ein fortgeschrittenes Greenfield-Projekt zur Errichtung einer Solungsbergbauproduktion (Solution Mine) (das "<b>Legacy Projekt</b>") rechnet der Geschäftsbereich damit, seine jährliche Produktionskapazität langfristig um mindestens 2,86 Mio. t erhöhen zu können. Ein weitgespanntes Vertriebsnetz ermöglicht den Verkauf der Produkte in Europa und Übersee.</p> <p><b>Salz</b></p> <p>Im Geschäftsbereich Salz gewinnt und vertreibt die K+S Gruppe Speise-, Gewerbe-, Industrie- und Auftausalze. Mit einer jährlichen Produktionskapazität von rund 30 Mio. t Salz ist die K+S Gruppe der weltweit größte Hersteller von Salzprodukten (Quelle: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13. Auflage 2011). Der Geschäftsbereich Salz ist in Europa sowie Nord- und Südamerika mit eigenen Vertriebseinheiten und über Plattformgesellschaften der K+S Gruppe vertreten. Darüber hinaus exportiert der Geschäftsbereich Salzprodukte nach Asien und in andere Regionen der Welt. Der Geschäftsbereich umfasst die Teileinheiten <b>esco</b> – european salt company GmbH &amp; Co. KG ("<b>esco</b>") mit Tätigkeitsschwerpunkt in Europa, K+S Chile S.A. ("<b>K+S Chile</b>") mit Aktivitäten in Südamerika und den USA, und Morton Salt Inc., einen der größten Salzproduzenten in Nordamerika. <b>esco</b> verfügt über drei Steinsalzbergwerke, zwei Solbetriebe sowie mehrere Siedesalzanlagen in Deutschland, Frankreich, den Niederlanden, Portugal und Spanien sowie über zahlreiche Vertriebsstandorte in Europa. Die jährliche Produktionskapazität von <b>esco</b> liegt bei rund 8,0 Mio. t Festsalz und 1,7 Mio. t Salz in Sole. K+S Chile gewinnt im Salar Grande de Tarapacá Steinsalz im Tagebau. Die Produktionskapazität dort wurde in 2013 auf rund 8 Mio. t ausgebaut. Außerdem betreibt die organisatorisch zur K+S Salt LA gehörende Salina Diamante Branco im Nordosten von Brasilien eine Meersalzanlage mit 0,5 Mio. t Jahreskapazität. In den USA vertreibt K+S Chile ihre Salzprodukte über die International Salt Company ("<b>ISCO</b>"). Morton Salt betreibt sechs Steinsalzbergwerke, sieben Solar- und neun Siedesalzanlagen in den USA, in Kanada und auf den Bahamas. Ihre jährliche Produktionskapazität beläuft sich auf rund 13 Mio. t Salz.</p> <p><b>Ergänzende Aktivitäten</b></p> <p>Unter dem Begriff "Ergänzende Aktivitäten" sind neben den Entsorgungsaktivitäten zur untertägigen Beseitigung und Verwertung von Abfällen in Kali- bzw. Steinsalzbergwerken und dem Salzschlacke- und Baustoffrecycling (Entsorgung und Recycling) sowie der Granulierung von CATSAN® weitere für die K+S Gruppe wichtige Aktivitäten gebündelt. Mit der K+S Transport GmbH verfügt die K+S Gruppe über einen eigenen Logistik-Dienstleister. Die</p>
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		Chemische Fabrik Kalk GmbH handelt mit einer Auswahl von Basischemikalien.									
<b>B.16</b>	<b>Beteiligung; Beherr- schungsver- hältnis</b>	<p>Entfällt: die K+S AG wird ihrer Kenntnis nach nicht von einer anderen Gesellschaft beherrscht.</p> <p>Die folgenden Anteilseigner haben der K+S AG in Übereinstimmung mit §§ 21 ff. Wertpapierhandelsgesetz (WpHG) mitgeteilt, dass mindestens 3% der Stimmrechte an der K+S AG entweder unmittelbar von ihnen gehalten werden oder ihnen zugerechnet werden:</p> <table> <thead> <tr> <th>Name</th> <th>Anteil</th> <th>Referenzdatum der letzten Mitteilung</th> </tr> </thead> <tbody> <tr> <td>Meritus Trust Company Limited via EuroChem Group SE</td> <td>9.88%</td> <td>12. Juli 2011</td> </tr> <tr> <td>Blackrock Inc.</td> <td>5.08%</td> <td>11. Mai 2012</td> </tr> </tbody> </table>	Name	Anteil	Referenzdatum der letzten Mitteilung	Meritus Trust Company Limited via EuroChem Group SE	9.88%	12. Juli 2011	Blackrock Inc.	5.08%	11. Mai 2012
Name	Anteil	Referenzdatum der letzten Mitteilung									
Meritus Trust Company Limited via EuroChem Group SE	9.88%	12. Juli 2011									
Blackrock Inc.	5.08%	11. Mai 2012									
<b>B.17.</b>	<b>Kreditratings der Emittentin oder ihrer Schuldtitel</b>	<p>Der K+S AG wurde von der Standard &amp; Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland)<sup>(1),(3)</sup> das Langfrist-Rating BBB erteilt.</p> <p>Der K+S AG wurde von der Moody's Deutschland GmbH<sup>(2),(3)</sup> das Langfrist-Rating Ba1 erteilt.<sup>(4)</sup></p> <p>(1) Standard &amp; Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen in ihrer geänderten Fassung (die "Ratingverordnung") registrierte Ratingagentur.</p> <p>(2) Moody's Deutschland GmbH ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur.</p> <p>(3) Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<a href="http://www.esma.europa.eu/page/List-registered-and-certified-CRAs">http://www.esma.europa.eu/page/List-registered-and-certified-CRAs</a>) ein Verzeichnis der nach der Ratingverordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingverordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.</p> <p>(4) Ein Rating beurteilt die Bonität eines Unternehmens und informiert einen Anleger somit über die Wahrscheinlichkeit, mit der das Unternehmen zur Rückzahlung des investierten Kapitals in der Lage ist. Es ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann von der Ratingagentur jederzeit geändert oder widerrufen werden.</p>									

### Abschnitt C – Wertpapiere

Punkt	Beschreibung	Geforderte Angaben
<b>C.1</b>	<b>Gattung und Art der Wertpapiere, einschließlich der Wertpapier- kennnummer (WKN)</b>	Die Emittentin begibt zwei Tranchen unbesicherter und nicht nachrangiger festverzinslicher Schuldverschreibungen. Diese Tranchen (die "Tranchen") sind die " <b>Tranche 1 Schuldverschreibungen</b> " und die " <b>Tranche 2 Schuldverschreibungen</b> ". Alle Schuldverschreibungen unter jeder Tranche sind definiert als die " <b>Schuldverschreibungen</b> ".

		<p>Die Wertpapierkennnummern der Tranche 1 Schuldverschreibungen sind:</p> <p>ISIN: XS0997941199; Common Code: 099794119; und WKN: A1YCR4.</p> <p>Die Wertpapierkennnummern der Tranche 2 Schuldverschreibungen sind:</p> <p>ISIN: XS0997941355; Common Code: 099794135; und WKN: A1YCR5.</p>
<b>C.2</b>	<b>Währung der Wertpapieremission</b>	Euro
<b>C.5</b>	<b>Beschränkungen für die freie Übertragbarkeit</b>	Entfällt: Die Schuldverschreibungen sind frei übertragbar. Jedoch unterliegen das Angebot und der Verkauf von Schuldverschreibungen sowie die Verteilung von Angebotsmaterialien regulatorischen Beschränkungen, die abhängig von der jeweiligen Rechtsordnung, in der die Schuldverschreibungen angeboten oder verkauft werden oder die Angebotsmaterialien verteilt werden, variieren.
<b>C.8</b>	<b>Rechte, die mit den Schuldverschreibungen verbunden sind, Rangordnung, Beschränkung der Rechte</b>	<p><i>Negativverpflichtung:</i> Die Anleihebedingungen der Schuldverschreibungen enthalten eine Negativverpflichtung.</p> <p><i>Steuern:</i> Alle in Bezug auf die Schuldverschreibungen zahlbaren Kapital- oder Zinsbeträge werden ohne Einbehalt oder Abzug für oder wegen Steuern oder Abgaben gleich welcher Art gezahlt, die von der Bundesrepublik Deutschland, oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde dieses Staates auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Fall wird die K+S AG zusätzliche Beträge in der Höhe leisten, die erforderlich sind, damit die den Gläubigern der Schuldverschreibungen zufließenden Beträge jeweils den Beträgen entsprechen, die die Gläubiger der Schuldverschreibungen ohne einen solchen Einbehalt oder Abzug erhalten hätten, vorbehaltlich der in den Anleihebedingungen der Schuldverschreibungen angeführten Ausnahmen.</p> <p><i>Vorzeitige Rückzahlung aus steuerlichen Gründen:</i> Die vorzeitige Rückzahlung der Schuldverschreibungen aus steuerlichen Gründen ist zulässig, falls als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze oder Vorschriften (einschließlich jeder Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze oder Vorschriften) der</p>

		<p>Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden, die Emittentin zur Zahlung zusätzlicher Beträge auf die Schuldverschreibungen verpflichtet ist.</p> <p><i>Kündigungsgründe:</i></p> <p>In den Anleihebedingungen sind Kündigungsgründe definiert, die die Gläubiger der Schuldverschreibungen berechtigen, die unverzügliche Rückzahlung der Schuldverschreibungen zu verlangen.</p> <p><i>Cross Default:</i></p> <p>Die Anleihebedingungen enthalten eine Cross-Default-Klausel.</p> <p><i>Kontrollwechsel:</i></p> <p>Die Anleihebedingungen enthalten eine Kontrollwechsel-Klausel. Jeder Anleihegläubiger hat das Recht, die Rückzahlung seiner Schuldverschreibungen durch die Emittentin zum Nennbetrag zuzüglich aufgelaufener Zinsen zu verlangen, wenn ein Kontrollwechsel eingetreten ist.</p> <p><i>Status der Schuldverschreibungen :</i></p> <p>Die Schuldverschreibungen sind unbesicherte, nicht nachrangige Verbindlichkeiten der K+S AG, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen Verbindlichkeiten der K+S AG gleichrangig sind.</p> <p><i>Gläubigerbeschlüsse:</i></p> <p>Die Schuldverschreibungen enthalten Bestimmungen nach denen die Anleihegläubiger einer Änderung der Anleihebedingungen in Übereinstimmung mit dem Schuldverschreibungsgesetz 2009 ("SchVG") zustimmen und gewisse sonstige Maßnahmen in Bezug auf die Schuldverschreibungen treffen können.</p>
C.9	<b>Zinssatz und Fälligkeitstermine, Rendite, Name des Gläubigervertreters</b>	<p>Siehe C.8</p> <p><i>Zinssatz und Zinszahlungstage:</i></p> <p>Die Tranche 1 Schuldverschreibungen werden vom 6. Dezember 2013 (einschließlich) bis zum 6. Dezember 2018 (ausschließlich), mit einem jährlichen Zinssatz von [●] Prozent verzinst. Die Zinsen sind nachträglich am 6. Dezember eines jeden Jahres, erstmals am 6. Dezember 2014 zahlbar.</p> <p>Die Tranche 2 Schuldverschreibungen werden vom 6. Dezember 2013 (einschließlich) bis zum 6. Dezember 2021 (ausschließlich), mit einem jährlichen Zinssatz von [●] Prozent verzinst. Die Zinsen sind nachträglich am 6. Dezember eines jeden Jahres, erstmals am 6. Dezember 2014 zahlbar.</p> <p><i>Basiswert auf dem der Zinssatz basiert:</i></p> <p>Entfällt. Der Zinssatz basiert auf keinem Basiswert.</p> <p><i>Fälligkeitstag Tilgung einschließlich Rückzahlungsverfahren:</i></p> <p>Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder zurückgekauft und entwertet, werden die</p>

		<p>Tranche 1 Schuldverschreibungen zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen am 6. Dezember 2018 zurückgezahlt.</p> <p>Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder zurückgekauft und entwertet, werden die Tranche 2 Schuldverschreibungen zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen am 6. Dezember 2021 zurückgezahlt.</p> <p><i>Rendite:</i></p> <p>Die Rendite der Tranche 1 Schuldverschreibungen ist [●].</p> <p>Die Rendite der Tranche 2 Schuldverschreibungen ist [●].</p> <p><i>Name des Gläubigervertreters:</i></p> <p>Entfällt. Ein Gläubigervertreter wird nicht bestellt. Die Anleihebedingungen sehen vor, dass die Anleihegläubiger durch Mehrheitsbeschluss Änderungen der Anleihebedingungen der jeweiligen Tranche zustimmen und zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger der entsprechenden Tranche bestellen können.</p>
<b>C.10</b>	<b>Erläuterung wie der Wert der Anlage beeinflusst wird, falls die Schuldverschreibungen eine derivative Komponente bei der Zinszahlung aufweisen</b>	<p>Siehe C.9</p> <p>Entfällt. Die Schuldverschreibungen haben keine derivative Komponente bei der Zinszahlung, die den Wert der Schuldverschreibungen durch den Wert eines Basisinstruments oder verschiedener Basisinstrumente beeinflussen könnte.</p>
<b>C.11</b>	<b>Einführung in einen regulierten Markt oder einem gleichwertigen Markt</b>	<p>Die Zulassung der Schuldverschreibungen zum Handel am regulierten Markt der Luxemburger Wertpapierbörse wurde beantragt.</p>

#### Abschnitt D – Risiken

Punkt	Beschreibung	Geforderte Angaben
<b>D.2</b>	<b>Zentrale Angaben zu den zentralen Risiken, die der Emittentin oder ihrer Branche eigen</b>	<p>Es folgt eine Zusammenfassung der Risikofaktoren, die sich auf die Fähigkeit der K+S AG und der K+S Gruppe auswirken können, ihren Verpflichtungen unter den Schuldverschreibungen nachzukommen.</p> <ul style="list-style-type: none"> <li>• Die K+S Gruppe unterliegt Makroökonomischen Trends.</li> <li>• Die K+S Gruppe unterliegt generellen Schwankungen des Nachfrage-, Angebots- und Preisniveaus und ist derzeit</li> </ul>

	<b>sind</b>	<p>erheblichen Preisrückgängen ausgesetzt.</p> <ul style="list-style-type: none"> <li>• Die K+S Gruppe unterliegt saisonalen Schwankungen des Nachfrage- und Preisniveaus.</li> <li>• Die K+S Gruppe unterliegt dem Risiko, dass neue Anbieter in den Kali-Markt eintreten.</li> <li>• Die K+S Gruppe ist Risiken ausgesetzt, die aus Investitionen resultieren, insbesondere aus dem Legacy Projekt von K+S Potash Canada.</li> <li>• Die K+S Gruppe hängt von der ausreichenden Beschaffung spezieller Materialien, Betriebsstoffe, Waren und technischer Ausrüstung ab.</li> <li>• Die K+S Gruppe sieht sich Risiken durch Veränderungen im politischen, sozialen oder ökonomischen Umfeld ausgesetzt.</li> <li>• Die K+S Gruppe ist in hohem Maße von öffentlichen Genehmigungen abhängig und unterliegt einer Vielzahl von umweltrechtlichen Gesetzen und Verordnungen, die ihr strenge Sanierungsmaßnahmen auferlegen können.</li> <li>• Die K+S Gruppe unterliegt Risiken bezüglich der zukünftigen Festsetzung von Arbeitsplatzgrenzwerten.</li> <li>• Die K+S Gruppe unterliegt den Risiken aus der Verpflichtung Sicherheiten zu stellen.</li> <li>• Steigende Frachtkosten können Auswirkungen auf das Betriebsergebnis der K+S Gruppe haben.</li> <li>• Schwankungen in Währungskursen könnten einen erheblichen nachteiligen Effekt auf die Finanzlage und die Ergebnisse der K+S Gruppe haben.</li> <li>• Zinsschwankungen könnten einen nachteiligen Effekt auf die Finanzlage und die Ergebnisse der K+S Gruppe haben.</li> <li>• Die K+S Gruppe ist abhängig von Energiekosten und Energieversorgung.</li> <li>• Kohlendioxid-Einschlüsse in bestimmten Lagerstätten könnten zu Verletzungen oder Eigentumsbeschädigungen führen.</li> <li>• Die Bergbauanlagen der K+S Gruppe sind betriebsbedingten Risiken und Unfallrisiken ausgesetzt.</li> <li>• Die K+S Gruppe sieht sich kartellrechtlichen Risiken gegenüber.</li> <li>• Die K+S Gruppe könnte unter der Aufhebung der Anti-Dumping-Regeln leiden.</li> <li>• Die K+S Gruppe ist personellen Risiken ausgesetzt.</li> </ul>
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		<ul style="list-style-type: none"> <li>Die K+S Gruppe könnte Risiken im Zusammenhang mit vergangenen oder zukünftigen Unternehmensübernahmen falsch eingeschätzt haben oder zukünftig falsch einschätzen und daher die mit der Übernahme verfolgten Ziele nicht erreichen.</li> <li>Die Integration von in der Vergangenheit erworbenen oder in der Zukunft zu erwerbenden Unternehmen in die K+S Gruppe könnte sich als schwieriger, langwieriger oder kostspieliger als erwartet herausstellen oder sogar fehlschlagen.</li> <li>Schätzungen von Mineralienreserven basieren auf unsicheren Annahmen, die, falls sie sich ändern, dazu führen, dass die Mineralienreserven angepasst werden müssen.</li> <li>Die K+S Gruppe könnte nicht in der Lage sein, das eigene Wachstum wirksam zu bewältigen oder die erforderlichen Mittel zu entwickeln oder bereitzustellen um das Wachstum zu steuern oder zu unterstützen.</li> <li>Die K+S Gruppe könnte Ausfälle des Rechenzentrums oder andere Systemfehlfunktionen erleiden.</li> <li>Die K+S Gruppe könnte Liquiditätsrisiken ausgesetzt sein.</li> <li>Die K+S Gruppe ist dem Risiko des Zahlungsausfalls ihrer Vertragsparteien ausgesetzt.</li> <li>Die K+S Gruppe ist dem Risiko steigender Steuerlast als Ergebnis laufender oder zukünftiger Steuerprüfungen oder potentieller Veränderungen im anwendbaren Steuerrecht ausgesetzt.</li> <li>Die K+S Gruppe ist Compliance Risiken ausgesetzt.</li> <li>Eine Rating-Herabstufung könnte einen nachteiligen Effekt auf die Finanzlage und die Ergebnisse der K+S Gruppe haben.</li> </ul> <p>Der Eintritt eines jeden der vorgenannten Risiken kann die Fähigkeit der Emittentin beeinträchtigen, ihren aus den Schuldverschreibungen resultierenden Zahlungsverpflichtungen nachzukommen und/oder zu einem Wertverlust der Schuldverschreibungen führen.</p>
D.3	<b>Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind</b>	Eine Anlage in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit den Merkmalen der Schuldverschreibungen verbunden. Diese Risiken könnten zu erheblichen Verlusten führen, welche die Gläubiger zu tragen hätten, wenn sie ihre Schuldverschreibungen verkaufen oder wenn Verluste im Zusammenhang mit der Zahlung von Zinsen oder der Rückzahlung entstehen. Zu diesen Risiken gehören:

		<ul style="list-style-type: none"> <li>• Die Schuldverschreibungen sind möglicherweise nicht für alle Anleger geeignet.</li> <li>• Für die Schuldverschreibungen existiert kein etablierter Handelsmarkt und möglicherweise entwickelt sich kein aktiver Handelsmarkt für die Schuldverschreibungen.</li> <li>• Die Schuldverschreibungen gehen strukturell den Verbindlichkeiten der Tochtergesellschaften der Emittentin im Rang nach.</li> <li>• Die Schuldverschreibungen gehen effektiv den besicherten Verbindlichkeiten der Emittentin nach, soweit diese Verbindlichkeiten mit Vermögenswerten besichert sind, die nicht ebenfalls die Schuldverschreibungen besichern.</li> <li>• Die Schuldverschreibungen können vorzeitig zurückgezahlt werden.</li> <li>• Auch wenn die Gläubiger nach Eintritt bestimmter Kontrollwechsel-Ereignisse berechtigt sind, die Rückzahlung oder den Rückkauf der Schuldverschreibungen zu verlangen, könnte die Emittentin nicht in der Lage sein, die betreffenden Schuldverschreibungen zurückzuzahlen bzw. zurückzukaufen.</li> <li>• Die Anleihebedingungen jeder Tranche, einschließlich der Bestimmungen für die Zahlung von Kapital und Zinsen, können durch einen Beschluss der Gläubiger geändert werden, und ein solcher Beschluss ist für alle Gläubiger der entsprechenden Tranche verbindlich. Ein solcher Beschluss kann effektiv mit Zustimmung von weniger als der Mehrheit des Gesamtnennbetrages der ausstehenden Schuldverschreibungen jeder Tranchen gefasst werden.</li> <li>• Bei Eintritt bestimmter Kündigungsgründe werden die Tranchen der Schuldverschreibungen erst zurückgezahlt, wenn die Gläubiger von mindestens 5 % des Gesamtnennbetrages der zum jeweiligen Zeitpunkt ausstehenden Tranche von Schuldverschreibungen diese Tranche von Schuldverschreibungen kündigen. Eine solche Kündigung könnte durch Mehrheitsbeschluss der Gläubiger der jeweiligen Tranche aufgehoben werden.</li> <li>• Da ab dem Begebungstag der Schuldverschreibungen kein gemeinsamer Vertreter der Gläubiger bestellt wird, ist es für die Gläubiger schwieriger, gemeinsam Maßnahmen in Bezug auf die Schuldverschreibungen zu treffen.</li> <li>• Einem Gläubiger könnte kein individuelles Recht zur Verfolgung und Geltendmachung seiner Rechte aus den Anleihebedingungen mehr zustehen, wenn dieses Recht auf den gemeinsamen Vertreter der Gläubiger übertragen</li> </ul>
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		<p>wurde.</p> <ul style="list-style-type: none"> <li>Der Marktwert der Schuldverschreibungen könnte abnehmen, wenn sich die Bonität der Emittentin verschlechtert oder als verschlechtert wahrgenommen wird.</li> <li>Kredit-Ratings reflektieren unter Umständen nicht alle Risiken und können sich verändern.</li> <li>Die Schuldverschreibungen sind mit spezifischen Risiken, die für festverzinsliche Schuldverschreibungen typisch sind, verbunden.</li> <li>Der Markt für Schuldverschreibungen kann volatil sein und durch verschiedenste Ereignisse negativ beeinflusst werden.</li> <li>Es kann nicht garantiert werden, welche Auswirkungen mögliche Gerichtsentscheidungen oder Änderungen von Rechtsvorschriften oder der Verwaltungspraxis nach dem Datum dieses Prospekts haben werden.</li> <li>Die Schuldverschreibungen sind Wechselkursrisiken und Wechselkurskontrollen ausgesetzt.</li> <li>Investoren sind Steuerrisiken ausgesetzt.</li> <li>Zahlungen auf die Schuldverschreibungen können einem Einbehalt von US-Quellensteuer aufgrund von FATCA unterliegen.</li> <li>Eine Veräußerung der Schuldverschreibungen könnte einer Finanztransaktionssteuer unterliegen.</li> <li>Die Schuldverschreibungen sind Inflationsrisiken ausgesetzt.</li> <li>Die Schuldverschreibungen unterliegen Transaktionskosten und Gebühren.</li> </ul> <p>Der Eintritt eines jeden der vorgenannten Risiken kann zu einem Wertverlust der Schuldverschreibungen führen.</p>
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## Abschnitt E – Angebot

Punkt	Beschreibung	Geforderte Angaben
<b>E.2b</b>	<b>Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der</b>	Die Emittentin beabsichtigt, den Nettoemissionserlös aus der Begebung der Schuldverschreibungen zur Finanzierung von Investitionen in das Legacy Projekt, zur Refinanzierung bestehender Verbindlichkeiten und für allgemeine Gesellschaftszwecke zu verwenden.

	<b>Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegen</b>	
<b>E.3</b>	<b>Beschreibung der Angebotskonditionen</b>	<p><i>Angebot der Schuldverschreibungen:</i> Die Schuldverschreibungen werden institutionellen Anlegern und Privatanlegern von den gemeinsamen Konsortialführern und den Co-Konsortialbanken innerhalb einer Angebotsfrist, die nicht vor dem 25. November 2013 beginnt und bis zum 6. Dezember 2013 (einschließlich) dauern wird (vorbehaltlich einer zwischen der Emittentin und den Konsortialbanken vereinbarten Verkürzung oder Verlängerung), unter Beachtung der für öffentliche Angebote geltenden Beschränkungen angeboten. Sollten die Emittentin und die gemeinsamen Konsortialführer die Angebotsfrist (z.B. aufgrund veränderter Marktbedingungen) verkürzen oder verlängern, so werden die betreffenden Änderungen auf der Internetseite der Luxemburger Wertpapierbörse (<a href="http://www.bourse.lu">www.bourse.lu</a>) veröffentlicht.</p> <p>Die Schuldverschreibungen können nach Wirksamwerden der Notifizierung des Prospekts durch die CSSF gemäß Artikel 18 der Prospektrichtlinie in Deutschland, Luxemburg, Österreich und den Niederlanden öffentlich angeboten werden.</p> <p><i>Preisfestsetzungsmittelung:</i> Der endgültige Ausgabepreis, der Gesamtnennbetrag der zu begebenden Schuldverschreibungen, der Zinssatz, der Emissionserlös und die Rendite für jede Tranche werden in einer Preisfestsetzungsmittelung (<i>Pricing Notice</i>) (die "<b>Pricing Notice</b>") enthalten sein, die bei der CSSF hinterlegt und am oder vor dem Ausgabetag der Schuldverschreibungen auf der Internetseite der Luxemburger Wertpapierbörse (<a href="http://www.bourse.lu">www.bourse.lu</a>) veröffentlicht wird.</p> <p><i>Bedingungen für das Angebot:</i> Das Angebot unterliegt keinen Bedingungen.</p> <p><i>Technische Einzelheiten des Angebots:</i> Innerhalb der Angebotsfrist können Anleger Angebote zum Kauf der Schuldverschreibungen über das Informationssystem Bloomberg oder ein anderes üblicherweise verwendetes Informationssystem an die Konsortialbanken übermitteln. Anleger, die vor der Festsetzung der Preisdetails ein Angebot abgeben, müssen darin angeben, zu welchem Preis sie zum Kauf welchen Betrages an Schuldverschreibungen bereit wären. Nach der Festsetzung und Bekanntmachung der Preisdetails werden die Konsortialbanken die Schuldverschreibungen auf Anfrage in Deutschland, Luxemburg, Österreich und den Niederlanden anbieten.</p> <p><i>Bestätigung der von Anlegern abgegebenen Angebote und</i></p>

		<p><i>Zuteilung an Anleger:</i></p> <p>Jeder Anleger, der ein Angebot bezüglich der Schuldverschreibungen abgegeben hat, das von den Konsortialbanken angenommen wurde, erhält per E-Mail, Fax oder über ein anderes üblicherweise verwendetes Informationssystem eine Bestätigung über den Betrag der Schuldverschreibungen, der ihm zugeteilt wurde. Jeder Anleger ist berechtigt, sein Kaufangebot zu reduzieren oder zu widerrufen, bevor er eine Bestätigung der Konsortialbanken über die Annahme seines Angebots zum Kauf der Schuldverschreibungen erhält.</p> <p><i>Lieferung der Schuldverschreibungen an die Anleger:</i></p> <p>Nach der Festsetzung der Preisdetails und der Bestätigung, welche Angebote angenommen wurden und welche Beträge den einzelnen Anlegern zugeteilt wurden, erfolgt die Lieferung und Zahlung der Schuldverschreibungen innerhalb von sechs Werktagen nach dem Tag der Preisfestsetzung der Schuldverschreibungen und der Bestätigung der Zuteilung an die Anleger. Die in dieser Weise gekauften Schuldverschreibungen werden durch buchmäßige Übertragung über die Clearingsysteme und ihre depotführenden Banken gegen Zahlung des Ausgabepreises geliefert.</p>
<b>E.4</b>	<b>Beschreibung aller für die Emission/ das Angebot wesentlichen, auch kollidierenden Interessen</b>	<p>Die Konsortialbanken sowie mit ihnen verbundene Unternehmen haben bisher Investment-Dienstleistungen gegenüber der Emittentin und den mit ihr verbundenen Unternehmen erbracht und beabsichtigen dies auch in Zukunft zu tun, wofür die Konsortialbanken sowie mit ihnen verbundene Unternehmen marktübliche Gebühren und Kommissionen erhalten haben und erhalten werden.</p> <p>Außer den Interessen der Emittentin und der Konsortialbanken bestehen keinerlei Interessen von natürlichen oder juristischen Personen an der Begebung, auch nicht solche Interessen, die im Widerspruch stehen und wesentlich für die Begebung sein würden.</p>
<b>E.7</b>	<b>Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden</b>	<p>Entfällt: Die Emittentin wird den Anleihegläubigern in Verbindung mit den Schuldverschreibungen keine Kosten, Ausgaben oder Steuern direkt in Rechnung stellen. Anleihegläubiger müssen sich aber über etwaige Kosten, Ausgaben oder Steuern in Verbindung mit den Schuldverschreibungen informieren, die generell in ihrem jeweiligen Herkunftsstaat anfallen, einschließlich etwaiger Gebühren, die ihre eigenen Depotbanken für den Erwerb oder das Halten von Wertpapieren berechnen.</p>

## 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. Should one or more of the risks described below materialize, this may have a material adverse effect on the cash flows, results of operations and financial conditions 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 exhaustive 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 business, cash flows, financial condition and results of operations. 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 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. A lack of prosperity results in changes in eating habits, which are particularly reflected in a decrease of consumption of meat. As the production of meat requires many times more cereals, soy beans and other products used as animal feed, this results in a decreasing need for agricultural raw materials, which in turn lowers the demand for fertilizers.

The global economy and general economic growth will also in 2013 be influenced by the sovereign debt crisis in the euro zone, uncertainty about the state of the financial sector and the discussion of financial policy in the United States. If the sovereign debt crisis in the euro zone deepens or the financial system overall will suffer from a lasting crisis of confidence the prices for agricultural products could fall to a level that triggers uncertainty among farmers about and could adversely affect their future income situation and thus negatively impacts their demand in relation to fertilizers. Any of these situations may have an adverse impact on the assets, financial and earnings position of the K+S Group.

#### ***K+S Group is subject to general fluctuations in demand, supply and price levels and is currently exposed to significant price declines.***

Primarily the products of the Potash and Magnesium business unit face significant fluctuations in demand and price, as currently occurring due to Russian Uralkali's recent announcement to exit the BPC sales organisation operated jointly with the Belarusian Belaruskali and to expand output as a consequence of which prices might drop considerably. This has led to significant uncertainty about the future development of volumes and prices. Due to the current climate of uncertainty, customers are showing a noticeable reluctance to

purchase products until future price and supply developments become clearer which has led to a decline in order volumes. A stable new price level has not yet been established and there is no certainty about a potential price floor or how long this period of uncertainty will last. Consequently, further declines of potash prices cannot be ruled out.

Moreover, the demand for K+S Group's products may be adversely affected due to other 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. On the supply side existing potash producers, some of whom may have more resources than K+S Group, have begun to expand production capacities due to high levels of utilisation and their estimates of growth in demand. Both, fluctuations in demand and an expansion of supply may affect the formation of prices. Further declines of potash prices cannot be ruled out.

These adverse effects particularly relate to the Group's potash and magnesium business and 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. Prolonged cold and wet weather conditions during the spring season, which is particularly relevant in Europe, can result in shifts or even declines in sales volumes of fertilizers. Likewise, mild winters in the main sales regions, Europe and North America, may considerably reduce the sales volumes of de-icing salt.

Furthermore, 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 under utilisation of production capacity and thus to rising unit costs. As a result of this, during the main fertilizer season, K+S Group might be faced with such high volume requirements that on the one hand the stocks in its depots might not be sufficient or, on the other hand, it might not be able to be fully covered due to logistical bottlenecks. The same applies to salt if 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.

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

An entry of new competitors into the international potash market could result in a 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 a producer, as announced by Uralkali, 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, in particular from the Legacy Project of K+S Potash Canada.***

K+S Potash Canada and K+S Canada Holdings hold several potash exploration licences in the Canadian province of Saskatchewan, including an already advanced greenfield project for the construction of a solution mine (the "Legacy Project"). The first two expansion phases of the project are expected to result in a production capacity of 2.86 million tonnes of potassium chloride at a planned volume of capital expenditure of about CAD 4.1 billion. It will be possible to expand the project in the long term to a production capacity of up to 4 million tonnes of potassium chloride per year. A construction phase of several years lies between the acquisition decision and the start of production. All assumptions and estimates made at the start of 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 initial expectations and estimates, in particular regarding the design capacity and expected production costs (including royalties), are not fulfilled, or further delays occur, this could result in the need to expand capital expenditures in the Legacy Project and to finance the capital expenditures predominantly by debt. Furthermore, K+S Group might need to recognise an impairment charge in relation to the acquired assets and on the capital expenditures made in the start-up phase and the expected production volume would only be available at a later point in time. Any of these circumstances would 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 is limited. It cannot be ruled out that the required raw material will be short in supply or not available to K+S Group at all due to insolvency or other reasons with respect to the suppliers or because such raw materials can no longer be produced profitably, e.g. because of the implementation or tightening of environmental regulations. Any supply shortfalls or bottlenecks, non-delivery or delivery boycotts could result in the limited availability of raw materials, consumables and supplies as well as of technical equipment and spare parts specific to mining, and thus to a considerable increase in costs or to adverse effects in production. This also applies to the procurement of logistics services. Moreover, a local energy shortage at one of the important facilities of the Group might result in 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 Western Europe or North America. K+S Group is therefore exposed to a number of factors, over which

the Group has little to no control and which may adversely affect K+S Group's business activities. These factors include, but are not limited to, the following:

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

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

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

The production in most of K+S Group's business units is potentially harmful to the environment. Public and political debate about more stringent environmental requirements of the production processes employed by K+S Group may lead to a loss in operating licenses and public permissions or adversely impact the decision on issuing new licenses or permissions or result in new licenses and permissions granted subject to conditions. The importance of "legislative approval frameworks" will further increase in future. 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 impact the issuance of licences, approvals and permits.

Furthermore in K+S Group's operations inadvertent environmental damages might occur. Any such damages could not only result in fines or other public law sanctions, but also in costs for removal, restoration and disposal actions as well as further liability risks. In addition, environmental regulations could be tightened, which could lead to further costs or have other negative effects on K+S Group's operations.

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

For the Hattorf, Unterbreizbach and Wintershall mine sites located on the Werra, whose share of total potash production capacity of K+S Group amounts to around 45 per cent., a new injection permit was granted until 30 November 2015. The local municipalities of Gerstungen, Witzenhausen and Herleshausen as well as the "Bürgerinitiative für ein

lebenswertes Werratal" and the "Fischereiverband Untere Werra" have filed claims against the new injection permit at the Administrative Court of Kassel (VG Kassel). These claims are still pending. In addition, a new discharging permit for all three sites was granted until 2020. That new permission has also been challenged in court by the same claimants.

The Neuhof mine has been granted a new discharging permit until 2020 together with a permit for the pipeline transportation of the saline waste water from Neuhof to the river Werra. The discharging permit is challenged before the Administrative Court of Kassel by all of the above stated parties as well as by the Federal Republic of Germany and the State of North Rhine-Westphalia. In an action for temporary relief, the "Fischereiverband Untere Werra" succeeded and the enforcement of the new discharging permit was suspended. K+S KALI GmbH appealed the temporary suspension before the Higher Administrative Court of Kassel (VGH Kassel). The appeal is still pending. All proceedings in the main actions are also still pending. The permission for the pipeline transportation of saline waste water from Neuhof to the river Werra has also been challenged by all of the claimants of the Neuhof discharging permit. Both action for temporary relief and main actions are still pending at the Administrative Court of Kassel.

There can be no assurance that permits will be upheld, 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 these production sites due to a sustainable inefficiency might be required thus negatively impacting the production capacity of K+S Group.

At the exploitation sites of the Potash and Magnesium business unit, solid residue is currently heaped up within the framework of existing approvals. If approvals for residues heaped up are revoked or necessary projects for the expansion of tailing piles are not approved, or only approved subject to unreasonably high requirements, there is no possibility for this residue to be disposed of. This could negatively affect the production capacity of K+S Group.

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

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

As K+S Group operates in a business area with diesel engines and explosives, releasing nitrogen monoxide, nitrogen dioxide or carbon monoxide, occupational exposure limits play an important role for the Group's production. The EU initiative on setting indicative workplace limits for nitrogen monoxide (NO), nitrogen dioxide (NO<sub>2</sub>) and carbon monoxide (CO) or any other substantial change in legislation regarding workplace exposure limits in the countries where the Group operates could pose risks to K+S Group's mining activities, if these do not sufficiently account for the underground production situation. If thresholds were lowered significantly, substantial capital expenditure could become necessary for the Group to comply with the thresholds. Should the workplace limits become so stringent that production at the sites concerned in compliance with these limits were no longer possible at justifiable expense or overall technically, this might even compel K+S Group to close these sites in the long term. Both cases result in an adverse effect on the net assets, financial condition and results of operations of K+S Group.

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

The requirement for insolvency-proof securities for the “infinity costs” of maintaining tailing piles and for K+S Group’s own landfill sites cannot be ruled out for the future. Currently, the necessary expenditure for the systematic maintenance of tailing piles is being provided for in the balance sheet via provisions. If, in addition to the creation of provisions, collateral securities would have to be deposited, funds would be tied up. 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, 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 mineral oil prices could result in higher costs for transportation. There can be no assurance that increasing transportation costs can always be passed on to K+S Group’s customers. Any increase in freight costs could therefore adversely effect K+S Group’s financial and earnings position.

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

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

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

Furthermore, currency effects arise at subsidiaries whose functional currency is not the Euro, since on the one hand the earnings of these companies determined in a foreign currency are translated at average rates and recognised in profit or loss, and on the other hand the net assets are translated into Euro at spot rates and result in currency-related fluctuations in the equity of the K+S Group. Currently, these translation effects mainly appear in the Salt business unit. Yet as the investment for the Legacy Project progresses, this also affects 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 is dependent on energy costs and energy supply.***

K+S Group's production costs are affected by energy prices, in particular by that of gas. Energy prices are frequently subject to sharp 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 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 could be held liable for any related damage or injuries which would have an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

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

Operational disruptions in K+S Group's facilities, in particular its mines, may result from external factors beyond its control, such as natural disasters or acts of terrorism or internal accidents, as recently occurred in K+S Group's Unterbreizach site. In case of one of these events occurring, there is a risk of personal injury, damage to third-party property and damage to the environment which may lead to considerable cost resulting from K+S Group being held responsible for these damages. Underground mines are subject to hydrogeological risks: significant damage could occur by ground water flowing over a shaft extension. Moreover, under rare circumstances, surface water might gain access to a mine complex in case of a massive flood occurring. This could result in an extensive harm to the environment and K+S Group's or third party property with consequential liability claims. Furthermore, K+S Group's mining activities involve the specific risk of 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 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 as is currently the case in the State of Ohio. It cannot be guaranteed that K+S Group will not be investigated by antitrust authorities in the future, especially in the light of the fact that in the majority of market segments the Group serves, it holds substantial market share. Where this is the case, there is a general risk that antitrust authorities, competitors or customers will regard its behaviour in certain circumstances as an abuse of dominant market position or suspect it of anti-competitive cooperation with other market participants, prompting them to take action against K+S Group. Any resulting antitrust penalties and claims for damages would adversely affect the net assets, financial condition and results of operations of K+S Group.

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

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

***K+S Group faces personnel risks.***

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

- as the Group acts as a global enterprise which encourages the transfer of staff between domestic and foreign sites of K+S Group in order to increase their qualifications and mobility, there is an additional risk that employees might be hired away or otherwise leave the Group;
- it might not be possible to hire qualified new employees;

- the loss of qualified employees or long-lasting difficulties in hiring suitable new employees could cause the Group to have difficulties implementing important decisions and measures or guaranteeing the production level as of today.

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

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

***K+S Group might have misjudged or may misjudge risks inherent in 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 incorporation of acquired companies or any future acquisitions into the K+S Group will be successful, and that growth expectations, economies of scale and cost savings assumed in appraising an acquired company actually do 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.

***Estimates of mineral reserves are based on uncertain assumptions that, if changed, could result in the need to restate mineral reserves.***

There are numerous uncertainties inherent in estimating mineral reserves, including subjective judgments and determinations that are based on available geological, technical, contract and economic information. Previously valid assumptions may change significantly

with new information, which may result in changes to the economic viability of some reserves and the need for them to be restated.

***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 computer systems.***

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

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

A liquidity risk consists in the funds needed to meet payment obligations not being procured in time and consequently higher refinancing costs being potentially incurred. External factors could lead to circumstances where K+S Group is unable to replace its credit lines under acceptable commercial conditions. Moreover within the framework of the existing credit line, margin step-ups will take place in case the external rating of K+S Group will be downgraded. This could have an adverse effect on the net assets and financial conditions of K+S Group.

***K+S Group is subject to counterparty risks.***

K+S Group has extensive business relationships with many of its customers. K+S Group might suffer losses in case one or more of its larger customers were unable to fulfil their contractual obligations vis-à-vis K+S Group or become insolvent. This also applies to financial institutions which K+S Group has entered into hedge contracts with or with which credit lines exist as well as to parties to financial investments of K+S Group. This risk has been increased as a result of the financial crisis. 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 might face an increase of tax burden as a result of ongoing and future tax audits and potential changes in applicable tax regulations.***

Any change in legislation concerning corporate income tax and other future changes in tax law in Germany or other countries in which K+S Group is subject to taxation and any adverse findings from ongoing or future tax audits could lead to higher tax expenses and therefore have an adverse effect on K+S Group's net assets, financial condition and results of operations.

In the area of energy taxes, the German subsidiaries of the K+S Group, which are classified as energy-intensive can make use of the so-called compensation for peak load. The relevant regulations grant companies in the manufacturing sector energy and power tax relief for certain energy products and electricity, which they use for commercial purposes. Within the framework of the German law, this peak load was lowered from the previous 95 per cent. to 90 per cent. This resulted in K+S Group's energy-intensive production in Germany becoming slightly more expensive. A complete abandonment of the peak load is still possible for reasons beyond K+S Groups' control and complete abandonment or a decrease of the peak load might happen if K+S Group fails to fulfil certain requirements to be met under the framework of German law. 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.***

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 "investment grade" by Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ("S&P") and "non-investment grade" by Moody's Deutschland GmbH ("Moody's"). The outlook given by Moody's is classified as "stable" and the outlook given by S&P is classified as "negative". In particular the loss of the rating as "investment grade" assigned 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 the K+S Group. In the case of the existing credit line, higher interest margins will have to be paid under certain circumstances. 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.

**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 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 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 Markets 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. As a result of the foregoing, holders of (present or future) secured 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.

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

The Issuer will always have the right to redeem the Notes if it is required to pay additional amounts (gross-up payments) on the Notes for reasons of taxation as set out in the Terms and Conditions. If the Issuer redeems the Notes prior to maturity or the Notes are subject to early redemption due to an early redemption event, 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 of each Tranche of Notes, including the terms of payment of principal and interest, can be amended by a Noteholders' resolutions and any such resolution will be binding for all Noteholders of the respective Tranche of Notes. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of any Tranche of the Notes outstanding.***

According to the Terms and Conditions and the German Act on Issues of Debt Securities of 2009 (*Schuldverschreibungsgesetz*; the "SchVG"), Noteholders of any Tranche of Notes can, by resolution, consent to amendments of the Terms and Conditions of such Tranche of Notes. Accordingly, although no obligation to make any payment or render any other performance may be imposed on any Noteholder, the Noteholders of any Tranche of Notes may, by resolution, among other things agree to, with respect to the relevant Tranche of Notes:

- change the due date for payment of interest and reduce, or cancel interest;
- change the maturity date of the Notes or reduce the principal amount payable on the Notes;
- convert the Notes into, or exchange the Notes for, shares or other securities or obligations;
- change the currency of the Notes;
- waive or restrict Noteholders' rights to accelerate the Notes; or
- subordinate some or all of the claims under the Notes in an insolvency proceeding.

Under the SchVG and the Terms and Conditions of each Tranche of Notes, such amendments require a resolution of Noteholders holding in the aggregate at least 75 per cent of the votes cast in respect of the respective Tranche of Notes. Subject to contestation in court, any such resolution will be binding on all Noteholders of the relevant Tranche of Notes.

The voting process under the Terms and Conditions will be governed in accordance with the SchVG, pursuant to which the required participation of noteholder votes (*quorum*) is principally set at 50 per cent of the aggregate principal amount of outstanding notes in the first holders' meeting or a vote without meeting. In case there is no sufficient quorum in the first voting process, there is no minimum quorum requirement in a second meeting for voting on the same resolution (unless the resolution to be passed requires a qualified majority, in which case noteholders representing at least 25 per cent of outstanding notes by principal amount must participate in the meeting). As the relevant majority for noteholders' resolutions is generally based on votes cast, rather than on principal amount of notes outstanding, the aggregate principal amount of notes required to vote in favour of an amendment will vary based on the noteholders' votes participating. As a result, a Noteholder is subject to the risk of being outvoted and losing rights towards the Issuer against its will in the event that Noteholders holding a sufficient aggregate principal amount of the relevant Tranche of Notes participate in the vote and agree to amend the Terms and Conditions of such Tranche of

Notes by majority vote in accordance with the Terms and Conditions of the Notes and the SchVG.

***In case of certain events of default, each Tranche of Notes will only be redeemable if Noteholders of at least 5 per cent of the aggregate principal amount of the respective Tranche of Notes then outstanding declare such Tranche of Notes due and payable. Such declaration of acceleration might be rescinded by majority resolution of the Noteholders of such Tranche of Notes.***

The Terms and Conditions of each Tranche of Notes provide that, in case of certain events of default, any notice declaring the respective Tranche of Notes due and payable shall become effective only when the Principal Paying Agent has received such default notices from Noteholders representing at least 5 per cent of the aggregate principal amount of such Tranche of Notes then outstanding. Even if this threshold is passed, there is a risk that the relevant notice of default is rescinded by a bondholder resolution.

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

***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 of any Tranche of Notes. Any appointment of a holders' representative for any Tranche of Notes post issuance of the Notes will, therefore, require a majority resolution of the Noteholders of each Tranche of Notes. 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 in 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 of any Tranche of 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 against the Issuer, if such right was passed to the holders' representative by majority vote for the respective Tranche who is then exclusively responsible to claim and enforce the rights of all the Noteholders of such Tranche.

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

***Payments on the Notes may be subject to U.S. withholding under FATCA.***

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the

conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, Noteholders may receive less interest or principal than expected.

***A disposal of the Notes may become subject to a Financial Transaction Tax.***

The European Commission has published a proposal for a Directive for a common Financial Transaction Tax ("FTT") in certain participating Member States, which may also impact persons not in participating Member States. The proposal remains subject to negotiation and is the subject of a legal challenge. Accordingly, it is not clear when the FTT will be implemented, if at all, and what form it will take if it is implemented. However, if implemented in the form currently proposed, the FTT might apply to certain dealings in the Notes. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

***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.

## **USE OF PROCEEDS**

In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately EUR [●]. The Issuer intends to use the proceeds to finance capital expenditures in the Legacy Project in Canada, to repay existing debt and for general corporate purposes.

The expenses of the issue of the Notes are expected to amount to approximately EUR 870,000 plus the fees of up to 0.30 per cent. of the aggregate principal amount of the Notes to be paid in connection with the Offer of the Notes to the Joint Lead Managers.

The issue proceeds will be included in the Pricing Notice (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES" below) which will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on or prior to the Issue Date of the Notes.

## 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 auditors of K+S AG are Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Georgstrasse 52, 30159 Hannover, Federal Republic of Germany ("D&T"), a member of the German Chamber of Public Accountants, Berlin (*Wirtschaftsprüferkammer*). D&T and its antecessors have been the responsible auditors of K+S Group since 1972 and D&T has audited the consolidated financial statements of K+S Group for the fiscal years ended on 31 December 2011 and 2012, and has, in each case, issued an unqualified auditor's report.

### Selected Financial Information

The following table sets out selected financial information relating to the K+S Group. The information has been extracted from the audited consolidated financial statements of K+S AG for the financial year ended 31 December 2012 and the unaudited consolidated financial statements of K+S AG for the interim period ended 30 September 2013, unless stated otherwise. These consolidated financial statements of K+S AG have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS"). In 2011, K+S Group divested the business activities of COMPO and in 2012 the Nitrogen business. All income statement figures and cash flow figures for the fiscal year 2012 and 2011 as well as the balance sheet figures for 2012 refer to the continued operations of the K+S Group. The balance sheet figures for 2011 were not adjusted and therefore include the discontinued operations of the Nitrogen business.

	Period from 1 January until 30 September 2013 (unaudited)	Period from 1 January until 30 September 2012 (unaudited)	Financial year ended 31 December 2012 (unaudited figures adjusted due to IAS 19) <sup>(1)</sup>	Financial year ended 31 December 2012 (audited unless otherwise indicated)	Financial year ended 31 December 2011 (audited unless otherwise indicated)
(EUR in millions, unless otherwise indicated)					
Revenues	2,972.5	2,993.7	3,935.3	3,935.3	3,996.8 <sup>(6)</sup>
EBITDA from continued operations <sup>(2)</sup>	739.0	790.6 <sup>(4)</sup>	1,033.3	1,037.7	1,146.0 <sup>(6)</sup>
Group earnings after taxes from continued operations	360.7	428.1 <sup>(4)</sup>	565.8	568.5	609.3 <sup>(5)</sup>
Gross cash flow from continued operations	490.9	625.1	813.0	813.0	859.0 <sup>(6)</sup>
	30 September 2013	30 September 2012	31 December 2012	31 December 2012	31 December 2011
Equity as of	3,432.7	3,314.9 <sup>(4)</sup>	3,393.9	3,477.3	3,084.6
Total assets as of	6,490.8	6,417.5 <sup>(4)</sup>	6,596.6	6,639.0	6,056.9
Net indebtedness <sup>(3)</sup> as of (unaudited)	902.0	750.2	827.3	756.0 <sup>(6)</sup>	610.8 <sup>(6)</sup>
Employees (full time equivalents) as of	14,473 <sup>(6)</sup>	14,352 <sup>(6)</sup>	14,362	14,362	14,338 <sup>(6)</sup>

- (1) Adjusted in accordance with the International Accounting Standards ("IAS") 19 "Employee Benefits", which was approved by the International Accounting Standards Board in June 2011 and endorsed by the EU in June 2012, to be applied for the first time to financial years beginning on or after 1 January 2013. The changes have been applied retroactively with the beginning of the comparative period, i.e. as of 1 January 2012. Figures taken from the unaudited consolidated financial statements for the interim period ended 30 September 2013.
- (2) "**EBITDA**" is defined as earnings before interest, taxes, depreciation and amortisation excluding effects from market valuation of forecast hedging instruments. Depreciation and amortisation includes write-downs of tangible and intangible assets. EBITDA is not defined by IFRS. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.
- (3) "**Net indebtedness**" is calculated as follows: current bank loans and overdrafts + non-current bank loans and overdrafts + provisions for pensions and similar obligations + non-current provisions for mining obligations – cash on hand and balances with banks – non-current and current securities and other financial investments – reimbursement claim bond Morton Salt. Net indebtedness is not defined by IFRS. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the balance sheet that were recognized in accordance with IFRS.
- (4) Adjusted in accordance with IAS 19. Figures taken from the unaudited consolidated financial statements for the interim period ended 30 September 2013.
- (5) Adjusted in accordance with IFRS 5. All income and expenses of the Nitrogen and COMPO businesses, classified as a discontinued operations, were disclosed in a separate item "Earnings after taxes from discontinued operations" and are therefore not reflected in the items presented. Figures are taken from the audited consolidated financial statements for the financial year ended 31 December 2012.
- (6) Not extracted from financial statements.

### **Financial Information relating to K+S Group's assets, financial and earnings position**

The audited consolidated financial statements of K+S AG for the fiscal years ended on 31 December 2012 contained in K+S AG's Financial Report 2012 and the audited consolidated financial statements of K+S AG for the fiscal years ended on 31 December 2011 contained in K+S AG's Financial Report 2011 and the unaudited consolidated financial statements of K+S AG for the interim period ended 30 September 2013 contained in K+S AG's Quarterly Financial Report for the interim period ended 30 September 2013 are incorporated by reference into this Prospectus.

### **Information about K+S AG**

#### **General**

K+S AG is a stock corporation (*Aktiengesellschaft*) organized under German law. It was incorporated in Goslar, Germany, on October 3, 1889 as "Aktiengesellschaft für Bergbau und Tiefbohrung". 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 30 – DAX30® sponsored by Frankfurter Wertpapierbörse since 22 September 2008.

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

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

### ***Investments***

K+S Canada Holdings Inc. an indirect wholly owned subsidiary of K+S AG, took over control of Potash One located in Vancouver and therefore holds together with K+S Potash Canada several potash exploration licences in the Canadian province of Saskatchewan including the Legacy Project – an advanced greenfield project for the construction of a solution mine (the “**Legacy Project**”). The acquisition of Potash One 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.

On the basis of the acquired licence, K+S Group will develop a potash production in Southern Saskatchewan, the so called Legacy Project.

In the first two expansion phases of the Legacy Project, K+S Group will invest a total of 4.1 billion CAD with the bulk investments expected for the next three years. In April 2013, the capital expenditure budget was increased from initially 3.25 billion CAD after the basic engineering was further advanced. The updated plan now includes investments into own infrastructure, modifications of plant components and infrastructure as well as increased material and labour costs. With the now expected commissioning in summer 2016 (before: end of 2015) K+S Group still projects to reach the 2 million tonnes-mark of production capacity at the end of 2017. This will be followed by the secondary mining and the gradual expansion of production capacity to 2.86 million tonnes a year in 2023. In the third expansion phase, about ten years later, total output could be increased to a maximum 4 million tonnes of potassium chloride a year. The product portfolio will comprise potassium chloride standard, granulated potassium chloride and in particular high-quality industrial products.

By 2023, K+S Group intends to create more than 300 jobs. With this project, K+S Group is drawing on experience in solution mining gained by esco in Germany and the Netherlands, as well as the know-how of Morton Salt, which operates several plants on the basis of solution mining. The solution mining technique denotes the extraction of soluble (salt) rocks, e.g. sylvite or rock salt, by discharging water or (salt) solutions in drillings, as a result of which caverns arise. The solution mining technology permits, to the extent that the deposit conditions allow for such a process, a faster commencement of production than conventional mining techniques, a more flexible starting of production and the mining of deeper-lying deposits. Moreover, the ratio of crude salt to solid and liquid production residues is more favourable. K+S Group estimates the specific cash cost per tonne to be CAD 155, consisting of CAD 65 average logistic costs (such as shipping costs from site to harbour, port handling costs and delivery costs to several destinations) and CAD 90 production costs (such as personal costs, energy costs and maintenance cost).

The Legacy Project will supplement the existing German production network of K+S Group with an important North American location. 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.

## Organisational Structure

K+S AG mainly acts as the holding company for the K+S Group. The Board of Executive Directors ("Executive Board") takes responsibility for the overall performance of K+S Group. The board members are individually responsible for (business) units of K+S Group according to the business distribution plan.

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

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

K+S Salz GmbH groups together esco – european salt company GmbH & Co. KG ("esco") and K+S Netherlands Holding B.V., which holds both the shares in the companies associated with the business activities of K+S Chile S.A. ("K+S Chile") in Chile and the companies associated with the Legacy Project in Canada. K+S Finance Belgium BVBA, together with K+S Netherlands Holding B.V., holds the shares in Morton Salt Inc., Chicago, ("Morton Salt") through subsidiaries. K+S Kali GmbH and K+S Salz GmbH essentially hold their foreign subsidiaries through their own intermediate holding companies.

## 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 January-June 2013 Aggregated 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 globally with sites in Europe as well as North and South America (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13<sup>th</sup> ed. 2011). K+S Group offers a comprehensive range of products and services for agriculture, industry and private consumers.

## Business Units

K+S AG operates business units that are closely interlinked in terms of strategic, technical and economic aspects: Potash and Magnesium Products, Salt Products and the Complementary Activities, in particular Waste Management and Recycling, Logistics, Animal Hygiene Products and Trading.

### ***Potash and Magnesium Products***

The Potash and Magnesium Products business unit's key products are fertilizers, products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and food industries as well as elements for the production of animal feed

Potassium chloride is used globally, in particular for important crops, such as cereals, corn, rice and soy beans. Potassium chloride is directly spread on fields as a granulate or mixed first with other straight fertilizers in bulk blenders. K+S Group also supplies potassium chloride as a fine-grain "standard" product for the fertilizer industry, which processes it along

with other nutrients to produce complex fertilizers. The Potash and Magnesium Products business unit's fertilizer specialities differ from classic potassium chloride in terms of their different nutrient formulas with magnesium, sulphur and trace elements. These fertilizers 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 and vegetables.

The Potash and Magnesium business unit also offers a range of high-quality potassium and magnesium products for industrial applications, available in different degrees of purity and in specific grain sizes. These are used, for example, in chlorine-alkaline electrolysis in the chemical industry, in the production of glass and synthetic materials, 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 synthetic materials.

Potash and magnesium crude salts are being extracted at six mines in Germany. These crude salts are further processed there and at a former mining site to create the end and intermediate products. Furthermore, the business unit has three processing sites in France. The annual production capacity of the business unit is up to 7.5 million tonnes of potash and magnesium products. As a result of the Legacy Project, the business unit is expected to increase its annual production capacity by at least 2.86 million tonnes over the long term. A broad distribution network facilitates the sale of these products in Europe and overseas. The Potash and Magnesium Products business unit is predominantly reflected in K+S Kali GmbH and its subsidiaries as well as K+S Potash Canada GP. Its sales volume in the first nine months of 2013 was 5.43 million tonnes.

The Potash and Magnesium business unit's revenues in 2012 were mainly generated from potassium chloride (51%), fertilizer specialities (37%) and industrial products (12%). In 2012, K+S Group sold 3.25 million tonnes of potassium chloride, 2.96 tonnes of fertilizer specialities and 0.74 million tonnes of industrial products. 3.3 million tonnes of potassium chloride (MOP), 2.5 million tonnes of sulphate of potash and products with a lower potash content (SOP) as well as 1.2 million tonnes of products, which contained no potash have been sold.

K+S Group's share of potash products sold in the first half of 2013 compared to total industry sales volumes amounted to approx. 10% (source: IFA, Potash Statistic January-June 2013 Aggregated Report, K+S Group). K+S Group is the world's fifth-largest and in Western Europe the largest producer of potash products (source: IFA, Potash Statistic January-June 2013 Aggregated Report, K+S Group).

### *Salt*

In the Salt business unit, the K+S Group markets as key products food grade salt, industrial salt, salt for chemical use and de-icing salt, which are all based on sodium chloride (common salt). Depending on the particular applications, the products differ primarily in terms of their grain size, the degree of purity, the form in which they are supplied and possible additives.

In the food grade salt segment, the K+S Group produces both salt for the food industry as well as consumer food grade salt.

Industrial salts are used by dyeing works, in the textile industry, in the production of animals feed, for the preserving of fish, in drilling fluids used for the extraction of oil and natural gas, as well as for other industrial purposes. Pharmaceutical salts are a key element

in infusion and dialysis solutions. In the industrial salts segment too, consumer products such as water softening salts are manufactured.

Salt for chemical use is one of the most important raw materials for the chemical industry. It is split into chlorine, caustic soda and hydrogen in electrolysis plants and is contained, for example, in several plastic materials.

De-icing salt is procured by winter road maintenance services, public and private road authorities, road maintenance depots and commercial bulk customers as well as by consumers. In addition to classical de-icing salt, K+S Group also offers de-icing salts, which create more heat in contact with ice and snow than conventional products and thus work more quickly, especially at very low temperatures.

With an annual production capacity of about 30 million tonnes of salt, K+S Group is the world's largest producer of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 13<sup>th</sup> ed. 2011). The Salt business unit is represented in Europe as well as North America and South America with its own distribution units. Furthermore, the business unit exports salt products to Asia and other regions of the world. The business unit comprises the sub-units esco, whose activities are mainly focused on Europe, K+S Chile with activities in South America and the United States, and Morton Salt, one of the largest salt producers in North America.

esco operates three rock salt mines, two brine plants and several evaporated salt plants in Germany, France, the Netherlands, Portugal and Spain, and has numerous distribution sites in Europe. The annual production capacity of esco is about 8.0 million tonnes of crystallised salt and 1.7 million tonnes of salt in brine.

K+S Chile extracts rock salt in Salar Grande de Tarapacá through open-cast mining. In 2013, the production capacity was expanded to about 8 million tonnes. Moreover, Salina Diamante Branco, which belongs to K+S Salt LA from an organisational point of view, operates a sea salt facility with an annual capacity of 0.5 million tonnes in the north-eastern part of Brazil. In the United States, K+S Chile distributes its salt products via the International Salt Company, LLC ("ISCO").

Morton Salt operates six rock salt mines, seven solar plants and nine plants processing evaporated salt in the United States, in Canada and in the Bahamas. Its annual production capacity totals about 13 million tonnes of salt.

Furthermore, the Chilean shipping company Empremar S.A. is also part of the Salt business unit. With a fleet of three own and additional chartered ships it provides maritime logistics for K+S Salt LA.

The Salt business unit's revenues in 2012 were mainly generated from industrial salt (34%), de-icing salt (31%), food grade salt (23%) and salt for chemical use (8%).

#### *Complementary Activities*

The Complementary Activities bundles four activities: Waste Management and Recycling, Logistics, Animal Hygiene Products (Granulation) and Trading.

#### *Waste Management and Recycling*

The Waste Management and Recycling unit uses the underground caverns that are created as a result of the extraction of crude salts for the long-term safe disposal of waste and

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

#### Logistics

K+S Transport GmbH operates the "Kalikai" in Hamburg. With a storage capacity of about 400,000 tonnes Kalikai is one of Europe's largest transshipment facilities for bulk goods and of strategic importance for the Potash and Magnesium Products business unit. The K+S Group's container business is also directed from Hamburg, including pre-shipment from the production sites to the loading terminals.

#### Animal Hygiene Products (Granulation)

At the Salzdetfurth site, K+S Group granulates, for example, the animal hygiene brand product CATSAN® for MARS GmbH. This allows to continue using extensive sections of the infrastructure of a disused potash plant economically, and thus to preserve jobs and expand K+S Group's operations.

#### Trading

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

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

#### *Potash market*

The strong growth of the global economy over recent years has mainly been the result of an upswing 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 of 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 awareness in these regions is expected to lead to a considerable increase in demand. Other growth drivers for the potash market are bio fuels and, more marginally, genetically modified

grains. The long term expectation is an increase in global fertilizer consumption of 2 to 3% (Source: IFA Medium-Term Outlook for World Agriculture and Fertilizer Demand 2012/13 – 2017/18 presented at 81st IFA Annual Conference 20-22 May 2013, Chicago, USA).

According to the IFA supply capability data 2011 (IFA, Fertilizers and Raw Materials Supply – Global Supply/Demand Balances 2011-2015, June 2011), which contains capacity forecasts for the global potash capacities including potassium sulphate and potash grades with lower K<sub>2</sub>O content of around 3 million tonnes effective, the capacity for the year 2013 should have been 76.9 million tonnes and 82.6 million tonnes for the year 2014 and 89.5 million tonnes for the year 2015. The IFA supply capability data 2013 forecast (IFA, Fertilizers and Raw Materials Supply – Global Supply/Demand Balances 2013-2017, June 2013) states 71.3 million tonnes for the year 2013, 72.9 million tonnes for the year 2014 and 78.2 million tonnes for the year 2015. This means a decrease of estimated capabilities of 5 million tonnes for the year 2013, a decrease of 9 million tonnes for 2014 and a decrease of 11 million tonnes for 2015 within a two year period between the 2011 IFA forecast and the 2013 IFA forecast.

In 2012, the Potash and Magnesium business unit achieved nearly half of its revenues in Europe (48.9%) benefiting from the logically favourable location of its production sites for European customers. Also in South America (23.5%), particularly in Brazil, as well as in Asia (19.8%), the Potash and Magnesium business unit holds a noteworthy market position, while the revenues in Africa, Oceania (5.0%) and North America (2.8%) were split nearly even.

The Potash and Magnesium Products business unit is the world's fifth-largest and the largest producer of potash products in Western Europe. In the first half of 2013, K+S Group had an approximately 10% share in the global sales volume of potash (source: IFA, Potash Statistic January-June 2013 Aggregated Report, K+S Group).

Important competitors are the North American companies Potash Corp., Mosaic and Agrium, who jointly operate the export organisation Canpotex, the Russian Uralkali and the Belarusian Belaruskali, which operated outside their domestic markets together through the export organisation BPC until 30 July 2013, Israel's ICL, Jordan's APC and Chile's SQM.

The fertilizer specialities containing potassium and magnesium distinguish K+S Group from its competitors. With these fertilizers K+S Group holds the leading position in the world (source: IFA, Potash Statistic January-June 2013 Aggregated Report, K+S Group). Also with its products for industrial, technical and pharmaceutical applications, K+S Group is among the most competitive suppliers worldwide, and by far the largest supplier in Europe.

The global potash market during the first half of 2013 was characterised by increased demand compared with the same period a year ago. The conclusion of contracts by North American and Russian producers with Chinese and Indian customers at the beginning 2013 caused demand to rise significantly again – in time with the start of the spring season in Europe and North America as well as in South America and South East Asia. Against this background, the international prices for potassium chloride stabilised over the course of the first half of 2013.

In the third quarter of 2013, the announcement issued by Russian Uralkali that it would leave the BPC sales organisation operated jointly with Belarusian Belaruskali and the related statements issued by Uralkali that it would expand its own capacity and the utilisation of that capacity regardless of the price level created considerable uncertainty about future volume and price trends on the potash market. This initially resulted in significant buying restraint on the part of potash customers and then in a reduction in the international price level.

### *Salt market*

Given that salt remains a necessary mineral with no cost-effective substitute available, market conditions are relatively stable. While the salt market in Western Europe is mature with low growth rates, developing economies and the rise in living standards as well as population growth 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.

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 Cost, Canada, in particular eastern Canada, Brazil, and Chile are markets of particular importance on the American continent. The Salt business units' revenues were therefore mainly achieved in North America (64.3%), Europe (24.9%), South America (9.4%) and Asia (1.3%).

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, 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.

As a result of the wintry weather at the beginning of the year 2013, sales volumes for the European de-icing salt market were up significantly compared to the same period in 2012. Early stocking-up demand for the 2013/14 winter season was therefore good. The good overall price level was also maintained in the third quarter of 2013, although some slight pressure on prices was discernible in certain regions of Western Europe.

Despite the normalisation of market conditions in the de-icing salt regions of the United States and in Canada at the beginning of the year, North American tender price levels for the coming winter season came under pressure since users still had relatively high stocks as a result of the winter 2012/13 having been generally mild.

While demand for industrial salt was largely stable in South America, demand in some regions of Europe rose slightly as a result of positive economic trends. At the same time, competition intensified both in South America as well as in parts of Northern Europe. Whereas a slight price decrease had to be recorded in North America, industrial salt prices in Europe remained relatively stable.

Demand for food grade salt in Europe and in South America remained stable. By contrast, a decrease in demand was noted in North America. While prices in Europe remained largely stable, a slight decrease in prices was recorded as a result of further intensifying competition on the North American market.

Demand for salt for chemical use remained reasonably stable on the North and South American markets in the third quarter of 2013. By contrast, the markets in Europe and Asia displayed a slight downward trend.

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

Russian Uralkali's exit from the BPC sales organisation operated jointly with Belarusian Belaruskali along with Uralkali's related statement that it wants to expand production and sales created considerable uncertainty about future volume and price developments on the market for potash fertilizers which continues to be the case. The announcement caused tangible restraint with regard to purchasing decisions as no new stable price level has been established yet. The level at which prices will stabilise and the duration of this phase of uncertainty cannot be assessed. This situation has already prompted some potash producers, including K+S Group, to adjust production planning for 2013.

Therefore, the operating earnings of K+S Group as well as the adjusted Group earnings after taxes will significantly decrease compared to the level achieved in 2012 while revenues should remain at the same level as in 2012.

Other than this, there has been no material adverse change in the prospects of K+S AG since 31 December 2012.

There have been no significant changes in the financial or trading position of the Issuer since 30 September 2013.

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

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

#### ***Executive Board***

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

<b>Name</b>	<b>Function</b>	<b>Membership on other supervisory boards and comparable bodies</b>
Norbert Steiner	Chairman of the Executive Board, with responsibility for:  Corporate development, legal affairs, compliance, senior management/international HR Coordination, investor relations as well as communications.	Member of the supervisory board of E.ON Mitte AG  Chairman of the supervisory board K+S Kali GmbH  Member of the supervisory board of Talanx AG
Gerd Grimmig	Member of the Executive Board, with responsibility for:  Mining and geology, research and development, environmental protection, work safety and quality management as well as engineering technology and energy, Waste Management and Recycling, Animal Hygiene Products and Consulting, inactive plants and MSW Chemie.	Member of the supervisory board K+S Kali GmbH

Dr. Thomas Nöcker	Personnel Director, Member of the Executive Board, with responsibility for:  Personnel, logistics and trading business (CFK), IT-Services, property management, organisation and project management, health management as well as knowledge management.	Member of the supervisory board K+S Kali GmbH
Dr. Burkhard Lohr	Member of the Executive Board, with responsibility for:  Finance and accounting, Corporate Controlling, purchasing, internal audit, data protection, taxes and insurances.	
Dr. Andreas Radmacher	Member of the Executive Board, with responsibility for:  Potash and Magnesium Products business unit	Member of the supervisory board K+S Kali GmbH
Mark Roberts	Member of the Executive Board, with responsibility for:  Salt business unit	Salt Institute, Alexandria, Virginia, USA

### ***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. Ralf Bethke  Former Chairman of the Executive Board of K+S AG	Chairman	Benteler AG Dr. Jens Erhardt Kapital AG Südzucker AG Süddeutsche Zuckerrübenverwertungsgenossenschaft eG
Michael Vassiliadis <sup>(*)</sup>  Chairman of the Executive Board of the Mining, Chemicals and Energy Trade Union	Deputy Chairman	BASF SE Henkel AG & Co. KGaA Steag GmbH Evonik AG
Ralf Becker <sup>(*)</sup>  State District Manager North of the Mining, Chemicals and Energy Trade Union	Member	Continental Reifen Deutschland GmbH
Jella S. Benner-Heinacher  Managing Director of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V.	Member	A.S.Création Tapeten AG

George Cardona Member of the Board of Directors of OJSC Eurochem Mineral and Chemical Co., Russia	Member	Other appointments to supervisory bodies: <ul style="list-style-type: none"> <li>• OJSC Siberian Coal Energy Company, Russia</li> <li>• Linetrust PTC Ltd, Bermuda (private trust company)</li> <li>• Linea Ltd, Bermuda (holding company)</li> <li>• Valise Ltd, Bermuda (holding company)</li> <li>• Hamilton Jets Limited, Bermuda (aircraft holding company)</li> <li>• Hamilton Art Limited, Isle of Man (art holding company)</li> <li>• Donalink Ltd, Cyprus (holding company)</li> <li>• EuroChem Group SE, Cyprus (holding company)</li> <li>• Erlis Ltd (holding company)</li> <li>• Harewood House Ltd (property company)</li> <li>• Valton Ltd, Bermuda (property company)</li> <li>• Suek plc., Cyprus (holding company)</li> <li>• Sibenergy plc., Cyprus (holding company)</li> <li>• Strategic Minerals plc, UK (UK-listed metals and mining company)</li> <li>• Wishborne Gold plc. (Gibraltar UK- listed gold exploration company)</li> <li>• Westline PTC Ltd., Bermuda (private trustee compay)</li> <li>• Madake Ltd., Cyprus (holding company)</li> </ul>
Wesley Clark Operating Partner of Advent International Private Equity Group, USA	Member	Patriot Supply Holdings, Inc., Fort Worth, USA (Non-Executive Chairman) Morrison Supply Corporation, USA (Non- Executive Chairman) ABC Supply Corporation, USA Clarcor Inc., Franklin, USA Board Stanford University Graduate School of Business, USA
Harald Döll(*) Member or Chairman of the Group Works Council of K+S Kali GmbH's Werra plant	Member	
Dr. Rainer Gerling(*) Head of K+S Kali GmbH's Werra site	Member	

Axel Hartmann <sup>(*)</sup>	Member	K+S KALI GmbH
Vice-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		
Rüdiger Kienitz <sup>(*)</sup>	Member	
Member of the Works Council of K+S Kali GmbH's Werra plant		
Klaus Krüger <sup>(*)</sup>	Member	
Chairman of the Works Council of K+S Kali GmbH's Zielitz plant		
Chairman of the Collective Works Council of the K+S Group		
Dieter Kuhn <sup>(*)</sup>	Member	
Chairman of the Works Council of the Bernburg plant of esco GmbH & Co. KG		
First Vice-Chairman of the Collective Works Council of the K+S Group		
Dr. Bernd Malmström	Member	HHLA Intermodal GmbH
Lawyer, Solicitor		IFCO-Systems N.V. Lehnkering GmbH SBB Schweizer Bundesbahnen AG VTG AG
Dr. Annette Messemer	Member	
Divisional board member of Commerzbank AG		
Dr. Rudolf Müller	Member	
Former Member of the Executive Board of Südzucker AG		
Dr. Eckhart Sünner	Member	Infineon Technologies AG
Counsel at Allen & Overy LLP		

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

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

### **Board Practices**

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

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

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

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

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

## **Executive Board**

The Supervisory Board appoints the members of the Executive Board for a term of up to five years. Extensions of the term of office are permitted. Pursuant to the articles of association, the Executive Board must have at least two members. The Supervisory Board determines the number of members of the Executive Board. Currently, the Executive Board has six members. The Supervisory Board issued the current version of the bylaws of the Executive Board on 9 September 2013.

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

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

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

## **Supervisory Board**

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Corporate Governance**

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

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

"We declare that the recommendations of the Government Commission German Corporate Governance Code (as amended on 26 May 2010), published by the German Ministry of Justice in the official part of the German Federal Gazette, were complied with in 2012 except for the recommendation in item 5.4.6 paragraph 2. The company believes that an exclusively fixed remuneration of the Supervisory Board members is better suited than a remuneration form that also contains a variable portion to take the general advisory and control duties of the Supervisory Board, which exist irrespective of the success of the business, into account (the previous recommendation in item 5.4.6 paragraph 2 of the German Corporate Governance Code, according to which the remuneration of the Supervisory Board members should contain a variable portion is no longer included in the version amended on 15 May 2012).

We furthermore declare that the recommendations of the Government Commission German Corporate Governance Code (as amended on 15 May 2012), published by the German Ministry of Justice in the official part of the German Federal Gazette on 15 June 2012, will be complied with in 2013 except for the recommendations in item 5.1.2 paragraph 2 sentence 3 (Determination of an age limit for the members of the Board of Executive Directors) and 5.4.1 paragraph 2 sentence 1 (to the extent that an age limit is to be determined for Supervisory Board members). We do not believe that it is necessary or practicable to determine strict age limits for the members of the Board of Executive Directors and Supervisory Board, since the ability to carry out the work of the respective corporate body does not necessarily end when a certain age is reached, but depends solely on the respective individual. Also considering particularly the demographic developments, age limits therefore conflict with the general interest of the company to staff its corporate bodies in the best possible way."

### **Major Shareholders**

Under K+S AG's articles of association, each of K+S AG's ordinary shares represents one vote. Major shareholders do not have different voting rights. Under the free float definition applied by Deutsche Börse AG, the free float amounts to approximately 90%. According to K+S AG's information, approximately 53 % of the Issuer's shares are held by shareholders in Germany, 15 % of the Issuer's shares are held by shareholders in the US, Canada and the UK.

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

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

Name	Total share	Reference date of latest notice
Meritus Trust Company Limited via EuroChem Group SE	9.88%	12 July 2011
Blackrock Inc.	5.08%	11 May 2012

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

### **Material Financings**

In July 2009, K+S AG issued notes in aggregate principal amount of EUR 750,000,000. These notes are due for repayment on 24 September 2014 and bear interest at an interest rate of 5.00% per annum. In June 2012, K+S AG issued notes in 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. Moreover K+S AG is party to a EUR 1,000,000,000 syndicated credit facility with a duration until July 2018 and two extension options, each for one more year, which would, if exercised, result in a duration until 2020. So far there has been no drawdown under this credit facility.

### **Legal and arbitration proceedings**

For the Hattorf, Unterbreizbach and Wintershall mine sites located on the Werra a new injection permit was granted until 30 November 2015. The local municipalities of Gerstungen, Witzenhausen and Herleshausen as well as the "Bürgerinitiative für ein lebenswertes Werratal" and the "Fischeiverband Untere Werra" have filed claims against the new injection permit at the Administrative Court of Kassel (VG Kassel). These claims are still pending. In addition, a new discharging permit for all three sites was granted until 2020. That new permission has also been challenged in court by the same claimants.

The Neuhof mine has been granted a new discharging permit until 2020 together with a permit for the pipeline transportation of the saline waste water from Neuhof to the river Werra. The discharging permit is challenged before the Administrative Court of Kassel by all of the above stated parties as well as by the Federal Republic of Germany and the State of North Rhine-Westphalia. In an action for temporary relief, the "Fischereiverband Untere Werra" succeeded and the enforcement of the new discharging permit was suspended. K+S KALI GmbH appealed the temporary suspension before the Higher Administrative Court of Kassel (VGH Kassel). The appeal is still pending. All proceedings in the main actions are also still pending. The permission for the pipeline transportation of saline waste water from Neuhof to the river Werra has also been challenged by all of the claimants of the Neuhof discharging permit. Both action for temporary relief and main actions are still pending at the Administrative Court of Kassel.

On 21 March 2012, the State of Ohio's Attorney General has filed an antitrust lawsuit in Ohio's state court against Cargill, Inc, Cargill Deicing Technology, Morton International, LLC and the K+S Group's subsidiary Morton Salt, Inc and alleging price-fixing to the detriment of the Ohio Department of Transportation and other government entities for rock salt. The Attorney General requests, among others, a fine of USD 500 per day throughout the alleged price-fixing period (commencing in 2000) and disgorgement of profits (which are alleged to USD 50 million for all defendants). Morton and Cargill have filed Motions to Dismiss the

alleged complaints, an oral hearing was held 1 August 2012. However, the judge denied the Motions to Dismiss on 22 April 2013, so the case will now proceed to the discovery stage. Trial is set for November 2014.

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***

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

#### ***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, K+S AG's corporate purpose is

- the extraction, processing and sale of potassium salt and rock salt as well as other minerals, including related main and secondary products;
- the use of underground cavities created as a result of mining operations;
- the recycling and removal of waste;
- the production and sale of fertilizer mixtures and various types of chemical products;
- trading in all the aforementioned minerals and products;
- the management and exploitation of real property; and
- the execution of all such transactions and measures that may appear necessary for or conducive to the accomplishment of the 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 holders of the Notes.

#### **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***

Russian Uralkali's exit from the BPC sales organisation operated jointly with Belarusian Belaruskali along with Uralkali's related statement that it wants to expand production and sales created considerable uncertainty about future volume and price developments on the market for potash fertilizers which continues to be the case. The announcement caused tangible restraint with regard to purchasing decisions as no new stable price level has been established yet. The level at which prices will stabilise and the duration of this phase of uncertainty cannot be assessed. This situation has already prompted some potash producers, including K+S Group, to adjust production planning for 2013.

The exceptionally strong outburst of carbon dioxide caused by extraction blasting at the Unterbreizbach mine site on 1 October 2013 caused the mine to be closed and the introduction of short time work, with limited resumption of crude salt extraction only possible since 11 November 2013. This will very likely adversely affect K+S Group's annual potash output since compensation by other plants is not planned.

### ***Outlook***

K+S AG expects that the prosperity of the emerging market countries tends to increase further. This should result in higher dietary expectations on the part of their populations. Moreover, the world's population continues to grow. Demand for agricultural products should therefore continue to grow largely independent of the economic situation. In the case of salt products, the impact of the general economic situation on demand is of minor importance, since business in the de-icing salt sector depends on the weather and business with the other salts is largely independent from economic conditions.

Regarding the de-icing salt business, K+S AG expects average multi-year sales volumes for de-icing salt over the remaining months of the year 2013. Taking into account the de-icing salt business for the first quarter of the year 2013 as well as the good early stocking-up business in the second and third quarters of 2013, K+S AG expects significantly higher sales volumes, especially after demand in 2012 was below average as a result of the exceptionally mild weather conditions at the start of the year 2012. In the food grade salt segment, K+S AG expects the demand in both Europe and North America to remain largely stable in 2013. South American sales volumes for food grade salt is expected to continue to grow in line with population trends there, but following the normalisation of the salt harvest situation in Brazil, competition is expected to increase. While chemical industry demand for salt for chemical use is expected to rise slightly in North America, K+S AG expects sales volumes to remain stable in South America and to be slightly lower in Europe. Salt consumption in Asia is continuing to grow at an appreciable rate. After K+S Chile has delivered a series of salt products to the chemical industry in China in 2011 and 2012, this region is expected to continue to gain in importance for K+S Group in the future. The consumption of industrial salts should remain stable in all regions.

With respect to the potash and magnesium market Russian Uralkali's exit from the BPC sales organisation operated jointly with Belarusian Belaruskali along with Uralkali's related statement that it wants to expand production and sales created considerable uncertainty about future volume and price developments on the market for potash fertilizers which continues to be the case. The announcement caused tangible restraint with regard to

purchasing decisions as no new stable price level has been established yet. The level at which prices will stabilise and the duration of this phase of uncertainty cannot be assessed. This situation has already prompted some potash producers, including K+S Group, to adjust production planning for 2013.

For 2013, average prices in the Potash and Magnesium Products business unit are expected to decrease tangibly year on year (2012: € 329 per tonne). The sales volume for potash and magnesium products might slightly decline to about 6.8 million tonnes (2012: 6.95 million tonnes) while sales volumes for crystallised salt will significantly increase to about 22 million tonnes (2012: 17.56 million tonnes).

As a result of the uncertainties on the potash market K+S AG expects that the operating earnings of K+S Group as well as the adjusted Group earnings after taxes will significantly decrease compared to the level achieved in 2012 while revenues are expected to remain at the same level as in 2012.

To make sustainable improvements to its organisational and cost structure, K+S Group has been working on an array of projects for some time with the aim of increasing efficiency of production, as well as administrative and sales functions. In order to strengthen the K+S Group's competitiveness, K+S announced the "Fit for the Future" programme on 14 November 2013, which combines the existing projects with additional initiatives. K+S AG strives for cost reductions totalling in the magnitude of EUR 500 million over the next three years in comparison with the cost planning for the same period; K+S seeks to achieve a cost reduction of a good EUR 150 million in the year 2014. The envisaged savings will primarily stem from material costs, but also include considerations that could lead to reductions in the number of employees. While the Potash and Magnesium Products business unit is expected to contribute more than half, the Salt business unit is expected to contribute about a third of the savings. The remaining amounts are expected to be contributed by the Complementary Activities, the K+S AG in its function as holding and the IT department.

## INFORMATION ON MINERAL DEPOSITS

### Information about mineral deposits

This section contains an overview of the mineral deposits, mineral reserves and mineral resources of the K+S Group for both the Potash and Magnesium Products business unit and the Salt business unit. The deposits are either owned by the K+S Group or there are appropriate mining and exploration rights, licenses or concessions (together the “**Mining Rights**”) in place which secure the potential excavation of the mineral reserves. Where mineral reserves are excavated all operating permits and necessary approvals are in place.

A mineral resource is a concentration of minerals in such form and quantity and of such a grade or quality that has a reasonable prospect for economic extraction. A mineral reserve is the part of a mineral resource that is economically mineable. International reserve reporting standards classify mineral reserves according to an increasing level of geological knowledge and confidence into the categories probable reserves and proven reserves.

The K+S Group classifies its mineral reserves and resources into categories according to an increasing level of geological knowledge and confidence (A, B, C1 and C2). The A and B categories are comparable to proven mineral reserves as defined in the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) Definition Standards on Mineral Resources and Reserves and the C1 category is comparable to probable mineral reserves as defined in the CIM Definition Standards. The C2 category is comparable with mineral resources as defined in the CIM Definition standards.

The procedures underlying K+S Group's reserve and resource reporting is in accordance with international guidelines published amongst others by the CIM. Surface/underground drilling and logging as well as sampling techniques are performed in line with state of the art procedures. Sample preparation and chemical analysis for grade calculation are handled in-house by certified K+S laboratories and data handling, verification and interpretation is performed by qualified and experienced experts (geologists, miners, engineers, chemists).

The K+S Group explores its deposits continually through the appropriate techniques, such as seismic surveys, surface and underground drilling. All deposits of already operating mine sites are fully accessible. The exploration process and accessibility of the mineral deposits with respect to the Legacy Project are set out under “*Information on K+S AG as Issuer – Information about K+S AG – Investments*”.

### Potash and Magnesium Products Business Unit

#### Germany

#### Reserves

The specified extractable reserves were last determined on 1 January 2013 and contain proven and probable mineral reserves (A, B and C1 category). The following table shows rounded figures of the reserves of potassium chloride (KCl) and magnesium sulphate/kieserite ( $MgSO_4 \times H_2O$ ), of the volume extracted in 2012 and of the theoretical lifetime of the individual mines in Germany. On the basis of this data, a theoretical lifetime of the mines of about 36 years on average is calculated for the Potash and Magnesium Products

business unit. Volumes actually mined in future that differ from these volumes would result in a change of the theoretical lifetime.

	Reserves				Extraction 2012		Theoretical lifetime in years <sup>3)</sup> ,
	Potash salt mine	Crude salt in t eff. million	t million K <sub>2</sub> O <sup>1)</sup>	t million KCl <sup>1)</sup>	t million Kieserite <sup>2)</sup>	t eff. million	t million K <sub>2</sub> O <sup>1)</sup>
Neuhof-Ellers	81.6	8.5	13.5	19.3	3.69	0.38	22
Sigmundshall	26.3	2.9	4.6	4.0	2.38	0.27	7 <sup>4)</sup>
Verbundwerk Hattorf-Wintershall	572.6	48.4	76.6	78.3	14.9 <sup>5)</sup>	1.12 <sup>5)</sup>	43
Unterbreizbach	82.2	17.6	27.9	7.1	4.3 <sup>6)</sup>	0.68 <sup>6)</sup>	26
Zielitz	441.6	54.8	86.9	–	11.30	1.32	41

- 1) Potassium oxide (K<sub>2</sub>O) is a customary, chemical unit of conversion for potassium compounds, 100% potassium chloride (KCl) corresponds to 63.17 % K<sub>2</sub>O.
- 2) Kieserite (MgSO<sub>4</sub> x H<sub>2</sub>O) is a usable magnesium mineral in potash deposits. Other minerals containing magnesium sulphate are only utilised secondarily for process-related factors.
- 3) The calculation assumes the granting of approvals (permits and leases), the economic exploitability of reserves and an annual extraction remaining constant over the lifetime.
- 4) The theoretical lifetime of the Sigmundshall mine is determined by the volume of reserves of sylvinit and the current method of waste disposal.
- 5) Without supplies from Unterbreizbach to Wintershall.
- 6) Including supplies from Unterbreizbach to Wintershall.

## Resources

Resources exist for the Potash and Magnesium Products business unit. These are not yet used potash seams or fields to which rights are held in which resources can be shown to exist on the basis of geophysical investigations and surface drilling as well as by means of geological analogical inference. These potential extraction fields are predominantly adjacent to existing ones and belong to the K+S Group or the K+S Group has a pre-emptive right.

In Germany, the Potash and Magnesium Products business unit has around 1,350 million tonnes of crude salt as exploitable resources. This figure already takes into consideration losses by extraction and barren zones. This could result in a prolongation of the lifetime of individual plants.

## Canada

K+S Group holds several potash exploration licences in the Canadian province of Saskatchewan and, with the Legacy Project in the mining lease area KLSA 009, has an advanced greenfield project in which potassium chloride can be extracted by means of solution mining on the basis of an existing feasibility study. The reserves and resources are specified in million tonnes of potassium chloride as a saleable end product, and the corresponding deductions for losses during mining and processing have already been taken into consideration. On the basis of the available reserves and at an annual production capacity of 2.86 million tonnes, a theoretical lifetime of about 56 years can be assumed.

## Reserves and Resources<sup>1)</sup>

	t million KCl <sup>2)</sup>	% KCl <sup>2)</sup>	% K <sub>2</sub> O <sup>2)</sup>	
Mineral Reserves (Proven and probable Reserves)	160.3	29.1	18.4	Legacy Project area and KLSA 009
Resources				
Indicated Resources	88.1	27.3	17.3	Legacy Project area
Inferred Resources	893.7	26.9	17.0	and KLSA 009

- 1) The Reserves and Resources figures were determined in accordance with the requirements of the Canadian standard NI 43-101 of the "Canadian Securities Regulators".
- 2) Potassium oxide (K<sub>2</sub>O) is a customary, chemical unit of conversion for potassium compounds, 100% potassium chloride (KCl) corresponds to 63.17 % K<sub>2</sub>O.

Apart from the mine lease area KLSA 009, K+S Potash Canada holds six more potash exploration permits in Southern Saskatchewan. Due to the limitation of geological data available on these deposits they cannot yet be classified as resources or reserves.

## Fees, extraction charges and Royalties

Delay fees and extraction charges or mining royalties must be paid on some of the fields in the Potash Magnesium Products business unit on an annual basis. For 2013, they will total approximately EUR 1 million per year for all fields in the Potassium and Magnesium Products business unit and are generally based on production amounts.

## Salt Business Unit

### Reserves

The specified extractable reserves were last determined on 1 January 2013 and contain proven and probable reserves (A, B, C1 category). The following table shows the salt reserves, the average extraction of the mines, open-cast mining operations and brine fields in the 10 year period from 2003 to 2012 as well as the theoretical lifetime of the individual sites. Rounded figures are reported. On the basis of this data, a theoretical lifetime of the sites of about 50 years on average is calculated (without production of solar evaporation salt). Volumes actually mined in future that differ from these volumes would result in a change of the theoretical lifetime.

Site	Company	Production method	Reserves in t million	Ø- Extraction 2003 - 2012 in t million	Theoretical lifetime in years <sup>1)</sup>
Bernburg, Germany	esco	Rock salt mine	34.2	1.86	19
Borth, Germany	esco	Rock salt mine	38.9	1.54	25
Braunschweig-Lüneburg, Germany	esco	Rock salt mine	20.8	0.67	31
Bernburg-Gnetsch, Germany	esco	Solution mine	21.0	0.24	83
Harlingen, The Netherlands	esco	Solution mine	6.2	1.00	6
Fairport, USA	Morton Salt	Rock salt mine	55.4	1.12	49
Grand Saline, USA	Morton Salt	Rock salt mine	59.7	0.30	198
Mines Seleine, Kanada	Morton Salt	Rock salt mine	37.1	1.53	24
Ojibway, Canada	Morton Salt	Rock salt mine	83.1	2.63	32
Pugwash, Canada	Morton Salt	Rock salt mine	31.4	1.12	28
Weeks Island, USA	Morton Salt	Rock salt mine	66.8	1.41	47
Glendale, USA	Morton Salt	Solution mine	9.2	0.12	77
Grand Saline, USA	Morton Salt	Solution mine	4.3	0.06	74
Hutchinson, USA	Morton Salt	Solution mine	18.4	0.32	57
Lindbergh, Canada	Morton Salt	Solution mine	17.2	0.13	132
Manistee, USA	Morton Salt	Solution mine	22.7	0.28	81
Rittman, USA	Morton Salt	Solution mine	8.2	0.50	16
Silver Springs, USA	Morton Salt	Solution mine	16.6	0.34	48
Windsor, Canada	Morton Salt	Solution mine	4.8	0.23	21
Grantsville, USA	Morton Salt	Solar evaporation salt (Great Salt Lakes)	∞	0.57	∞
Inagua, Bahamas	Morton Salt	Solar evaporation salt (Ocean)	∞	0.88	∞
Tarapacá, Chile	K+S Chile	Open cast mining	556.0	6.80	82
Rio Grande do Norte, Brazil	K+S Chile	Solar evaporation salt (Ocean)	∞	0.50	∞

1) The calculation assumes the granting of permits and approvals, the economic exploitability of reserves and an annual extraction remaining constant over the lifetime.

## Resources

Resources exist for the Salt business unit. These are fields to which rights are held in which resources can be shown to exist on the basis of geophysical investigations and surface drilling as well as by means of geological analogical inference. These potential extraction fields are in part adjacent to existing ones and belong to the K+S Group or K+S Group holds a Mineral Right for exploration and extraction.

For the Salt business unit, about 1,300 million tonnes of rock salt in Europe and in North and South America can be disclosed as exploitable resources, taking into consideration losses in extraction and impoverishment. This could result in a prolongation of the lifetime of individual plants.

### ***Fees, extraction charges and Royalties***

In the Salt business unit for the US and Canadian operations, extraction charges or mining royalties must be paid based on production. For 2013, those charges and royalties will amount to approximately USD 0.7 million per year for all Mining Rights in the United States and CAD 1.6 million for all Mining Rights in Canada. The extraction charges for Harlingen, Netherlands, will amount to approximately EUR 0.13 and for Braunschweig-Lüneburg, Germany, to approximately EUR 0.1 million.

### **Mining and exploration rights, licences, concessions, operating permits and approvals**

All deposits used are either owned by the K+S Group or appropriate Mining Rights are in place. Those Mining Rights secure the potential excavation of the mineral reserves shown in the tables over the stated periods.

For its operations, the K+S Group may not mine for mineral resources unless it has obtained, in addition to required Mining Rights, all required operating (and, if needed, environmental and construction) permits and approvals, which is the case for all mineral reserves currently being excavated. The granting of such operating permits and approvals is based on the various requirements set out in the respective local legislation.

In general, K+S Group's ability to start, maintain and modify its mining operations highly depends on complex permitting and approval processes with various decisions to be made at various levels of governmental bodies and authorities.

The Legacy Project, so far, has been granted all required permits and approvals, including the important approval of the Environmental Impact Statement according to the Environmental Assessment Act of Saskatchewan, for moving forward with the project and being able to start construction works on the mine site. According to the developing and construction progress further permits and approvals up to the final operating permit will have to be obtained until actual production may start.

The legal requirements applicable to the existing Mining Rights, operating permits and approvals under public law vary from country to country, from plant to plant and from mine to mine. Typically, they contain regulations on the technical framework conditions of the mining work, for the protection of the environment (in particular of flora, fauna, water, air, soil) and the neighbourhood (in particular against emissions of dust, noise and vibrations), and requirements for work safety and for the subsequent use of the mining areas once the mining work has ended. Due to the differences in legal framework conditions in the individual countries where K+S Group is active, the content and scope of regulations deviate greatly from each other and cannot be generalized. The same holds true for the time periods for which the Mining Rights, operating permits and approvals are issued: whereas in some countries Mining Rights, operating permits and approvals are issued at the longest for the subsequent 1-5 years, in other countries Mining Rights, operating permits and approvals may be issued for the next 10-20 years or even for an unlimited period, meaning until the mineral reserves within the approved mining area have been exhausted.

## 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 *[im Fall der Tranche 1 Schuldverschreibungen einzufügen: EUR [•]]* *[im Fall der Tranche 2 Schuldverschreibungen einzufügen: EUR [•]]* ist eingeteilt in auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 1.000 (die „**Schuldverschreibungen**“).
- (b) Die Schuldverschreibungen werden zunächst durch eine vorläufige auf den Inhaber lautende Globalschuldverschreibung (die „**Vorläufige Globalurkunde**“) ohne Zinsscheine verbrieft; die nicht früher als 40 Tage (dieser Zeitraum nachfolgend die „**Sperrfrist**“) nach dem Tag der Begebung der Schuldverschreibungen in eine permanente auf den Inhaber lautende Globalschuldverschreibung (die „**Dauerglobalurkunde**“, die Vorläufige Globalurkunde und die Dauerglobalurkunde jede für sich eine „**Globalurkunde**“) ohne Zinsscheine ausgetauscht wird, und zwar gegen Nachweis über das Nichtbestehen von U.S.-amerikanischem wirtschaftlichen Eigentum (*U.S. beneficial ownership*) der Schuldverschreibungen, der nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika und den dann

### Terms and Conditions of the Notes

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

### § 1 Form and Denomination

- (a) The issue by K+S Aktiengesellschaft, Kassel (the “**Issuer**”) in the aggregate principal amount (subject to § 1(d)) of *[in case of the Tranche 1 Notes insert: EUR [•]]* *[in case of the Tranche 2 Notes insert: EUR [•]]* is divided into bonds payable to bearer in the denomination of EUR 1,000 each (the “**Notes**”).
- (b) The Notes are initially represented by a temporary global bond payable to bearer (the “**Temporary Global Note**”) without interest coupons which will be exchanged not earlier than 40 days (this period hereinafter referred to as the “**Restricted Period**”) after the issue date of the Notes against a permanent global bond payable to bearer (the “**Permanent Global Note**”, together with the Temporary Global Note, each a “**Global Note**”) without interest coupons upon certification as to non-U.S. beneficial ownership of the Notes the contents and nature of which shall correspond to the requirements of the laws of the United States of America and to the standard practices of the security clearing system(s) which then exist(s).

bestehenden Usancen der Clearingsysteme entspricht.

(c) Die Vorläufige Globalurkunde und die Dauerglobalurkunde sind jeweils nur wirksam, wenn sie die eigenhändigen Unterschriften von zwei durch die Emittentin bevollmächtigen Personen sowie die Unterschrift eines Kontrollbeauftragten der Hauptzahlstelle tragen.

(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, société anonyme, Luxembourg ("CBL") und Euroclear Bank SA/NV ("Euroclear") (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 Gesamtbetrag. Die Register der 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

(c) Each of the Temporary Global Note and the Permanent Global Note shall only be valid if it bears the handwritten signatures of two duly authorized representatives of the Issuer and the control signature of a person instructed by the Principal Paying Agent.

(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, société anonyme, Luxembourg ("CBL") and Euroclear Bank SA/NV ("Euroclear") (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 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 customer'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 a 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

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

## § 2 Status der Schuldverschreibungen, Negativerklärung

(a) Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht nachrangige und nicht besicherte Verbindlichkeiten der

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

## § 2 Status of the Notes, Negative Pledge

(a) The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any

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 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

(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

(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

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.

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 von einer Gesellschaft der Gruppe an Forderungen bestellt werden, die ihr aufgrund der Weiterleitung von aus dem Verkauf von Kapitalmarktverbindlichkeiten in der Form von Wandelschuldverschreibungen erzielten Erlösen gegen Gesellschaften der Gruppe oder sonstige Dritte gegenwärtig oder zukünftig zustehen, sofern solche Sicherheiten der Besicherung von Verpflichtungen aus den jeweiligen Kapitalmarktverbindlichkeiten der Gesellschaft der Gruppe dienen, oder (iv) die eine im Zeitpunkt einer zukünftigen Akquisition bestehende Kapitalmarktverbindlichkeit des erworbenen Unternehmens besichern, die infolge der zukünftigen Akquisition eine Verpflichtung der Emittentin oder einer Gesellschaft der Gruppe wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese zukünftige Akquisition begrün-

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 provided by any member of the Group upon any claims of such member against any other member of the Group or any third party, which claims exist now or arise at any time in the future as a result of the passing on of the proceeds from the sale by the Subsidiary of any Capital Market Indebtedness in the form of convertible bonds, provided that any such security serves to secure obligations under such Capital Market Indebtedness of the member of the Group, or (iv) which secures a Capital Market Indebtedness of an acquired enterprise existing at the time of any future acquisition that becomes an obligation of the Issuer or any member of the Group as a consequence of such future acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such future acquisition.

det wurde.

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

**„Kapitalmarktverbindlichkeiten“**

bezeichnet jede gegenwärtige oder zukünftige Verpflichtung zur Zahlung oder Rückzahlung von Geldern (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für Verbindlichkeiten von Dritten) aus Schuldscheindarlehen oder aus Anleihen, Schuldverschreibungen oder anderen ähnlichen Instrumenten mit einer ursprünglichen Laufzeit von mehr als einem Jahr, sofern sie an einer Börse oder an einem anderen Wertpapiermarkt notiert, zugelassen oder gehandelt werden oder notiert, zugelassen oder gehandelt werden können.

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

**§ 3 Verzinsung**

- (a) Die Schuldverschreibungen werden, bezogen auf ihren Nennbetrag, ab dem 6. Dezember 2013 (der „Zinslaufbeginn“) (einschließlich) mit *[im Fall der Tranche 1 Schuldverschreibungen einzufügen: [•] %]* *[im Fall der Tranche 2 Schuldverschreibungen einzufügen: [•] %]* jährlich verzinst. Die Zinsen sind jährlich nachträglich am 6. Dezember jeden Jahres (jeweils ein „Zinszahlungstag“), beginnend mit dem 6. Dezember 2014, zu zahlen.
- (b) Der Zinslauf der Schuldverschreibungen endet, soweit hierin nicht abweichend geregelt, am

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 an assignable loan (*Schuldscheindarlehen*) or through the issuance of bonds, debentures, notes or other similar debt securities, with an original maturity of more than one year, which are, or are capable of being, quoted, listed or traded on a stock exchange or other securities market.

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

**§ 3 Interest**

- (a) The Notes shall bear interest on their principal amount at a rate of *[in case of the Tranche 1 Notes insert: [•] per cent.]* *[in case of the Tranche 2 Notes insert: [•] per cent.]* per annum from and including 6 December 2013 (the “Interest Commencement Date”). Interest is payable annually in arrear on 6 December of each year (each an “Interest Payment Date”), commencing on 6 December 2014.
- (b) Subject as provided herein, a Note shall cease to bear interest from the end of the day preceding the due

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 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 ***im Fall der Tranche 1 Schuldverschreibungen***

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 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 ***in case of the***

<p><b>einzufügen:</b> 6. Dezember 2018] <b>im Fall</b> der <b>Tranche 2 Schuldverschreibungen einzufügen:</b> 6. Dezember 2021] (der „<b>Fälligkeitstag</b>“) zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt, soweit sie nicht vorher zurückgezahlt oder zurückgekauft und entwertet worden sind.</p>	<p><b>Tranche 1 Notes</b> <b>insert:</b> 6 December 2018] <b>[in case of the Tranche 2 Notes</b> <b>insert:</b> 6 December 2021] (the “<b>Redemption Date</b>”) to the extent they have not previously been redeemed or purchased and cancelled.</p>
<p>(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.</p>	<p>(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.</p>
<p>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.</p>	<p>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).</p>
<p>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 Beträgen</p>	<p>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</p>

ge als Folge der entsprechenden Rechtsänderung zu zahlen.

## § 5 Zahlungen

(a) Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, 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 § 1(b).

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

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

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

„**Geschäftstag**“ ist jeder Tag (außer einem Samstag oder Sonntag), an dem (a) das Trans-European Automated Real-time Gross-settlement Express Transfer System 2

relevant change in law.

## § 5 Payments

(a) Payment of principal and interest on the Notes shall be made, subject to applicable fiscal and other laws and regulations, 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(b).

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

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

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

“**Business Day**“ means a day (other than a Saturday or Sunday) on which (a) the Trans-European Automated Real-time Gross-settlement Express Transfer System 2 (TARGET 2) is

(TARGET 2) in Betrieb ist und (b) das Clearingsystem Zahlungen abwickelt.

operating and (b) the Clearing System settles payments.

## § 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 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

## § 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.
- (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,

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 oder Vereinbarung umsetzt 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 aller 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

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 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

Nichtansässigkeitserklärung abgibt oder den Dritten veranlasst, eine solche Erklärung abzugeben oder einen anderen Steuerbefreiungsanspruch gegenüber den Steuerbehörden geltend macht; or

(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.

(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 Kontrollwechsel, Recht auf vorzeitige Rückzahlung**

(a) Wenn ein Kontrollwechsel (wie nachstehend definiert) eintritt (ein „**Vorzeitiges Rückzahlungssereignis**“), 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 Rückzahlungssereignisses 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 Rückzahlungssereignisses gemäß § 7(a) liegen.

(b) Falls die Emittentin gemäß § 7(a) ein Vorzeitiges Rückzahlungssereignis bekannt gemacht hat, ist jeder Anleihegläubiger nach seiner Wahl berechtigt, mit einer Frist von mindestens 15 Tagen mit Wirkung zum Stichtag jede Schuldverschrei-

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

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

bung, 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 § 14(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 die Emittentin erwirbt bzw. erwerben; oder
- (ii) die Emittentin sämtliche oder nahezu sämtliche ihrer Vermögenswerte an eine Person (außer eine Tochtergesellschaft) veräußert oder anderweitig abgibt; oder
- (iii) im Falle eines öffentlichen Übernahmangebotes für Aktien der Emittentin eine Situation eintritt, in der (x) Aktien, die sich bereits direkt oder indirekt in der Kontrolle des Bieters und/oder von Personen, die mit dem Bieter gemeinsam handeln, befinden, und Aktien, die diesen bereits im Rahmen des Angebots angedient wurden, zusammen

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 § 14(d)(i) that such Noteholder at the time of such written notice is the holder of the relevant Notes.

(c) Definitions:

A “**Change of Control**” occurs if

- (i) any Person or Persons acting in concert acquires or acquire Control of the Issuer after the issue date of the Notes; or
- (ii) the Issuer sells or otherwise transfers all or substantially all of its assets to any Person (except for any subsidiary); or
- (iii) in the event of a public tender offer for shares of the Issuer a situation arises in which (x) shares already directly or indirectly in Control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer, carry in aggregate more than 50 per cent. of the voting rights in the Issuer and (y) the

mehr als 50 % der Stimmrechte der Emittentin gewähren und (y) das Angebot unbedingt ist oder unbedingt geworden ist (wobei aufsichtsrechtliche, insbesondere kartellrechtliche Genehmigungen und sonstige Bedingungen, deren Erfüllung nach dem Ende der Annahmefrist nach § 16 Absatz 1 WpÜG aussteht, unbeachtet bleiben).

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

Eine „**Person**“ bezeichnet jede natürliche Person, Gesellschaft, Vereinigung, Firma, Partnerschaft, Joint Venture, Unternehmung, Zusammenschluss, Organisation, Fonds, Staat oder staatliche Einheit, unabhängig davon, ob es sich um eine selbständige juristische Person handelt oder nicht, aber unter Ausschluss verbundener Tochterunternehmen der Emittentin im Sinne der §§ 15 bis 18 AktG.

## § 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 aufgelaufener Zinsen durch Abgabe einer schriftlichen Kündigungserklärung gegenüber der

offer is or has become unconditional (other than for conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to § 16(1) of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen - WpÜG*)).

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

A “**Person**” means an individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state, in each case whether or not being a separate legal entity, but excluding affiliated subsidiaries of the Issuer in the meaning of §§ 15 through 18 of the German Stock Corporation Act (*Aktiengesetz - AktG*).

## § 8 Events of Default

- (a) Noteholders shall be entitled to declare the Notes to be immediately due and repayable and to demand their immediate redemption at their principal amount together with accrued interest by giving written notice of default to the Issuer and the Principal Paying Agent, if any of the

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 Gesellschaft der Gruppe (mit Ausnahme der Schuldverschreibungen) wird bei Fälligkeit oder nach Ablauf einer etwaigen Nachfrist nicht bezahlt, oder eine Finanzverbindlichkeit der Emittentin oder einer Gesellschaft der Gruppe wird aus einem anderen Grund vor dem vorgesehenen Fälligkeitstermin aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig fällig gestellt oder auf andere Weise vorzeitig fällig, oder ein Gläubiger der Emittentin oder einer Gesellschaft der Gruppe ist berechtigt, eine Finanzverbindlichkeit der

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 other member of the Group incurred otherwise than under the Notes is not paid when due nor within any originally applicable grace period or any Financial Indebtedness of the Issuer or any other member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined) or any creditor of the Issuer or any other member of the Group becomes entitled to declare any Financial Indebtedness of the Issuer or other member of the Group due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined),

	Emittentin oder einer Gesellschaft der Gruppe aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig zu kündigen, es sei denn, der Gesamtbetrag dieser Kapitalmarktverbindlichkeiten ist kleiner als EUR 30.000.000 (oder der entsprechende Gegenwert in einer oder mehreren anderen Währung(en)); oder	unless the aggregate amount of all such Capital Market Indebtedness is less than EUR 30,000,000 (or its equivalent in any other currency or currencies); or
(iv)	die Emittentin oder eine Wesentliche Tochtergesellschaft stellt ihre Zahlungen allgemein ein oder gibt Zahlungsunfähigkeit bekannt; oder	(iv) the Issuer or a Material Subsidiary suspends its payments generally or announces its inability to meet its financial obligations; or
(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 die Emittentin trifft eine allgemeine Schuldenregelung zu Gunsten ihrer Gläubiger oder bietet diese an; oder	(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 if the Issuer or a Material Subsidiary offers or makes a general arrangement for the benefit of its creditors; or
(vi)	die Emittentin oder eine Wesentliche Tochtergesellschaft tritt in Liquidation (es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, Reorganisation oder einer	(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

anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, sofern die andere oder neue Gesellschaft oder gegebenenfalls die anderen neuen Gesellschaften im Wesentlichen alle Aktiva und Passiva der Emittentin bzw. der wesentlichen Tochtergesellschaft übernimmt oder übernehmen); oder

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

(b) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde. Vorbehaltlich anwendbaren zwingenden Rechts berechtigen andere Ereignisse oder Umstände als die in § 8(a) genannten den Anleihegläubiger nicht dazu, seine Schuldverschreibungen vorzeitig zur Rückzahlung fällig zu stellen, es sei denn, dies ist ausdrücklich in diesen Anleihebedingungen bestimmt.

(c) Eine Kündigungserklärung gemäß § 8(a) ist unwiderruflich und hat schriftlich gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 14(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, reconstruction and such other or new company or, as the case may be, companies effectively assume substantially all of the assets and liabilities of the Issuer or the Material Subsidiary, as the case may be); or

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

(b) The right to declare Notes due shall lapse if the Event of Default has been cured before the right is validly exercised. No event or circumstance other than an event specified in § 8(a) shall entitle Noteholders to declare their Notes due and payable prior to their stated maturity, save as expressly provided for in these Terms and Conditions and subject to applicable mandatory law.

(c) A notice of default pursuant to § 8(a) is irrevocable and must be effected by delivering a written notice to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 14(d)(i) that such Noteholder at the time of such written notice is the holder of the relevant Notes.

(d) In the events specified in § 8(a)(ii) and/or (iii) any Default Notice shall,

sofern nicht bei deren Eingang zugleich einer der in den § 8(a)(i) und (iv) bis (viii) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Anleihegläubigern im Gesamtbetrag von mindestens einem Zwanzigstel, gemessen am Gesamtnennbetrag der dann ausstehenden Schuldverschreibungen, eingegangen sind.

(e) **"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.

(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) "Finanzverbindlichkeit" bezeichnet (i) jede Kapitalmarkverbindlichkeit (wie in § 2 definiert) und (ii) die ungetilgten Kapitalbeträge aller Gelder, die als Darlehen von Banken aufgenommen wurden.

(f) "Financial Indebtedness" means (i) any Capital Market Indebtedness (as defined in § 8) and (ii) the outstanding principal amount of all money borrowed from Banks.

### § 9 Bekanntmachungen

(a) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, außer wie in § 13(h) vorgesehen, werden im Bundesanzeiger und (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörsen notiert sind und die Regularien dieser Börse dies verlangen) auf der Internet-Seite 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.

### § 9 Notices

(a) All notices regarding the Notes, except as stipulated in § 13(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 Weitere Emissionen und Rückkauf

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

### § 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.

begebenen Schuldverschreibungen.

(b) Die Emittentin kann jederzeit im Markt oder auf andere Weise Schuldverschreibungen ankaufen und verkaufen.

(b) The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

## § 11 Zahlstellen

(a) Die Deutsche Bank Aktiengesellschaft ist die Hauptzahlstelle (die „**Hauptzahlstelle**“ und gemeinsam mit 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 & Securities 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 Ände-

## § 11 Paying Agents

(a) Deutsche Bank Aktiengesellschaft will be the principal paying agent (the “**Principal Paying Agent**” and, together with and any additional paying agent appointed by the Issuer in accordance with § 11(b), the “**Paying Agents**”). The address of the specified office of the Principal Paying Agent is:

Deutsche Bank Aktiengesellschaft  
Trust & Securities 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

rungen in Bezug auf die Zahlstellen oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß § 9 mitgeteilt.

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

(c) The Paying Agents acting in such capacity act only as agents of the Issuer. There is no agency or fiduciary relationship between the Paying Agents on the one side and the Noteholders on the other side.

## **§ 12 Vorlegungsfrist, Verjährung**

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

Noteholders in accordance with § 9.

## **§ 12 Presentation Period, Prescription**

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

## **§ 13 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 § 13(b) genannten Mehrheit Änderungen 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.

## **§ 13 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 sections 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 Conditions, including such measures as provided for under section 5 paragraph 3 of the SchVG by resolutions passed by such majority of the votes of the Noteholders as stated under § 13(b) below. A duly passed majority resolution shall be binding equally

upon all Noteholders.

(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) Falls Beschlüsse der Anleihegläubiger in einer Gläubigerversammlung gefasst werden, enthält die Bekanntmachung der Einberufung nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Anleihegläubigern mit der Bekanntmachung der Einberufung bekannt gemacht. 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

(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 section 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 section 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) If resolutions of the Noteholders shall be made by means of a meeting the convening notice (*Einberufung*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice 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 a Depositary Bank in accordance with § 14(d)(i)(a) and (b) hereof in text form and by

Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 14(d)(i)(a) und (b) und durch 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, enthält die Aufforderung zur Stimmabgabe nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Anleihegläubigern mit der Aufforderung zur Stimmabgabe bekannt gemacht. Die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Aufforderung zur Stimmabgabe mitgeteilten Adresse spätestens am dritten Tag vor Beginn des Abstimmungszeitraums zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 14(d)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

(e) If resolutions of the Noteholders shall be made by means of a vote without a meeting the request for voting (*Aufforderung zur Stimmabgabe*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the request for voting. The exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Depositary Bank in accordance with § 14(d)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Depositary Bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

<p>(f) Wird für die Gläubigerversammlung gemäß § 13(d) oder die Abstimmung ohne Versammlung gemäß § 13(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. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der zweiten Versammlung zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 14(d)(i)(a) und (b) und durch 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 Versammlung (einschließlich) nicht übertragbar sind, nachweisen.</p>	<p>(f) If it is ascertained that no quorum exists for the meeting pursuant to § 13(d) or the vote without a meeting pursuant to § 13(e), in case of a meeting the chairman (<i>Vorsitzender</i>) may convene a second meeting in accordance with section 15 paragraph 3 sentence 2 of the SchVG or in case of a vote without a meeting the scrutineer (<i>Abstimmungsleiter</i>) may convene a second meeting within the meaning of section 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 registration must be received at the address stated in the convening notice no later than the third day preceding the second meeting. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Depositary Bank in accordance with § 14(d)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Depositary Bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.</p>
<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</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</p>

Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn der Gemeinsame Vertreter befugt ist, Änderungen des wesentlichen Inhalts der Anleihebedingungen gemäß § 13(b) zuzustimmen.

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

#### **§ 14 Schlussbestimmungen**

(a) Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Emittentin und die Rechte der Anleihegläubiger bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland und werden in Übereinstimmung damit ausgelegt.

(b) Erfüllungsort ist Frankfurt am Main.

(c) Vorbehaltlich 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. Die Emittentin verzichtet unwiderruflich darauf, Einwände oder Einreden geltend zu machen, die jetzt oder in Zukunft gegen die Vereinbarung vorgebracht werden könnten, dass Frankfurt am Main der Gerichtsstand für alle Verfahren und Streitigkeiten sein soll, und verpflichtet sich, nicht zu bestreiten, dass diese Gerichte geeignet oder zuständig sind. Die Gerichtsstandsvereinbarung beschränkt nicht das Recht eines Anleihegläubigers (und wird auch nicht dahingehend ausgelegt), Ver-

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

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

#### **§ 14 Final Clauses**

(a) The form and content of the Notes and the rights and obligations of the Issuer and the rights of the Noteholders shall in all respects be governed by and shall be construed in accordance with the laws of the Federal Republic of Germany.

(b) Place of performance is Frankfurt am Main.

(c) Subject to 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. The Issuer irrevocably waives any objection or defence which it might now or hereafter have to the district court of Frankfurt am Main being the forum for any proceedings and disputes, and agrees not to claim that these courts are not a convenient or appropriate forum. The submission to the jurisdiction of the courts of Frankfurt am Main shall not (and shall not be construed so as to) limit the right of any Noteholder to take proceedings in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking

fahren vor einem anderen zuständigen Gericht anzustrengen. Ebenso wenig schließt die Einleitung von Verfahren an einem oder mehreren Gerichtsständen die Einleitung von Verfahren an einem anderen Gerichtsstand aus (gleichgültig, ob diese gleichzeitig geführt werden oder nicht), falls und soweit dies rechtlich zulässig ist.

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

of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(d) Any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of the following documents: (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information pursuant to (a) and (b) as well as confirmations by the Clearing System (ii) a copy of the Global Note 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

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.

#### **§ 15 Sprache**

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

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.

#### **§ 15 Language**

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

## TAXATION

*The following is a general discussion of certain tax consequences under the tax laws of the Federal Republic of Germany, the Grand-Duchy of Luxembourg, The Netherlands and the Republic of Austria 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 summary is based on the laws of the Federal Republic of Germany, the Grand-Duchy of Luxembourg, The Netherlands and the Republic of Austria 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, THE GRAND DUCHY OF LUXEMBOURG, THE NETHERLANDS AND THE REPUBLIC OF AUSTRIA 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 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), 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). Individuals subject to church tax may apply in writing for church tax to be levied by way of withholding. Absent such application, individuals subject to church tax have to include their investment income in their income tax return and will then be assessed to church tax. For German credit institutions, an electronic information system for church withholding tax purposes will apply in relation to investment income received after 31 December 2014, with the effect that church tax will be collected by the Disbursing Agent 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 will 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. Where custody has changed since the acquisition and the acquisition data is not proved to the Disbursing Agent in the form required by law, 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 the German tax authorities, losses resulting from a sale where the sales proceeds do not exceed the transaction costs are treated as non-deductible for German taxation purposes. Similarly, losses resulting from a bad debt loss (*Forderungsausfall*) in the case of an Issuer default or from a waiver of a receivable (*Forderungsverzicht*) in relation to the Notes, to the extent the waiver does not qualify as a hidden contribution, are not treated as tax-deductible.

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) for all investment income received in a given calendar year. Similarly, no withholding tax should be levied if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office.

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

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. Pursuant to the current view of the German tax authorities (which has recently been rejected by a fiscal court in a non-binding ruling appealed to the German Federal Fiscal Court (*Bundesfinanzhof*)), in this case expenses actually incurred can also not be deducted from the investment income, except for the aforementioned lump sum deduction. An assessment is mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be off-set against other investment income. In the event that, absent sufficient positive investment income, a set-off is not possible in the assessment period in which the losses have been realised, such losses can be carried

forward in order to be offset against any positive 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 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 – as a general rule and subject to certain requirements – creditable against the German (corporate) income tax liability, or, to the extent exceeding the (corporate) income tax liability, 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 resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment of the investor. However, a non-resident investor may be subject to tax with any income derived from the Notes in the jurisdiction where such investor is tax resident.

### ***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 (*Vermögensteuer*) is, at present, not levied in Germany.

### ***Grand Duchy of Luxembourg***

#### ***Withholding Tax***

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

- (i) the application of the Luxembourg laws of 21 June, 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (35 per cent. since 1 July 2011) on interest

paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities" within the meaning of the article 4.2 of the EU Savings Directive) in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "*EU Savings Directive*" below) or agreements;

- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. withholding tax on savings income paid by a Luxembourg resident paying agent (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive (Council Directive 2003/48/EC)).

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. tax (the "**Levy**") on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive (Council Directive 2003/48/EC) on the taxation of savings income.

The 10 per cent. withholding tax as described above or the Levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

In April 2013 the Luxembourg Prime Minister Jean-Claude Juncker announced during his annual speech on Luxembourg's economic, social and financial situation, that on January 1, 2015 the Luxembourg Government intends to introduce the automatic exchange of information for all interest payments made by Luxembourg paying agents to individuals resident in another EU Member State (within the scope of the 2003 EU Savings Directive). The withholding tax of 35 per cent should then be abolished.

### **The Netherlands**

*For the purposes of this section, the "Netherlands" shall mean that part of the Kingdom of the Netherlands that is in Europe.*

### **Withholding tax**

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### **Republic of Austria**

*The following summary does not purport to be a comprehensive description of all Austrian tax considerations that may be relevant for the decision to acquire, to hold, and to dispose of the Securities and does not constitute legal or tax advice. The summary is based on Austrian tax law and practice and official interpretation currently in effect, all of which are subject to change. Future legislative, judicial or administrative changes could modify the tax treatment described below and could affect the tax consequences for investors. The discussion of certain Austrian taxes set forth below is included for information purposes only.*

This overview of Austrian tax issues is based on the assumption that the Notes are legally and actually publicly offered in the form of securities and do not qualify as equity or units in a non-Austrian investment fund for Austrian tax purposes. The tax consequences may substantially differ if the Notes are not legally and factually publicly offered in the form of securities or if the Notes are qualified as equity instruments or (in particular if issued by a non-Austrian entity) units in a non-Austrian investment fund within the meaning of § 188 of the Austrian Investment Fund Act (*Investmentfondsgesetz, InvFG*).

### **Tax Residents**

Income from the Notes derived by individuals, whose domicile or habitual abode is in Austria, is subject to Austrian income tax pursuant to the provisions of the Austrian Income Tax Act (*Einkommensteuergesetz; EStG*). Interest income from the Notes as well as income from realised capital gains (*Einkünfte aus realisierten Wertsteigerungen*) from the Notes are subject to a special income tax rate of 25%. A realised capital gain means any income derived from the sale or redemption of the Notes. The tax base is, in general, the interest paid or, with respect to capital gains, the difference between the sale proceeds or the redemption amount, in each case including accrued interest, and the acquisition costs including accrued interest. For Notes held as private assets, the acquisition costs shall not include incidental acquisition costs. For the calculation of the acquisition costs of Notes held within the same securities account and having the same securities identification number but which are acquired at different points in time, an average price shall apply. Expenses which are directly connected with income subject to the special tax rate of 25% are not deductible.

If interest is paid by an Austrian paying agent (*auszahlende Stelle*; e.g. an Austrian bank or an Austrian branch of foreign bank or the Issuer), such interest income is subject to Austrian withholding tax (*Kapitalertragsteuer*) at a rate of 25% to be withheld by the paying agent. The income tax for interest income generally constitutes a final taxation (*Endbesteuerung*) for individuals, irrespective whether the Notes are held as private assets or as business assets. In case of income from realised capital gains, withholding tax at a rate of 25% is to be withheld if the Notes are either deposited with an Austrian securities depository (*depotführende Stelle*) or, if the Notes are deposited with a non-Austrian securities depository, if the non-Austrian securities depository is a branch or group company of an Austrian paying agent and if such paying agent processes the payment, pays out or settles the capital gain in cooperation with the non-Austrian securities depository. In case of realised capital gains, the 25% withholding tax deduction will result in final income taxation only for individuals holding the Notes as private assets provided that the investor has evidenced the factual acquisition costs of the Notes to the securities depository. Capital gains realised as business income or employment income need to be included in the income tax return and are subject to an income tax rate of 25%.

If interest income or income from realised capital gains are not subject to Austrian withholding tax (e.g. because there is no Austrian securities depository or paying agent), the taxpayer will have to include the interest income or income from realised capital gains derived from the Notes in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act, unless a Swiss or Liechtenstein paying agent has withheld final withholding tax under the respective Swiss or Liechtenstein withholding tax acts implementing the bilateral withholding tax agreements with Switzerland (in force since 1 January 2013) and Liechtenstein (which is scheduled for coming into force on 1 January 2014) which final

withholding tax discharges the investor's Austrian income tax liability. The Issuer does not assume responsibility for withholding tax at source whatsoever.

Income from Notes which are not legally or actually publicly offered within the meaning of the Austrian Income Tax Act would not be subject to withholding tax and final taxation but subject to normal progressive personal income tax rates of up to 50%.

Withdrawals (*Entnahmen*) and other transfers of Notes from the securities account will be treated as disposals (sales), unless specified exemptions pursuant to § 27(6)(1)(a) EStG will be fulfilled such as the transfer of the Notes to a securities account owned by the same taxpayer (i) with the same Austrian securities depository (bank), (ii) with another Austrian bank if the account holder has instructed the transferring bank to disclose the acquisition costs to the receiving bank or (iii) with a non-Austrian bank, if the account holder has instructed the transferring bank to transmit the pertaining information to the competent tax office or has, in the case of transfers from a foreign account, himself notified the competent Austrian tax office within a month; or like the transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer has been made without consideration has been evidenced to the bank or the bank has been instructed to inform the Austrian tax office thereof or if the taxpayer has himself notified the competent Austrian tax office within a month. Special rules apply if a taxpayer transfers his/her residence outside of Austria or Austria loses for other reasons its taxation right in respect of the Notes to other countries (which gives rise to a deemed capital gain and exit taxation with the option for deferred taxation in the case of a transfer to an EU member state or certain member states of the European Economic Area).

Losses from Notes held as private assets may only be set off with other investment income subject to the special 25% tax rate (excluding, *inter alia*, interest income from bank deposits and other claims against banks) and must not be set off with any other income. Pursuant to § 93(6) EStG, Austrian securities depositories have to apply a mandatory set-off of losses from securities accounts of the same taxpayer at the same securities depository (subject to certain exemptions). A carry-forward of such losses is not permitted.

Taxpayers, whose regular personal income tax is lower than 25% may opt for taxation of the income derived from the Notes at the regular personal income tax rate. Any tax withheld will then be credited against the income tax. Such application for opting into taxation at the regular personal income tax rate must, however, include all income subject to the special 25% tax rate. Expenses in direct economic connection with such income are also not deductible if the option for taxation at the regular personal income tax rate is exercised.

If Notes are held as business assets, acquisition cost may also include incidental acquisition costs. Interest and realised capital gains derived from the Notes are also subject to the special income tax rate of 25% deducted by way of the withholding tax. However, realised capital gains, contrary to interest income, are not subject to final taxation and have to be included in the tax return. Write-downs and losses derived from the sale or redemption of Notes held as business assets must primarily be set off against positive income from realised capital gains of financial instruments of the same business and only half of the remaining loss may be set off or carried forward against any other income.

A corporation subject to unlimited corporate income tax liability in Austria will be subject to Austrian corporate income tax at a rate of 25%. Any Austrian withholding tax levied is credited as prepayment against the Austrian corporate income tax amount. A corporation may file an exemption declaration pursuant to § 94(5) EStG in order to avoid that Austrian withholding tax

is levied. Tax losses may generally be offset against all other income. Tax loss carry forwards are generally possible.

### **Non-residents**

Income including capital gains derived from the Notes by individuals who do not have a domicile or their habitual abode in Austria ("**non-residents**") is not taxable in Austria provided that the income is not attributable to an Austrian permanent establishment and provided that the EU Savings Directive is not applicable (for withholding tax under the EU Savings Directive see below). An Austrian paying agent or securities depository may abstain from levying 25% withholding tax under § 94(13) EStG.

If any Austrian withholding tax is deducted by the securities depository or paying agent, the tax withheld shall be refunded to the non-resident Noteholder upon his application which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax. Where non-residents receive income from the Notes as part of business income taxable in Austria (e.g. permanent establishment), they will, in general, be subject to the same tax treatment as resident investors.

### **Other taxes**

There should be no transfer tax, registration tax or similar tax payable in Austria by Noteholders as a consequence of the acquisition, ownership, disposition or redemption of the Notes. The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished with effect as of August 1, 2008. However, gifts from or to Austrian residents have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed an aggregate amount of EUR 50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount of EUR 15,000 within five years.

### **Austrian implementation of the EU Savings Directive**

Under the Austrian EU-Source Tax Act (*EU-Quellensteuergesetz; EU-QuStG*) implementing the EC Council Directive 2003/48/EC ("**EU Savings Directive**"), interest paid by an Austrian paying agent to an individual beneficial owner resident in another EU member state is subject to EU source tax at a rate of 35 per cent. Interest within the meaning of the EU-QuStG are, among others, interest paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

An exemption from EU source taxation applies, among others, if the beneficial owner of the interest forwards to the Austrian paying agent documentation issued by the tax office where the tax payer is resident, stating (a) the beneficial owner's name, address and tax identification number (in the absence of a tax identification number the beneficial owner's date and place of birth), (b) the paying agent's name and address (c) the beneficial owner's address and account number or the security identification number. Further, EU source tax is not triggered if interest within the meaning of the EU-QuStG is paid to an institution within the meaning of § 4(2) EU-QuStG resident in another EU Member State and this institution agrees upon written request of the Austrian paying agent to enter into a simplified information

exchange procedure with the Austrian paying agent. Special rules apply to securities the value of which depends directly on the value of a reference underlying. Distinction must be made between securities providing for capital protection to the investor (guaranteed interest is sufficient to constitute a capital protection within the present context) or not (see Information of the Austrian Federal Ministry of Finance dated 1 August 2005 for details).

The Issuer does not assume responsibility for EU withholding tax at source and is not obliged to make additional payments in case of withholding tax deductions at source.

### **EU Savings Directive**

Under the EU Council Directive 2003/48/EC dated June 3, 2003, on the taxation of savings income in the form of interest payments, each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of the state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria and Luxembourg may instead operate a withholding system in relation to such payments (unless they elect otherwise during that period). Belgium elected to abandon the transitional withholding system and to provide information in accordance with the EU Savings Directive as of January 1, 2010. Luxembourg is currently considering to abandon the transitional withholding system as of 2015.

Conforming with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland, agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

On 14 May 2013 the EU Council gave a mandate to the EU Commission to negotiate the new proposal of an updated EU Savings Directive with Switzerland, Liechtenstein, Monaco, Andorra and San Marino. The aim is to ensure that the five countries continue to apply measures that are equivalent to the EU's directive on the taxation of savings income, which is being updated. The Commission will negotiate on the basis of a draft directive amending the savings directive.

## SUBSCRIPTION, SALE AND OFFER OF THE NOTES

### General

Each of BNP PARIBAS, Deutsche Bank AG, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank Frankfurt am Main Deutsche and Morgan Stanley & Co. International plc (each a "Joint Lead Manager" and together the "Joint Lead Managers") and Commerzbank Aktiengesellschaft, Landesbank Hessen-Thüringen Girozentrale, Société Générale and UniCredit Bank AG (each a "Co-Manager" and together the "Co-Managers" and together with the Joint Lead Managers the "Managers") will, pursuant to a subscription agreement to be signed on or about 4 December 2013 (the "Subscription Agreement"), agree, subject to certain closing conditions, to subscribe or procure subscribers for the Notes to be issued by the Issuer. The Joint Lead Managers and the Co-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 Joint Lead Managers and Co-Managers against certain liabilities in connection with the offer and sale of the Notes.

The fees payable to the Joint Lead Managers and Co-Managers in connection with the offering, placement and subscription of the Notes will be up to 0.30 per cent. of the aggregate principal amount of the Notes.

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

There are no interests of natural and legal persons other than the Issuer and the Joint Lead Managers involved in the issue, including conflicting ones that are material to the issue.

### Offer of the Notes

#### *Public offer, offer period and determination of pricing details*

The Notes will be offered to institutional investors and retail investors in compliance with applicable public offer restrictions by the Joint Lead Managers and the Co-Managers during an offer period which will commence not earlier than 25 November 2013 and will be open until and including 6 December 2013 subject to a shortening or extension agreed by the Issuer and the Joint Lead Managers. Should the Issuer and the Joint Lead Managers determine any shortening or extension of the offer period (e.g. due to changing market conditions), such changes will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Notes may be offered to the public in each of Germany, Luxembourg, Austria and The Netherlands following the effectiveness of the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive.

The aggregate principal amount of Notes to be issued will be determined on the basis of the number and volume of orders received which offer a yield acceptable to the Issuer. The Issue Price and the interest rate will be determined as described in "Method of determination of the pricing details" below on the pricing date which is expected to be on or about 28 November 2013 (the "Pricing Date"). Such information as well as the aggregate principal

amount, the issue proceeds and the yield relating to each Tranche of Notes will be set out in a notice (the "**Pricing Notice**") which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on or after the Pricing Date and prior to the Issue Date. Any sale of the Notes on the secondary market will be subject to market conditions.

#### ***Conditions of the offer***

There are no conditions to which the offer is subject.

Subscription rights for the Notes will not be issued. Therefore, there are no procedures in place for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

#### ***Technical details of the offer***

During the offer period of the Notes investors may submit offers to purchase Notes to the Joint Lead Managers using the information system Bloomberg or any other commonly used information systems. In the case of an order prior to the determination of the pricing details, the investors shall specify at which price they would be prepared to purchase which amount of Notes. Following determination and notification of the pricing details the Joint Lead Managers will offer the Notes upon request in Germany, Luxembourg, Austria and The Netherlands.

#### ***Method of determination of the pricing details***

The Issue Price and the interest rate will be determined on the Pricing Date on the basis of a yield which is determined by adding a credit spread (the "**Pricing Credit Spread**") to the level of the Midswaps (as defined below) at the time of pricing. The Pricing Credit Spread will be fixed on the basis of the orders received and confirmed by the Joint Lead Managers. The level of the Midswaps will be determined as the average yield of the bid and ask prices of Interest-Swap Transactions ("**Midswaps**") with a maturity similar to the maturity of the Notes shown on Reuters page ICAPEURO and/or Bloomberg page ICAE1 or on any other screen page which is conventionally used to price Eurobond transactions at the time of pricing.

The resulting yield will be used to determine the Issue Price (which is expected to be less than par) and the rate of interest (which is expected to be a percentage figure which can be evenly divided by 1/8 of a full per cent. and which will be correspondingly higher if a higher Issue Price is determined and which will be correspondingly lower if a lower Issue Price is determined), all to correspond to the yield which reflects the level of the Midswaps and the Pricing Credit Spread. In the event that the figures for the relevant Midswaps will not be shown as set out above, the Midswaps will be determined in a manner which banks and other institutional market participants apply at that time.

#### ***Confirmation of offers placed by, and allotments to, investors***

Each investor who has submitted an order in relation to the Notes and whose order is accepted by the Joint Lead Managers will receive a confirmation by electronic mail, fax or through commonly used information systems setting out its respective allotment of Notes. Before an investor receives a confirmation from the Joint Lead Managers that its offer to purchase Notes has been accepted, the investor may reduce or withdraw its purchase order.

### ***Delivery of the Notes to investors***

Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the Notes will generally be made within five business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes so purchased will be delivered via book-entry through the Clearing Systems (see "*GENERAL INFORMATION – Clearing and Settlement*") and their depository banks against payment of the Issue Price.

### ***Costs and expenses relating to the offer***

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

### ***Consent to the use of the Prospectus***

Each Joint Lead Manager and the Co-Managers and each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use the Prospectus in Luxembourg, Germany, Austria and The Netherlands for the subsequent resale or final placement of the Notes during the period for the subsequent resale or final placement of the Notes during the period from and including 25 November 2013 to and including 13 December 2013 during which subsequent resale or final placement of the Notes can be made, provided however, that the Prospectus is still valid in accordance with Article 11 of the Luxembourg act relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010) (the "**Luxembourg Prospectus Law**"). The Issuer accepts responsibility for the information given in this Prospectus also with respect to such subsequent resale or final placement of the Notes.

The Prospectus may only be delivered to potential investors together with all supplements in accordance with Article 13 of the Luxembourg Prospectus Law published before such delivery. Any supplement to the Prospectus in accordance with Article 13 of the Luxembourg Prospectus Law will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

When using the Prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

**In the event of an offer being made by a further financial intermediary, the further financial intermediary shall provide information to investors on the Terms and Conditions at the time of that offer.**

**Any further financial intermediary using the Prospectus shall state on its website that it uses the Prospectus in accordance with the consent of the Issuer and the conditions attached to this consent.**

## **Selling Restrictions**

### **General**

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.

Each Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are subject to the offering contemplated by this Prospectus to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive, provided that the Issuer has consented in writing to the use of the Prospectus for any such offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at anytime:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of the Notes shall require the Issuer or Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement this Prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing

measure in the Relevant Member State, and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### ***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 represents that it has not offered or sold, and agrees 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 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.

***Republic of Italy***

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

(a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation**"), all as amended; or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation.

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

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

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

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

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

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

***Switzerland***

In relation to Switzerland, each Manager has represented and agreed that, this Prospectus, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or Article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange Ltd., and, therefore, the documents relating to the Notes, including, but not limited to, this Prospectus, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd. The Notes are only being offered in Switzerland by way of a private placement (i.e., to a limited number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Prospectus, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Prospectus, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent. This Prospectus, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

## GENERAL INFORMATION

### Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Supervisory Board of the Issuer dated 25 October 2013 and by a resolution of the Executive Board of the Issuer dated 12 November 2013.

### 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 Tranche 1 Notes have been assigned securities codes as follows:

ISIN: XS0997941199;

Common Code: 099794119; and

WKN: A1YCR4.

The Tranche 2 Notes have been assigned securities codes as follows:

ISIN: XS0997941355;

Common Code: 099794135; and

WKN: A1YCR5.

### Notices to Noteholders

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, all notices to the Noteholders regarding the Notes shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) as well as in the German Federal Gazette (*Bundesanzeiger*).

### Yield

The yield of the Tranche 1 Notes is [●] per cent. *per annum* and the yield of the Tranche 2 Notes is [●] 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.

### Expenses

The expenses of the issue of the Notes are expected to amount to approximately EUR 870,000 plus the fees of up to 0.30 per cent. of the aggregate principal amount of the Notes to be paid in connection with the offer of the Notes to the Joint Lead Managers.

### Listing and Admission to Trading

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

## Rating

Standard & Poor's Credit Market Services Europe Limited (German Branch)<sup>1,2</sup> has assigned a long-term credit rating of BBB (negative) to K+S AG.

Moody's Deutschland GmbH<sup>2,3</sup>, has assigned a long-term credit rating of Ba1 (stable) to K+S AG.

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

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

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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, as amended (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> Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation.

## INCORPORATION BY REFERENCE

The following documents are incorporated by reference into this Prospectus:

English language translation of the Audited Consolidated Financial Statements 2011 of K+S Group as contained in the Financial Report for the year 2011 to which the page numbers refer.

- Balance Sheet (p. 158),
- Income Statement (p. 156),
- Statement of Comprehensive Income (p. 156)
- Cash Flow Statement (p. 157),
- Statement of Changes in Equity (p. 159),
- Development of Fixed Assets (p. 160 – p. 163),
- Development of Provisions (p. 164 – p. 165),
- Segment Reporting (p. 166 – p. 167),
- Notes (p. 168 – p. 213),
- Auditor's Report<sup>1</sup> (p. 155).

English language translation of the Audited Consolidated Financial Statements 2012 of K+S Group as contained in the Financial Report for the year 2012 to which the page numbers refer.

- Balance Sheet (p. 158),
- Income Statement (p. 156),
- Statement of Comprehensive Income (p. 156)
- Cash Flow Statement (p. 157),
- Statement of Changes in Equity (p. 159),
- Development of Fixed Assets (p. 160 – p. 163),
- Development of Provisions (p. 164 – p. 165),
- Segment Reporting (p. 166 – p. 167),
- Notes (p. 168 – p. 215),
- Auditor's Report<sup>1</sup> (p. 155).

English language translation of the Unaudited Consolidated Financial Statements for the interim period ended 30 September 2013 of K+S Group as contained in the

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

Quarterly Financial Report for the interim period ended 30 September 2013 to which the page numbers refer.

- Balance Sheet (p. 28),
- Income Statement (p. 24),
- Statement of Comprehensive Income (p. 25)
- Cash Flow Statement (p. 26 – 27),
- Statement of Changes in Equity (p. 29),
- Notes (p. 30 – 37).

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 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**  
 Trust & Securities Services  
 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  
 Grand Duchy of Luxembourg

### Joint Lead Managers

#### BNP PARIBAS

10 Harewood Avenue  
 London NW1 6AA  
 United Kingdom

#### 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  
 60265 Frankfurt am Main  
 Federal Republic of Germany

#### Morgan Stanley & Co. International plc

25 Cabot Square  
 Canary Wharf  
 London E14 4QA  
 United Kingdom

### Co-Managers

#### Commerzbank Aktiengesellschaft

Kaiserstrasse 16 (Kaiserplatz)  
 60311 Frankfurt am Main  
 Germany

#### Landesbank Hessen- Thüringen Girozentrale

Neue Mainzer Strasse 52-58  
 60311 Frankfurt am Main  
 Germany

#### Société Générale

29 boulevard Haussmann  
 75009 Paris  
 France

#### UniCredit Bank AG

Arabellastrasse 12  
 81925 München  
 Germany

### Auditors

#### To the Issuer

**Deloitte & Touche GmbH**  
**Wirtschaftsprüfungsgesellschaft**  
 Georgstrasse 52  
 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 Joint Lead Managers

**Hengeler Mueller**  
**Partnerschaft von Rechtsanwälten**  
 Bockenheimer Landstrasse 24  
 60322 Frankfurt am Main  
 Federal Republic of Germany