

### **Explanatory Report of the Board of Executive Directors on the information in accordance with Sec. 289 Para. 4 and Sec. 315 Para. 4 German Commercial Code (HGB)**

As the information to be disclosed in respect of items 1 to 6 of Sec. 289 Para. 4 and Sec. 315 Para. 4 of the German Commercial Code (HGB) in the Combined Management Report of K+S AKTIENGESELLSCHAFT and the K+S Group (Financial Report page 57) speaks for itself, we limit ourselves here to providing the following explanations in accordance with Sec. 176 Para. 1 Sent. 1 German Stock Corporations Act (AktG):

#### **Item 7: Board of Executive Directors' authorisations concerning the possibility of issuing or buying back shares**

The authorisation granted by the Annual General Meeting to the Board of Executive Directors to purchase own shares of the Company to a limited extent is a common instrument available in many companies. By being able to resell own shares, the Company is placed in a position to, for example, gain long-term investors in Germany and abroad or to finance acquisitions flexibly. The remaining possibility of cancelling own shares is also a common alternative to its use and lies in the interest of the Company and its shareholders.

#### **Item 8: Significant agreements that apply in the event of a change of control resulting from a takeover bid**

The provisions that credit agreements and bond conditions contain for the event of a change of control are customary and reasonable from the perspective of protecting the legitimate interests of the creditors.

#### **Item 9: Agreements concluded with the Board of Executive Directors or employees concerning compensation in the event of a takeover bid**

The existing compensation agreements with the members of the Board of Executive Directors and the special time window of exercise governed by the share option programme for the Board of Executive Directors and for senior management in the event of a takeover bid, which was granted for the last time in 2009, take into appropriate consideration both the legitimate interests of those concerned and of the Company and its shareholders.