

Report by the Board of Executive Directors on item 9 of the Agenda pursuant to Sections 203 paragraph 2, 186 paragraph 4 sentence 2 of the German Stock Corporation Act (AktG)

The Board of Executive Directors requests under item 9 of the Agenda to be able to exclude the subscription right of the shareholders in respect to shares issued using authorized capital in three cases:

1. The exclusion of the subscription right for fractional amounts is necessary in order to be able to provide a practicable subscription ratio. The shares excluded from the shareholders' subscription right as free fractional amounts are either sold over the stock exchange or are realized otherwise in the manner most beneficial for the company.
2. The exclusion of subscription rights during capital increases against cash contributions that is requested within the scope permitted by law (up to a maximum of ten percent of the share capital) enables the management to utilize advantageous stock market situations on short notice and achieve a higher inflow of funds through a rapid placement of new shares with acquiring investors. When utilizing the requested authorization to exclude subscription rights, the Board of Executive Directors will determine the issue price so that the discount from the stock exchange price is as small as possible. Shares will be credited towards the maximum limit of ten percent of the share capital, which were issued otherwise during the term of the authorization and where the subscription right was excluded pursuant to or in accordance with Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG) (e.g. by way of utilizing the conditional capital or by disposing of treasury shares). This credit occurs in the interest of shareholders in the smallest possible dilution of their participation.

It furthermore requests to be able to exclude the subscription right in the case of a capital increase against contributions in-kind (up to a maximum of twenty percent of the share capital), if the new shares are to be used as consideration in the acquisition of an enterprise or participation in an enterprise. The requested authorization enables the Board of Executive Directors to have own shares in the company available upon short notice for the acquisition of enterprises or participations therein without taking recourse to stock exchanges. Considering the increasing competition, the company depends on the ability to make quick and flexible use of arising opportunities for strategic acquisitions. It may not be possible to provide the large consideration for the acquisition of participations in enterprise without compromising the company's liquidity. Providing a sufficient authorized capital with the possibility to exclude the subscription right thus strengthens the negotiation position of our company and provides it with the necessary flexibility to be able to make use of arising opportunities for the acquisition of enterprises or participations therein. The management will only make use of the authorized capital for the aforementioned purpose, if the relationship between value of the new shares of the company and the value of the consideration is adequate. Shares will be credited towards the maximum limit of twenty percent of the share capital, which are issued during the term of the authorization in connection with any other capital increase using authorized capital or conditional capital where the subscription right of the shareholders is

excluded as well as treasury shares, which are sold and transferred by the company during the term of this authorization and where the subscription right is excluded. This credit occurs in each case in the interest of shareholders in the smallest possible dilution of their participation.

10 March 2010

The Board of Executive Directors
K+S Aktiengesellschaft