

INVITATION

TO THE ORDINARY ANNUAL GENERAL MEETING

To be held on Tuesday,
11 May 2010 at 10:00 a.m.
in the Kongress Palais Kassel – Stadthalle
Friedrich-Ebert-Strasse 152
34119 Kassel (Germany)

Entrance at 8:30 a.m.

1:1
SCALE



Experience growth.

Agenda

- 1. Presentation of the approved annual financial statements of K+S Aktiengesellschaft, of the approved consolidated financial statements, of the management report, and of the Supervisory Board report, in each case for the 2009 financial year, as well as of the explanatory report of the management concerning the information under Sections 289 paragraph 4, 315 paragraph 4 of the German Commercial Code (HGB)**
- 2. Resolution on the appropriation of profits**
- 3. Resolution on the approval of the system for the remuneration of members of the Board of Executive Directors**
- 4. Resolution about the ratification of the actions of the Board of Executive Directors**
- 5. Resolution about the ratification of the actions of the Supervisory Board**
- 6. Election to the Supervisory Board**
- 7. Election of the auditor for the 2010 financial year**
- 8. Resolution about the authorization to issue convertible and option bonds with the concurrent creation of conditional capital as well as a corresponding amendment of the Articles of Association; cancellation of the resolution adopted by the Annual General Meeting on 10 May 2006 under item 7 of the Agenda**
- 9. Resolution about the creation of a new authorized capital, amendment of the Articles of Association; cancellation of the resolution adopted by the Annual General Meeting on 10 May 2006 under item 8 of the Agenda**
- 10. Resolution about the authorization to acquire and use treasury shares**

Dear Shareholders,

In these times, writing a foreword and reporting on the past year 2009, could be tempting to see the reasons for last year's problems at our K+S exclusively in the global economic and financial crisis. There was, after all, the difficult economic environment, a lack of confidence in the financial markets, limited lending, strong inventory reduction etc., i.e. adverse external circumstances, which can be used to elegantly explain away disappointing business figures anywhere in the world.

Of course, we also had to battle with these challenges and, of course, 2009 will remain a painful memory for a very long time to come, due to the exceptionally drastic extent of these external pressures. But would that really be the end of the matter?

Let's therefore look at the specifics and examine the relationship between 2009, the year of crisis, and the equally exceptional 2008, a record year for K+S: on the agricultural markets, the first nine months of 2008 only knew one direction – the only way was up. Prices for agricultural raw materials such as wheat, corn and soy beans hit historic highs, the potash fertilizers we produced were sold out for many weeks, our plants operated at the limits of what was acceptable for workforce and equipment, and our customers placed orders going beyond their immediate needs in order to stock up against anticipated price increases. Initially, price rises did not cause any drop in demand. For the trade sector, the availability of goods was the overriding consideration. Thus, prices for potassium chloride roughly quadrupled during 2008, after individual producers attempted to hike the global market price at regular, frequent intervals even up to the magic figure of US\$ 1,000 per tonne. In turn, the announcements of further price increases resulted in demand being brought forward – a wheel that turned faster and faster.

The turning point came with the collapse of the US investment bank LEHMAN BROTHERS, which caused the speculative bubble that had formed on the commodity futures exchanges to burst suddenly: The euphoria felt by farmers about the new appreciation expressed in the form of higher grain prices was – after years of feeling unimportant – only short-lived but understandable and deflated. In the light of a sudden drop in income levels, this triggered a strong purchasing restraint and, on the trading level, prompted great concern that above-average stocks of fertilizer would remain unsold and furthermore, in some cases, would have to be written down painfully.

Of course, everyone wanted to participate in the boom first, and I cannot exclude us from that, because, although we warned against all too fast and large price rises being not sustainable, we nevertheless, albeit with some delay, finally implemented them. Admittedly, the first price rises brought with them a certain sense of relief and satisfaction, since for decades we had found ourselves confronted with stagnating fertilizer prices, the necessity to implement numerous cost-cutting programmes and redundancies since the German reunification and the integration of the East German potash plants, as well as detrimental unfair competition resulting from highly subsidised fertilizers imported from Russia and Belarus. And just as very few farmers are willing to sell their products at prices below prevailing market prices, just as few of our owners, and that means you, our respected shareholders, would have demonstrated a great deal of understanding if we had sold a product at prices below the global price level during a period of exceptional scarcity. Our employees too would have been right to ask why we would extract a finite resource in Germany at above-average cost and then practically give it away. A real dilemma!

At the start of the fourth quarter of 2008, the global economic and financial crisis then set in with a vengeance. The fertilizer markets, too, began to shrink at an unprecedented speed and to a previously unimaginable extent. Within a year, the sales volumes of globally operating potash producers plunged by about 50%. For an industry, which has a high share of fixed costs in its production costs, this was a hard blow, because a lower utilisation of capacity only leads to a disproportionate decrease in costs. Why then not simply bring fertilizer prices back to a very low level and hope that this will correspondingly boost demand? This idea was, of course, suggested to us by the agricultural sector in particular. However, the majority of our customers from the trade sector and the complex fertilizer industry were not so keen on this idea, because they still had very large stocks of fertilizers from 2008. As long as these stocks remained unsold, even the largest of price reductions on our part would not have resulted in a single extra tonne being sold and, as in the case of some of our customers, might even have led to inventory write-downs that would have threatened their very existence. And even from the viewpoint of the producers, there were good reasons: a reasonable price level is needed to achieve the inevitable, time-consuming and very expensive expansion of global potash capacities in future. It was only in 2008 that we experienced how quickly potash can become scarce.

What then could be done in 2009 to guide the K+S Group through this storm?

- Capacity utilisation: Since depots were, in any case, already full, production had to be cut back very sharply as well as being adjusted towards specific product groups and optimised in terms of sites.
- Costs: Every cost type had to be placed under scrutiny;
- Investments: Investment programmes were postponed and/or cut;
- Finances: It was necessary to ensure an adequate financial framework at any time, and tied-up capital was minimised as much as possible.

A standard prescription, that was followed by most of our competitors too, and one which was doubtless to be expected from the perspective of sound business management. However, we did not want to leave it at that and took several other steps that will move us significantly forward in the medium to long term:

- Exploratory and pre-processing works: Every crisis comes to an end, and sometimes more quickly than feared. We therefore used the first half of 2009 to return our underground infrastructure inventory, which had shrunk as a result of the high production demands of the preceding years, to the level customary at K+S. During this period, we thus used the tool of short-time working only to a limited degree.
- Honest communication: Especially in times of crisis, trust can be built up. We informed our stakeholders about the extent of the crisis immediately, realistically and without beating about the bush. Thus, among potash producers, we were the first to talk about a sharp decline in earnings, the first, to dismiss hope of a quick recovery in the second half of 2009 early on, and also the first to report lower price levels on overseas markets. As bringers of bad news, we were initially criticised for this. But that criticism has died down, and we are glad that the honest, straight-talking communication strategy we pursued is now being recognised for what it was. This is also a reason why we have given the subheading “GENUINE SUBSTANCE” to this year’s financial report.

- **Grasp opportunities:** The possibility to acquire MORTON SALT was, without doubt, partly also the result of fortunate circumstances. However, without a certain degree of courage, the largest acquisition, with US\$ 1.675 billion, in one of the most difficult years for the K+S GROUP would not have been carried out! Naturally, we knew MORTON SALT as a high-margin salt producer in North America, an attractive market in which we had been thus far only present on a regional basis and only with a limited product portfolio. We also knew that MORTON SALT had until then led rather a shadowy existence as part of a chemicals group, with underexploited potential if looked at through the eyes of a salt producer. MORTON SALT was for sale, but the time window was narrow, and we knew that we had to grasp this opportunity: On the one hand, we were fascinated by the strategic fit with our existing salt business, the possibility to further broaden our markets and, overall, the potential to exploit the brands UMBRELLA GIRL® and WINDSOR CASTLE® – plus making the K+S GROUP less dependent on developments in the fertilizer business. On the other hand, within the framework of our Company's due diligence process, we recognised that a smooth and thus motivating integration should be possible due to the small amount of operating overlap with our existing salt activities and the hope felt by the employees of MORTON SALT that they might finally become a full member of a producer with an equal passion for salt. MORTON SALT has already changed us considerably, MORTON SALT makes the K+S GROUP stronger and MORTON SALT will show that it is not short-term action, but long-term and, where expedient, anti-cyclical action that promises success.
- **Solidly financed:** A strong balance sheet is a very own characteristic of K+S, which we are not willing to sacrifice for exaggerated yield expectations and risky demands on our capital structure. Mining involves a high level of capital intensity, a high proportion of fixed costs, limited possibilities to respond to decreasing revenues in the short term, but also great earnings opportunities when prices are rising. We want to take account of these fundamental conditions, which are in the nature of a mining company, with a solid equity base and moderate debt in relation to equity and earnings. We are therefore pleased that the capital markets see things in the same way; both our first-ever bond issue and our capital increase were very positively received by the capital market.

After there have been increasingly indications of a renewed strengthening of the demand for fertilizers, albeit for the time being at a lower price level than a year ago, I believe we can learn the following lesson from the crisis: During the coming phases of the upturn too, we should remember 2008 and bear in mind the extent to which our global economic system has to constantly meet new challenges, how quickly apparent self-evident truth can be swept away, and the degree to which every crisis presents an opportunity to do things better in future – in a value-based way and with a sense of proportion.

Against this backdrop, I would like to deliberately mention at this point only briefly that, in spite of the historically exceptional setback of the fertilizer markets, we have not made losses, that in the difficult year of 2009 the Company's second pillar salt made an important contribution to our earnings, that even in such a difficult year, we almost earned our cost of capital, and that we, apart from the already planned restructuring in the nitrogen fertilizer and salt segments, were able to continue without operations-related redundancies. Nevertheless, I would like to state outright that the earnings achieved have declined very sharply compared to the record year 2008, and that we are particularly dissatisfied with the earnings in the nitrogen fertilizers segment, in spite of comprehensive restructuring measures and contractually incorporated risk buffers.

And, of course, we have worked intensively to bring forward our € 360 million package of measures to reduce saline water at the Werra plant, which we presented in autumn 2008. To this end, we concluded a public law agreement with the federal states of Thuringia and Hesse and have worked on the contractually agreed "homework" accordingly – the creation of short-, medium- and long-term strategies. From 2015 onward, the concept will lead to a 50% reduction in saline water and a 30% reduction in the salt concentration if the necessary permits are granted in a timely manner. Although the technical possibilities for achieving these reductions are well known following almost two years of intensive work, at the start of February 2010, the Round Table decided by a majority to categorically call for K+S to completely cease the discharging of saline water into the river Werra and its underground injection from 2020 at the latest. Additionally, the construction of a pipeline to the North Sea, at the cost of several hundred million euros, has been demanded, but thereby dismissing the lack of any political consensus, the question of the economic viability for the sites concerned deliberately ignored, and with regard to ecological meaningfulness, the necessary proportionality has not been taken into consideration. How will it all end?

Well, ultimately, it could simply place too much strain on our sites, have a long-term adverse effect on the economic strength of the regions, provide further arguments why investing in Germany is made so difficult and, in future, make the security of supply of a raw material that is essential to feeding mankind dependent on the relations with Russia, Canada and Israel. This cannot and must not be the goal of our actions; that is why we shall remain committed to an even balance between ecological, economic and social factors.

The fact that we also value balance and sustainability in the sphere of our payout policy can be seen from our earnings-based dividend policy: Thus the sharp drop in earnings in 2009 will result in an equally sharp decrease in the proposed dividend. The Board of Executive Directors and the Supervisory Board will propose to the Annual General Meeting that a dividend of 20 cents per share be paid for the past financial year; this corresponds to a dividend ratio of 41% and thus falls within our target corridor of 40% to 50% that we are in principle seeking to achieve. In this way, we ensure that our shareholders participate fairly in profits, that the Company can create reserves for future growth but also for temporary crises, and that the substance of your K+S GROUP is not affected.

What are the current prospects for our Company? Your K+S GROUP is on track: this can also be seen from the rise in the enterprise value year on year. The fertilizer business is picking up again tangibly in terms of volumes, and the salt business this year is again profiting from good demand for de-icing salt. As to the development of the business in 2010, from today's perspective we therefore anticipate a significant increase in revenues, primarily due to the first-time inclusion for a whole year of MORTON SALT. In terms of earnings too, as a result of the operating turnaround indicated in the nitrogen fertilizer sector and the earnings contribution of MORTON SALT for a whole year for the first time, we are confident that there will be significant improvements on the previous year. In the medium to long term, the K+S GROUP is in the right position to exploit important global megatrends, namely a growing world population, rising living standards, the tendency for the emerging market countries to consume more meat and the associated increase in the demand for feed, as well as growing demand for biofuels. However, for us growth is not an end in itself, but has to be accompanied by the creation of values.

On behalf of my colleagues on the Board of Executive Directors too, I would especially like to whole-heartedly thank the employees of our K+S Group, which has now grown considerably after the takeover of MORTON SALT, for their tireless commitment, their determination and the exemplary flexibility that they have demonstrated during the serious crisis.

I would like to thank you, dear shareholders, customers and partners of the K+S Group, for your trust, support and the open dialogue of the past financial year.

In the future too, we want to shape what lies before us and convince you with our performance.



Norbert Steiner
Chairman of the Board of Executive Directors

Agenda

Item 1:

Presentation of the approved annual financial statements of K+S Aktiengesellschaft, of the approved consolidated financial statements, of the management report, and of the Supervisory Board report, in each case for the 2009 financial year, as well as of the explanatory report of the management concerning the information under Sections 289 paragraph 4, 315 paragraph 4 of the German Commercial Code (HGB)

Information can be found on the company's website www.k-plus-s.com as to why no resolution is to be passed on this item of the Agenda.

Item 2:

Resolution on the appropriation of profits

Board of Executive Directors and Supervisory Board propose that the following resolution be adopted:

The accumulated profit for the 2009 financial year in an amount of € 46,149,746.16 shall be appropriated as follows:

in €	2009
Distribution of a dividend of € 0,20 on 191,400,000 no-par value shares entitled to dividends	38,280,000.00
Profit carried forward	7,869,746.16
Accumulated profit	46,149,746.16

Item 3:**Resolution on the approval of the system for the remuneration of members of the Board of Executive Directors**

The Board of Executive Directors and the Supervisory Board propose that the system for the remuneration of members of the Board of Executive Directors be approved, which is published on the company's website under www.k-plus-s.com at the same time as the invitation to the meeting until the end of the Annual General Meeting. The resolution does not establish any rights or obligations; in particular, it leaves the obligations of the Supervisory Board under Section 87 of the German Stock Corporation Act (AktG) unaffected.

Item 4:**Resolution about the ratification of the actions of the Board of Executive Directors**

The Supervisory Board and the Board of Executive Directors propose that the actions of the members of the Board of Executive Directors be ratified for the 2009 financial year.

Item 5:**Resolution about the ratification of the actions of the Supervisory Board**

The Board of Executive Directors and the Supervisory Board propose that the actions of the members of the Supervisory Board be ratified for the 2009 financial year.

Item 6:**Election to the Supervisory Board**

After Dr. Uwe-Ernst Bufe, who had been elected to the Supervisory Board by the Annual General Meeting on 14 May 2008, stepped down from his office as of 31 August 2009, Mr. George Cardona was appointed in his stead as member of the Supervisory Board upon request of the

AGENDA

Supervisory Board Chairman by resolution of the Local Court Kassel dated 8 October 2009 until the end of the next Annual General Meeting.

The Supervisory Board proposes to elect Mr. George Cardona to the Supervisory Board with effect from the end of the Annual General Meeting on 11 May 2010 until the end of the Annual General Meeting that decides about the ratification of actions for the 2014 financial year.

Mr. Cardona is an economist by profession, 58 years old, and has his residence in Monaco. He is a member of the following foreign supervisory bodies:

Board of CLL Management Ltd., Guernsey
Board of CLL Hedge Portfolio Ltd., Guernsey
Board of Diversified Macro Solutions plc, Ireland
Board of Donalink Ltd., Cyprus
Board of Erglis Ltd., Cyprus
Board of Hamilton Art Ltd., Bermudas
Board of Hamilton Jets Ltd., Bermudas
Board of Linea Ltd., Bermudas (Vice Chairman)
Board of Linetrust PTC Ltd., Bermudas (Vice Chairman)
Board of MCC Holding plc, Cyprus
Board der MCC Investments Ltd., Cyprus
Directors' council of OJSC Siberian Coal Energy Co., Russia
Directors' council of OJSC EuroChem Mineral and Chemical Company, Russia
Board of Valise Ltd., Bermudas (Vice Chairman)

The composition of the Supervisory Board is determined by Section 96 paragraph 1 first alternative of the German Stock Corporation Act (AktG) in connection with Section 7 paragraph 1

No. 2 of the German Co-Determination Act (Mitbestimmungsgesetz) and Section 8 paragraph 1 sentence 1 of the Articles of Association. The Annual General Meeting is not bound to resolution proposals.

Item 7:**Election of the auditor for the 2010 financial year**

Upon recommendation of the audit committee, the Supervisory Board proposes to elect DELOITTE & TOUCHE GMBH, Hanover, as auditor for the financial statements and consolidated financial statements for the 2010 financial year.

Item 8:**Resolution about the authorization to issue convertible and option bonds with the concurrent creation of conditional capital as well as a corresponding amendment of the Articles of Association; cancellation of the resolution adopted by the Annual General Meeting on 10 May 2006 under item 7 of the Agenda**

The Annual General Meeting of 10 May 2006 had authorized the Board of Executive Directors under item 7 of the Agenda until 9 May 2011, with the consent of the Supervisory Board, to issue convertible and/or option bonds and to grant conversion or, as the case may be, option rights for new shares in the company to the holders or, as the case may be, creditors of such bonds. At the same time, the share capital was increased conditionally and the Articles of Association were supplemented in Section 4 with a corresponding paragraph 5. One shareholder filed a lawsuit against the resolution of the Annual General Meeting, which was joined by several interveners, arguing that it was not permissible to determine only a minimum issue price. The District Court Kassel ruled in favour of the lawsuit. The appeal aimed against this ruling was

rejected by the Upper State Court Frankfurt am Main. Because of the lawsuit, the amendment of the Articles of Association (creation of conditional capital) was not entered in the commercial register.

The concerns stated at the time against the effectiveness of the resolution of the Annual General Meeting no longer apply, since the law now explicitly permits the determination of a minimum issue price when adopting resolutions about the creation of conditional capital through a clarification Section 193 paragraph 2 of the German Stock Corporation Act (AktG).

The Board of Executive Directors and the Supervisory Board therefore propose that the following resolution be adopted:

“1. Cancellation of the resolution of the Annual General Meeting of 10 May 2006 adopted under item 7 of the Agenda

The resolution adopted by the Annual General Meeting on 10 May 2006 concerning item 7 of the Agenda about the authorization to issue convertible and option bonds, the creation of a conditional capital, and a corresponding amendment of the Articles of Association is cancelled.

2. Authorization to issue convertible and option bonds

a) Nominal amount, authorization period, number of shares

The Board of Executive Directors is authorized until 10 May 2015, with the consent of the Supervisory Board, to issue bearer and/or registered convertible and/or option bonds (hereinafter jointly referred to as “Bonds”) on one or several occasions with an aggregate nominal value of up to € 1,500,000,000.00 with or without a limited term and to issue or, as the case may be, impose on the holders or, as the case may be, creditors of

Bonds conversion rights or obligations or, as the case may be, option rights for shares in the company with a proportionate amount of the share capital of up to a total of € 19,140,000.00 as set forth in more detail in the terms and conditions of the convertible or, as the case may be, option bonds. The proportionate amount of the share capital represented by the shares to be issued upon conversion may not exceed the nominal amount of the Bonds.

b) Consideration, issuance by group companies, debentures

In addition to Euros, the Bonds may also be issued in the legal tender of any OECD country, limited to the corresponding Euro counter-value at the time of issuance of the Bond. Bonds may also be issued by group companies of the company; in this case, the Board of Executive Directors is authorized to assume the guarantee for the Bonds on behalf of the company and to grant or impose conversion rights or obligations to/upon the holders, respectively, creditors of such Bonds for shares in the company. The Bond issues may in each case be subdivided into equivalent debentures.

c) Shareholder subscription right, subscription right exclusion

The company's shareholders are generally entitled to a subscription right to the Bonds. The Bonds may also be underwritten by one or several banks with the obligation to offer them to shareholders of the company for subscription. The shareholders' subscription right may, however, be excluded, in whole or in part, in the following cases:

aa) The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to exclude the sub-scription right of the company's shareholders, if the bonds are issued against cash and if the issue price is not materially lower than the theoretical market value of the Bonds as calculated based on recognized financial mathematical methods. However, the subscription right exclusion only applies to Bonds

with conversion rights or obligations or, as the case may be, option rights for shares representing a proportionate amount of the share capital of up to ten percent of the share capital as of the time of today's resolution or, if the amount of the share capital is lower at that time, at the time when then authorization is exercised. The maximum limit of ten percent of the share capital shall be reduced by a proportionate amount of the share capital attributable to those shares, which are issued during the term of this authorization in connection with any other capital increase where the subscription right is excluded in direct or indirect application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG). The maximum limit of ten percent of the share capital shall furthermore be reduced by the proportionate amount of the share capital attributable to those treasury shares, which are sold and transferred by the company during the term of this authorization, where the subscription right is excluded in direct or indirect application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG).

- bb) The Board of Executive Directors is furthermore authorized, with the consent of the Supervisory Board, to exclude the subscription right of the company's shareholders, if and to the extent this is necessary to grant holders of conversion or option rights for shares in the company or, as the case may be, the creditors of convertible bonds furnished with conversion obligations a subscription right to the extent to which they would be entitled to after an exercise of these rights or, as the case may be, they would be entitled to after the fulfilment of the conversion obligations.
- cc) The Board of Executive Directors is furthermore authorized, with the consent of the Supervisory Board, to exclude the subscription right of the company's shareholders in order to exempt fractional amounts from the shareholders' subscription right, which are a result of the subscription ratio.

dd) The Board of Executive Directors is finally authorized, with the consent of the Supervisory Board, to exclude the subscription right of the company's shareholders to the extent that Bonds are issued in connection with the acquisition of enterprises, participations in enterprises, or parts of enterprises against consideration in-kind, if the value of the consideration is adequate in relation to the value of the Bonds.

The authorization to exclude the subscription right pursuant to lit. aa) through dd) applies overall only to Bonds with conversion rights or obligations or, as the case may be, option rights for shares representing a proportionate amount of the share capital of up to ten percent of the share capital as of the time of today's resolution or, if the amount of the share capital is lower at that time, at the time when then authorization is exercised.

d) Conversion right, exchange ratio

If bonds with conversion rights are issued, creditors may exchange their Bonds against shares in the company in accordance with the terms and conditions of the Bonds. The exchange ratio is calculated by dividing the nominal amount of a Bond by the determined conversion price for a new share in the company. The exchange ratio may, however, also be calculated by dividing the issue price of a Bond that is below the nominal amount by the determined conversion price for a new share in the company. The exchange ratio may be rounded up or down in each case to the next integer; a premium to be paid in cash may also be determined. Beyond this, it may be determined that fractional amounts be combined and/or be compensated in money.

e) Option right

If option bonds are issued, one or several warrants will be attached to each bond, which authorize the holder, as set forth in more detail in the terms and conditions of the options to be determined by the Board of Executive Directors, to subscribe to shares in

the company. The prorata amount of the share capital represented by the shares to be subscribed to for each Bond may not exceed the nominal amount of the option bond.

f) Conversion/option price

The respective conversion or, as the case may be, option price for a share in the company (subscription price) has to correspond to either (a) at least 80 percent of the weighted average stock exchange price of the company's shares in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the last ten exchange trading days prior to the day on which the Board of Executive Directors adopts the resolution to issue the convertible or option bonds, or (b) at least 80 percent of the weighted average stock exchange price of the company's shares in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the days on which the subscription rights are traded on the Frankfurt Stock Exchange, except for the last two exchange trading days of the rights trading.

g) Protection against dilution

For Bonds with option rights or, as the case may be, conversion rights or obligations, the option rights or, as the case may be, conversion rights or obligations may be adjusted as set forth in more detail in the terms and conditions of the Bonds in the case of an economic dilution of the value of the option rights or, as the case may be, conversion rights or obligations, notwithstanding Section 9 paragraph 1 of the German Stock Corporation Act (AktG), to the extent that the adjustment is not already stipulated by law. The terms and conditions of the Bonds may furthermore provide for a value-preserving adjustment of the option rights or, as the case may be, conversion rights/obligations for the case of a capital reduction or other extraordinary measures or events (such as e.g. a third party obtaining control, unusually large dividends).

h) Terms and conditions of the Bonds

The terms and conditions of the Bonds may also provide for a conversion obligation as of the end of the term (or any earlier date) or provide for the right of the company to grant shares in the company in whole or in part instead of the payment of the amount of money due to the creditors of the Bonds at the time of final maturity of Bonds having conversion or option rights (this also includes a maturity because of termination).

The terms and conditions of the Bonds may furthermore stipulate in each case that the option or convertible bonds may according to the company's choice, instead of being converted into new shares from conditional capital, be converted into already existing shares in the company or that the option right may be fulfilled by delivering such shares.

Finally, the terms and conditions of the Bonds may provide that in the case of a conversion and instead of granting shares in the company, the company will pay an amount of money to the party entitled to the conversion, which for the number of shares to be delivered otherwise corresponds to the weighted average stock exchange price of the company's shares in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the ten exchange trading days after the declaration of the conversion or the exercise of the option.

i) Authorization to determine the further terms and conditions of the Bonds

The Board of Executive Directors is authorized, within the framework of the requirements under lit. a) through h), with the consent of the Supervisory Board, to determine the further details of the issuance and of the characteristics of the convertible and/or option bonds, particularly interest rate, issue price, term, denomination, dilution protection, and the conversion or, as the case may be, option period or, as the case may be,

determine these in agreement with the corporate bodies of the participation companies issuing the convertible and/or option bonds.

3. Conditional capital increase

The share capital is increased by up to € 19,140,000.00 through the issuance of up to 19,140,000 bearer shares with no par value (conditional capital). Purpose of the conditional capital increase is to grant no-par value shares to the holders or, as the case may be, creditors of Bonds, which are issued by the company or group companies of the company in accordance with the above authorization under No. 2 until 10 May 2015. The new no-par value shares will be issued at the conversion or, as the case may be, option price to be determined in each case pursuant to No. 2. The conditional capital increase shall be implemented only insofar as these rights are exercised or the holders or, as the case may be, creditors required to convert fulfil their conversion obligation. The new no-par value shares are eligible to participate in the profits from the beginning of the financial year during which they are created through the exercise of conversion or, as the case may be, option rights or through the fulfilment of conversion obligations; in deviation from this, the Board of Executive Directors may determine, with the consent of the Supervisory Board, that the new no-par value shares are eligible to participate in the profits from the beginning of the financial year, for which the Annual General Meeting has not yet adopted a resolution about the appropriation of the balance sheet profit at the time when the conversion or, as the case may be, option rights are exercised or the conversion obligations are fulfilled. The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to determine the further content of the share rights and the further details of the implementation of a conditional capital increase.

4. Change of the Articles of Association

Section 4 of the Articles of Association is supplemented with paragraph 5:

“The share capital is increased conditionally by up to € 19,140,000.00 through the issuance of up to 19,140,000 bearer shares with no par value (conditional capital). The conditional capital increase will be implemented only insofar as the holders or, as the case may be, creditors of conversion or option rights from bonds, which were issued by the company or a group company until 10 May 2015 based on the authorizing resolution of the Annual General Meeting of 11 May 2010, exercise their conversion or option rights, or as the holders or, as the case may be, creditors of the convertible bonds with conversion obligation, which were issued by the company or a group company until 10 May 2015 based on the authorizing resolution of the Annual General Meeting of 11 May 2010, who are required to convert, fulfil their conversion obligation, or to the extent that the company exercises an election right until 10 May 2015, based on the authorizing resolution of 11 May 2010, to grant shares in the company, in whole or in part, instead of a payment of the due amount of money, and to the extent no cash compensation is paid or treasury shares are used to satisfy these claims. The new no-par value shares are eligible to participate in the profits from the beginning of the financial year in which they are created through the exercise of conversion or, as the case may be, option rights or through the fulfilment of conversion obligations; in deviation from this, the Board of Executive Directors may determine, with the consent of the Supervisory Board, that the new no-par value shares are eligible to participate in the profits from the beginning of the financial year, for which the Annual General Meeting has not yet adopted a resolution about the appropriation of the balance sheet profit at the time the conversion or, as the case may be, option rights are exercised or the conversion obligations are fulfilled. The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to determine the further content of the share rights and the further details of the implementation of the conditional capital increase.”

5. Authority to amend the Articles of Association

The Supervisory Board is authorized to amend the wording of Section 4 paragraph 1 and 5 of the Articles of Association in accordance with the respective utilization of the conditional capital.”

Report of the Board of Executive Directors on item 8 of the Agenda pursuant to Sections 221 paragraph 4 sentence 2, 186 paragraph 4 sentence 2 of the German Stock Corporation Act (AktG)

A lawsuit had been filed against the resolution adopted during the Annual General Meeting of 10 May 2006 under item 7 of the Agenda regarding the authorization to issue convertible and option bonds and create a conditional capital, which argued that the determination of only a minimum issue price was not permitted. By decision of 21 December 2006, the District Court Kassel ruled in favour of the lawsuit. The appeal aimed against the ruling was rejected by the Upper State Court Frankfurt am Main, civil senates in Kassel, by judgment of 16 May 2008, which has become unappealable.

Considering the uncertain outcome of the legal dispute and the long time that would probably have passed until the German Federal Court of Justice would have rendered a judgment, the company decided not to lodge an appeal on points of law. The concerns that were raised against the effectiveness of the shareholder resolution at the time are no longer relevant, since the law now explicitly permits the determination of a minimum issue price when adopting a resolution about the creation of a conditional capital through a clarification in Section 193 paragraph 2 of the German Stock Corporation Act (AktG).

We report in detail on the authorization resolution proposed to this year’s Annual General Meeting under item 8 of the Agenda, particularly the subscription right exclusion in No. 2, lit. c) of the resolution proposal, as follows:

The issuance of convertible bonds and/or option bonds may, in addition to the classical possibilities of taking up debt or equity, provide the opportunity to utilize attractive financing alternatives on the capital markets depending on the market situation. The Board of Executive Directors believes that it is in the interest of the company to have this financing possibility also available to the company.

The issuance of convertible bonds and/or option bonds (together “Bonds”) makes it possible to take up capital at attractive conditions. The generated conversion or, as the case may be, option premiums benefit the company’s capital base and thereby enable it to utilize more advantageous financing opportunities. The possibility to also establish conversion obligations in addition to the grant of conversion and/or option rights, which are also provided for, expands the structuring scope for this financing instrument. The authorization provides the company with the necessary flexibility to place the Bonds by itself or through direct or indirect affiliates. Other than in Euro, Bonds may also be issued in the legal currency of any other OECD country. In order to achieve a balanced relationship between the company’s interest in expanding the basis of its financing possibilities through the aforementioned instruments and the interests of the shareholders to be protected against any unreasonable dilution of their shareholdings, the conditional capital shall be created only up to a maximum amount of ten percent of the share capital.

The shareholders will generally also receive a subscription right for convertible or option bonds. The Board of Executive Directors shall, however, be authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders when Bonds are issued against cash contributions in corresponding application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG), insofar as the issuance of shares based on conversion or, as the case may be, option rights or conversion obligations is limited to up to ten percent of the company’s share capital.

The possibility to exclude the subscription right enables the company to make use of advantageous stock exchange situations rapidly and to place Bonds on the market quickly and flexibly and based on attractive conditions. Stock markets have become significantly more volatile. Generating the most advantageous issue result therefore depends increasingly on the ability to react to market developments on short notice. Conditions that are advantageous and as close to the market as possible can generally be obtained only, if the offer period for which the company is bound by them is not too long. In the case of rights issues, a safety discount is necessary, which is regularly not insignificant, in order to ensure the attractiveness of the conditions and thus the chances for success throughout the entire offer period. Though Section 186 paragraph 2 of the German Stock Corporation Act (AktG) does permit a publication of the subscription price (and thus in the case of option and convertible bonds of the conditions of the bond) until the third-last day of the subscription period, a market risk nevertheless exists in this case for several days, considering the volatility of stock markets, which may lead to safety discounts when the bond conditions are determined and thus to conditions that are not close to the market. Where a subscription right is granted, an alternative placement with a third party becomes more difficult or, as the case may be, may involve additional efforts because of the uncertainty as to whether it is exercised (subscription behaviour). Finally, the company is unable to react to any change of the market situation at short notice where a subscription right is granted, because of the duration of the subscription period, which may lead to detrimental capital procurement for the company.

The interests of the shareholders are protected in the case of an exclusion of subscription rights in accordance with Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG), since Bonds will not be issued significantly below market value. The market value is to be determined in accordance with recognized financial mathematical principles. For this purpose, the expert opinion of an experienced investment bank or auditing firm will be

obtained. When determining the price, taking account the respective situation on the capital markets, the Board of Executive Directors will keep the discount from the market value as small as possible. As a consequence, the imputed value of a subscription right will effectively approach zero so that the shareholders cannot suffer a significant economic loss through the exclusion of the subscription right. The shareholders are also able to maintain their participation in the company's share capital at nearly identical conditions through an acquisition over the stock exchange. Their financial interests are reasonably protected thereby. The authorization to exclude the subscription right in accordance with Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG) applies only to Bonds with rights to shares, to which a proportionate amount of the share capital totalling no more than ten percent of the share capital is attributable at the time the resolution is adopted on 11 May 2010 or, if it the amount of the share capital is lower at that time, at the time when the authorization is exercised. Shares are credited towards this maximum amount, which are otherwise issued with exclusion of the subscription right or in accordance with Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG). This credit occurs in the interest of shareholders in the smallest possible dilution of their participation.

Furthermore, the Board of Executive Directors is to be provided with the possibility, with the consent of the Supervisory Board, to exclude the subscription right of shareholders in order to grant a subscription right to the holders or creditors of convertible and/or option rights or of convertible bonds with conversion obligations to the extent to which they would be entitled to after an exercise of the conversion or, as the case may be, option rights or after fulfilment of the conversion obligation. This makes it possible to prevent that if the authorization is exercised, the option or, as the case may be, conversion price for the holders of already existing conversion or, as the case may be, option rights will have to be reduced under the option and conversion conditions or that the company may have to provide other dilution protection.

The Board of Executive Directors is furthermore to be authorized, with the consent of the Supervisory Board, to exempt fractional amounts from the subscription right. Such fractional amounts may result from the amount of the respective issue volume and the calculation of a practicable subscription ratio. Excluding the subscription right in these cases makes it easier to implement the capital measure. The free fractions excluded from the shareholders' subscription right are either sold over the stock exchange or are realized otherwise in the manner most beneficial for the company.

Finally, the Board of Executive Directors is also to be authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders to the extent that Bonds are issued against consideration in-kind for purposes of acquiring enterprises, participations in enterprises, or parts of enterprises, if the value of the consideration in-kind is adequate in relation to the value of the Bonds. This makes it possible to use Bonds as and acquisition currency in suitable cases, thereby acquiring interesting acquisition target on short notice while preserving liquidity. This is of particular importance for the company, since it is exposed to international competition and since it may be advantageous to take recourse to international partnerships and participations for the development or marketing of products and services. The Board of Executive Directors will examine diligently in each individual case, whether it will make use of the authorization to issue Bonds with the exclusion of subscription rights. It will do this only, if this is in the interest of the company.

The authorization to exclude subscription rights pursuant to lit. c) aa) through c) dd) is limited overall. It applies overall only to Bonds with conversion rights or obligations or, as the case may be, option rights for shares representing a proportionate amount of the share capital of up to ten percent of the share capital at the time the resolution is adopted on 11 May 2010 or,

if the amount of the share capital is lower at that time, at the time when the authorization is exercised. By limiting the authorization to exercise subscription rights, the interest of the shareholders in the lowest possible dilution of their participation is protected.

Item 9:

Resolution about the creation of a new authorized capital, amendment of the Articles of Association; cancellation of the resolution adopted by the Annual General Meeting on 10 May 2006 under item 8 of the Agenda

By resolution of the Annual General Meeting of 10 May 2006 (item 8 of the Agenda), the Board of Executive Directors was authorized until 9 May 2011, with the consent of the Supervisory Board, to increase the share capital of the company on one or several occasions against contributions in cash or in kind, however, by no more than an aggregate maximum of € 54,400,000.00 through the issuance of no more than 20,625,000 new bearer shares with no par value (authorized capital). Based on the stock split with a ratio of 1:4, which was decided by the Annual General Meeting on 14 May 2008, and the related increase of the share capital from € 108,800,000.00 to € 165,000,000.00, the corresponding provision of the Articles of Association (Section 4 paragraph 4) was adjusted insofar as the authorization related to the issuance of a maximum of 82,500,000 new no-par value shares. In connection with the issuance of 26,400,000 new no-par value shares, decided based on the authorization by the Board of Executive Directors with the consent of the Supervisory Board on 25 November 2009, the Supervisory Board has adopted the necessary amendment of the wording of Section 4 paragraph 4 of the Articles of Association (reduction of the scope of the authorization to the issuance of 56,100,000 new no-par value shares).

Since it has turned out in the meantime that the determination of the relevant stock exchange price for the issue price in the case of a capital increase with the exclusion of subscription rights in the existing authorization is obstructive to a flexible use of the instrument, the authorization is to be renewed early with a modified definition of the relevant stock exchange price as well as a limitation of the potential volume to thirty percent of the share capital and reduction of the scope of the authority for a subscription right exclusion in the case of capital increases against contributions in-kind to twenty percent of the share capital.

The Board of Executive Directors and the Supervisory Board therefore propose that the following resolution be adopted:

“1. Cancellation of the resolution adopted by the Annual General Meeting on 10 May 2006 under item 8 of the Agenda

The resolution adopted by the Annual General Meeting on 10 May 2006 under item 8 of the Agenda is cancelled.

2. Adoption of a resolution about the creation of a new authorized capital, amendment of the Articles of Association

a) The Board of Executive Directors is authorized until 10 May 2015, with the consent of the Supervisory Board, to increase the company's share capital on one or several occasions against contributions in cash or in kind, however, by no more than an aggregate amount of € 57,420,000.00 through the issuance of no more than 57,420,000 new bearer shares with no par value (authorized capital). Shareholders are generally to be granted a subscription right when the capital increase is implemented. The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of the shareholders in the following cases up to an aggregate proportionate

amount of the share capital of € 38,280,000.00 (corresponding to 38,280,000 no-par value shares):

- aa) The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of the shareholders for fractional amounts that arise as a consequence of the subscription right.

- bb) The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of shareholders during capital increases against cash contributions up to a proportionate amount of the share capital of € 19,140,000.00 (corresponding to 19,140,000 no-par value shares), if the issue price of the new shares is not materially less than the stock exchange price of the already exchange-listed shares of the same class and structure when the issue price is finally determined by the Board of Executive Directors. The proportionate amount of the share capital of € 19,140,000.00 is reduced by the proportionate amount of the share capital attributable to those shares, which are issued during the term of this authorization in connection with any other capital increase where the subscription right is excluded in direct or indirect application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG). The proportionate amount of the share capital of € 19,140,000 is furthermore reduced by the proportionate amount of the share capital allocable to those shares, which are sold and transferred by the company during the term of this authorization and where the subscription right is excluded in direct or indirect application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG). Relevant stock exchange price for purposes of sentence 1 shall be the price of the company's share in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange.

cc) The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of the shareholders in the case of capital increase against contributions in kind up to a proportionate amount of the share capital of € 38,280,000.00 (corresponding to 38,280,000 no-par value shares), if the new shares are to be used as consideration during the acquisition of an enterprise or a participation in an enterprise by the company. The proportionate amount of the share capital of € 38,280,000.00 shall be reduced by the proportionate amount of the share capital attributable to those shares, which are issued during the term of this authorization in connection with any other capital increase using authorized capital or conditional capital where the subscription right is excluded. The proportionate amount of the share capital of € 38,280,000.00 shall furthermore be reduced by the proportionate amount of the share capital attributable to those treasury shares, which are sold and transferred by the company during the term of this authorization and where the subscription right is excluded.

The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to determine the further details of a capital increase using the authorized capital.

b) Section 4 paragraph 4 of the Articles of Association is revised as follows:

“The Board of Executive Directors is authorized until 10 May 2015, with the consent of the Supervisory Board, to increase the company’s share capital on one or several occasions against contributions in cash or in kind, however, by no more than an aggregate amount of € 57,420,000.00 through the issuance of no more than 57,420,000 new bearer shares with no par value (authorized capital). Shareholders are generally to be granted a subscription right when the capital increase is implemented. The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of the shareholders in the following cases up to an aggregate proportionate amount

of the share capital of € 38,280,000.00 (corresponding to 38,280,000 no-par value shares):

- a) The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of the shareholders for fractional amounts that arise as a consequence of the subscription right
- b) The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of shareholders during capital increases against cash contributions up to a proportionate amount of the share capital of € 19,140,000.00 (corresponding to 19,140,000 no-par value shares), if the issue price of the new shares is not materially less than the stock exchange price of the already exchange-listed shares of the same class and structure when the issue price is finally determined by the Board of Executive Directors. The proportionate amount of the share capital of € 19,140,000.00 is reduced by the proportionate amount of the share capital attributable to those shares, which are issued during the term of this authorization in connection with any other capital increase where the subscription right is excluded in direct or indirect application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG). The proportionate amount of the share capital of € 19,140,000.00 is furthermore reduced by the proportionate amount of the share capital allocable to those shares, which are sold and transferred by the company during the term of this authorization and where the subscription right is excluded in direct or indirect application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG). Relevant stock exchange price for purposes of sentence 1 shall be the price of the company's share in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange

c) The Board of Executive Directors may, with the consent of the Supervisory Board, exclude the statutory subscription right of the shareholders in the case of capital increase against contributions in kind up to a proportionate amount of the share capital of € 38,280,000.00 (corresponding to 38,280,000 no-par value shares), if the new shares are to be used as consideration during the acquisition of an enterprise or a participation in an enterprise by the company. The proportionate amount of the share capital of € 38,280,000.00 shall be reduced by the proportionate amount of the share capital attributable to those shares, which are issued during the term of this authorization in connection with any other capital increase using authorized capital or conditional capital where the subscription right is excluded. The proportionate amount of the share capital of € 38,280,000.00 shall furthermore be reduced by the proportionate amount of the share capital attributable to those treasury shares, which are sold and transferred by the company during the term of this authorization and where the subscription right is excluded.

The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to determine the further details of a capital increase using the authorized capital.”

c) The Supervisory Board is authorized to modify Section 4 paragraph 4 of the Articles of Association in accordance with the respective utilization of the authorized capital.”

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.
3. 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 pro-

vide 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.

Item 10:

Resolution about the authorization to acquire and use treasury shares

The Board of Executive Directors was authorized until 31 October 2010 by resolution of the Annual General Meeting on 13 May 2009 to acquire treasury shares for the company. The Board of Executive Directors and the Supervisory Board propose that the following resolution be adopted:

"1. With the revocation of the authorization of 13 May 2009, the Board of Executive Directors is authorized until 10 May 2015 to acquire treasury shares of the company.

The acquisition will occur through a stock exchange or by means of a public purchase offer addressed to all shareholders.

- a) In the case of an acquisition through a stock exchange, the purchase price per share paid by the company (without ancillary acquisition costs) may not exceed or fall below the relevant stock exchange price by more than ten percent; relevant stock exchange price for this purpose shall be the price for the company's shares determined by the opening auction in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange.
- b) In the case of an acquisition through a public purchase offer addressed to all shareholders, the offered purchase price per share (without ancillary acquisition costs) may not exceed or fall below the relevant stock exchange price by more than ten percent; relevant stock exchange price for this purpose shall be the weighted average price for the company's shares determined by the opening auction in the computer trading system XETRA (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the last ten exchange trading days prior to the publication of the purchase offer. The volume of the offer may be limited. If the overall subscription to this offer exceeds this volume, the acceptance has to occur on a pro-rata basis. A preferred acceptance of small quantities of up to 100 offered shares of stock per shareholder may be provided for.

Based on the aforementioned authorization own no-par value shares corresponding to no more than ten percent of all no-par value shares of the share capital may be acquired for the company. The company may not hold more than ten percent of the total number of no-par value shares of its share capital at any time, which is why no-par value shares that were previously acquired and are still held by the company are credited towards the maximum number of no-par value shares that may be acquired.

- 2. The Board of Executive Directors is furthermore authorized, with the consent of the Supervisory Board, to sell and transfer shares in the company, which are or were acquired based on

an authorization pursuant to No. 1 or a an authorization previously issued by the Annual General Meeting pursuant to Section 71 paragraph 1 No. 8 of the German Stock Corporation Act (AktG), on the stock exchange or a public offer addressed to all shareholders.

In the following cases, the shares may also be sold and transferred in a different manner and thus also subject to an exclusion of the subscription right of the shareholders:

- a) Disposal of shares representing a calculatory share of the share capital of up to a total of ten percent of the share capital against payment of an amount of money per share, which may not be materially less than the stock exchange price of the company's shares of the same class and structure. Relevant stock exchange price for this purpose shall be the closing price of the company's shares in the computer trading system XETRA (or a functionally comparable successor system replacing it) at the Frankfurt Stock Exchange on the day prior to the disposal.
- b) Providing shares as consideration for purposes of acquiring enterprises, parts of enterprises, or participations in enterprises.
- c) Serving convertible and option bonds, which were issued based on an authorization of the Annual General Meeting.

The authorization to exclude the subscription right pursuant to lit. a) through c) applies in aggregate to shares representing a proportionate amount in the share capital of up to ten percent of the share capital at the time of today's resolution or, if the share capital amounts to less at that time, at the time the authorization is exercised. The maximum limit of ten percent of the share capital shall be reduced by the proportionate amount of the share capital attributable to those shares, which are issued during the term of this authorization in

connection with a capital increase using authorized capital or conditional capital where the subscription right is excluded.

- 3.. The Board of Executive Directors is finally authorized, with the consent of the Supervisory Board, to cancel shares of the company, which are or were acquired based on the authorization pursuant to No. 1 or an authorization previously issued by the Annual General Meeting pursuant to Section 71 paragraph 1 No. 8 of the German Stock Corporation Act (AktG) and no additional resolution of the Annual General Meeting is required to effect the cancellation. The cancellation shall occur pursuant to Section 237 paragraph 3 No. 3 of the German Stock Corporation Act (AktG) without capital reduction in the manner that the share of the other no-par value shares in the share capital is increased as a consequence of the cancellation pursuant to Section 8 paragraph 3 of the German Stock Corporation Act (AktG). The Board of Executive Directors is authorized pursuant to Section 237 paragraph 3 No. 3 second half-sentence of the German Stock Corporation Act (AktG) to adjust the number of shares in the Articles of Association.
4. The authorizations to acquire treasury shares, to dispose of them, and to cancel them may in each case be exercised in whole or in part, in the latter case also on several occasions.”

Report by the Board of Executive Directors on item 10 of the Agenda pursuant to Section 71 paragraph 1 No. 8 of the German Stock Corporation Act (AktG) in connection with Section 186 paragraph 3 sentence 4, paragraph 4 sentence 2 of the German Stock Corporation Act (AktG)
Item 10 of the Agenda contains the proposal to authorize the company pursuant to Section 71 paragraph 1 No. 8 of the German Stock Corporation Act (AktG) until 10 May 2015 to acquire treasury shares of up to ten percent of the share capital. With the proposed renewed authorization, the company is enabled beyond the previous time frame to continue to use the instrument of acquiring treasury shares, in order to realize the advantages related to the acquisition of

treasury shares in the interests of the company and its shareholders. This authorization exists within the legal limits of Section 71 paragraph 2 of the German Stock Corporation Act (AktG).

In addition to the acquisition through the stock exchange, the company is also to be provided with the possibility to acquire treasury shares through a public purchase offer (tender process). In this alternative, each shareholder willing to sell can decide, how many shares and, if a price range is determined, at what price he wants to offer such shares. If the quantity offered at the determined price exceeds the demanded number of shares, the sales offers will have to be allocated. The possibility should exist here to provide for a preferential acceptance of small offers or of small parts of offers of up to a maximum of 100 shares of stock. The purpose of this possibility is to avoid fractional amounts during the determination of the quotas and small residual holdings and to thereby facilitate the technical implementation.

The proposed authorization also provides for the ability of the Board of Executive Directors, with the consent of the Supervisory Board, to carry out a disposal of the acquired treasury shares also in a different manner than on a stock exchange or through an offer to all shareholders, if the acquired treasury shares are disposed of at a price, which is not materially less than the stock exchange price of shares of the company at the time of the disposal.

The possibility provided by the authorization to exclude the subscription right in corresponding application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG) serves the interest of the company to sell treasury shares e. g. to long-term oriented investors or to win new shareholder groups at home and abroad. The possibility to exclude the subscription right enables the management to make use of the opportunities for a fast and cost-effective placement that may come up because of the situation of stock exchanges at the time without offering a subscription right that involves significant efforts in terms of time and costs.

The purpose of acquiring treasury shares is also to enable the company based on the proposed authorization resolution to act flexibly and cost-effectively when acquiring enterprises within the context of its intended acquisition policy, in order to e. g. use treasury shares as consideration when buying enterprises in certain cases.

In addition, it is meant to enable the company to use the shares also for serving conversion and option bonds. It may be practical to use treasury shares in whole or in part instead of new shares from a capital increase to fulfil the conversion or option rights. By using treasury shares, any dilution of the shares of shareholders that would occur if the conditional capital were used, is ruled out. When deciding, whether to deliver treasury shares or to utilize the conditional capital, the Board of Executive Directors will diligently balance the interests of the company and of the shareholders.

The financial and voting right interests of shareholders are reasonably protected during a disposal of the own shares to third party when the subscription right of shareholders is concluded based on the rule of Section 71 paragraph 1 No. 8 of the German Stock Corporation Act (AktG). The acquired treasury shares may, if they are to be disposed of other than on the stock exchange or through an offer to all shareholders, be disposed of only at a price, which is not materially less than the relevant stock exchange price of the company's shares at the time of disposal (cf. No. 2 lit. a) of the authorization). The authorization to exclude the subscription right is limited to a total of ten percent of the company's share capital. Shares are credited towards this maximum limit, which were issued during the term of this authorization in connection with a capital increase using authorized capital or conditional capital with the exclusion of the subscription right. This credit occurs in the interest of shareholders in the smallest possible dilution of their participation.

Requirements for the attendance at the Annual General Meeting and the exercise of the voting right

Only shareholders of the company who register in time and document their eligibility are entitled to attend the meeting and exercise the voting right.

As documentation, a special certificate confirming their shareholding issued in text form by the depository institution (“Confirmation”) is sufficient. The Confirmation must refer to the beginning of the 21st day prior to the meeting (“Record Date”), which is 20 April 2010, 00:00 hours.

The registration and the Confirmation must be received by the company under the following address in text form in the German or English language no later than on 4 May 2010, 24:00 hours:

K+S Aktiengesellschaft
c/o Commerzbank AG
WASHV dwpbank AG
Wildunger Strasse 14
60487 Frankfurt am Main (Germany)
Telefax: +49 (0)69/5099-1110
E-Mail: hv-eintrittskarten@dwpbank.de

After they are received, the admission ticket for the meeting will be sent to the shareholder. In order to ensure timely receipt of the admission tickets, shareholders are requested to see to it that the registration and Evidence are sent to the company early.

Holders of AMERICAN DEPOSITARY RECEIPTS (ADRs) receive the information and documents regarding the Annual General Meeting from BANK OF NEW YORK MELLON, New York, or from their bank or, as the case may be, their broker. In case of questions regarding the exercise of the voting right, please contact BANK OF NEW YORK MELLON, Tel.: +1- 888- 269 - 2377.

Importance of the Record Date

The Record Date is the decisive date for the scope and exercise of the attendance and voting right at the Annual General Meeting. In relation to the company, only those are considered shareholders for purposes of attending the Annual General Meeting or exercising the voting right, who have documented their shareholding as of the Record Date. Changes in the shareholdings after the Record Date are not relevant. Shareholders, who have acquired their shares only after the Record Date, are accordingly unable to attend the Annual General Meeting. Shareholders, who have properly registered and provided the Confirmation, are also entitled to attend the Annual General Meeting and exercise the voting right, if they sell and transfer the shares after the Record Date. The Record Date has no effect on the ability to sell and transfer shares and is not a relevant date for any dividend entitlement.

Proxy voting procedure

The voting right may also be exercised through a proxy, i. e. a bank or a shareholders' association.

Granting the power of attorney, revoking it, and proof of authorization vis-à-vis the company generally require the text form. The revocation may, however, also be effected by the shareholder attending the Annual General Meeting in person.

Exemptions from the text form requirement may exist for banks, shareholders' associations, or equivalent persons or institutions, c. f. Section 135, Section 125 paragraph 5 of the German Stock Corporation Act (AktG). We therefore ask that our shareholders coordinate with banks, shareholders' associations, or equivalent persons or institutions regarding the form of powers of attorney granted to them.

We would like to point out that a proper registration and confirmation of shareholding by the depositary institution are also required when granting proxy.

Shareholders are offered to authorize proxies appointed by the company, who are bound to observe instructions. Granting the power of attorney, revoking it, and proof of authorization vis-à-vis the company require the text form.

To authorize and issue instructions to proxies appointed by the company or a third party, the corresponding section of the admission ticket may be used, which is mailed to shareholders by the depository institution after their proper registration.

The company offers an Internet-based system for the electronic transmission of the power of attorney and instructions or, as the case may be, of the revocation under www.k-plus-s.com. The admission ticket number is required to use this system. The admission ticket is mailed by the depository institution after the registration has been completed. Shareholders will find further details on the company's website in the section Annual General Meeting in the more detailed "Explanations on the attendance at the Annual General Meeting and proxy voting".

If a shareholder authorizes more than one person, the company may reject one or several of them.

Transmission of the Annual General Meeting on the Internet

The Annual General Meeting will be transmitted on the Internet under www.k-plus-s.com until the end of the speech of the Chairman of the Board of Executive Directors.

Shareholder rights

Shareholders, whose shares together amount to one-twentieth of the share capital or the proportionate amount of € 500,000.00 may demand pursuant to Section 122 paragraph 2 of the German Stock Corporation Act (AktG) that items are placed on the Agenda and announced. Requests to amend the Agenda must be received by the company at least 30 days prior to the meeting, i. e. by Saturday 10 April 2010, 24:00 hours.

In addition, each shareholder has the right to submit a counter-motion to any proposal of the Board of Executive Directors and Supervisory Board concerning a specific item of the Agenda. A counter-motion must be made available on the company's website as set forth in more detail in Section 126 paragraph 1 and 2 of the German Stock Corporation Act (AktG), if it is received by the company under the address specified below no later than on Monday, 26 April 2010, 24:00 hours.

Each shareholder may also submit an election proposal for the election of Supervisory Board members or of auditors to the company as set forth in more detail in Section 127 of the German Stock Corporation Act (AktG). An election proposal must be made available on the company's website as set forth in more detail in Sections 127, 126 paragraph 1 and 2 of the German Stock Corporation Act (AktG), if it is received by the company under the address specified below no later than on Monday, 26 April 2010, 24:00 hours.

We will make counter-motions or election proposals, which we have received in time, available on the Internet under www.k-plus-s.com, if they meet the legal requirements. We will also make any comments by the management available under the aforementioned Internet address. We will announce motions for amendments received in time, if they meet the legal requirements. Requests to amend the Agenda, counter-motions, and election proposals from shareholders shall be exclusively addressed to:

K+S Aktiengesellschaft

Investor Relations

Bertha-von-Suttner-Strasse 7

34131 Kassel (Germany)

Telefax: +49 (0)561/9301- 2425

E-Mail: investor-relations@k-plus-s.com

Upon request, the Board of Executive Directors shall provide information to any shareholder during the Annual General Meeting about matters of the company, if it is required to properly assess the item of the Agenda. The information obligation also extends to the legal and commercial relationships of the company to affiliated companies.

In order to facilitate a proper reply, shareholders and shareholder representatives, who intend to submit questions during the Annual General Meeting, are requested to transmit these questions as early as possible to the aforementioned address. This transmission is not a formal prerequisite for a reply. It leaves the information right unaffected.

More detailed explanations and information on the rights of shareholders under Sections 122 paragraph 2, 126 paragraph 1, 127 and 131 paragraph 1 of the German Stock Corporation Act (AktG) are available to shareholders on the company's website under www.k-plus-s.com.

Total number of shares and voting rights

At the time the meeting is convened, the company's share capital is divided into 191,400,000 no-par value shares with the same number of voting rights.

The company holds 200,000 treasury shares at the time the meeting is convened, from which it does not derive any voting rights. The company will sell and transfer these treasury shares prior to the Annual General Meeting (mainly to employees in connection with the employee stock program), which is why the company will no longer hold any treasury shares at the time of the Annual General Meeting.

Information on the company's website

The following information becomes available at the same time as the invitation for the Annual General Meeting on the company's website under www.k-plus-s.com under Annual General Meeting:

- the content of the invitation
- on item 3 of the Agenda, the presentation of the current remuneration of members of the Board of Executive Directors
- the reports of the Board of Executive Directors on items 8, 9, and 10 of the Agenda
- an explanation, if no resolution is to be adopted on an item of the Agenda

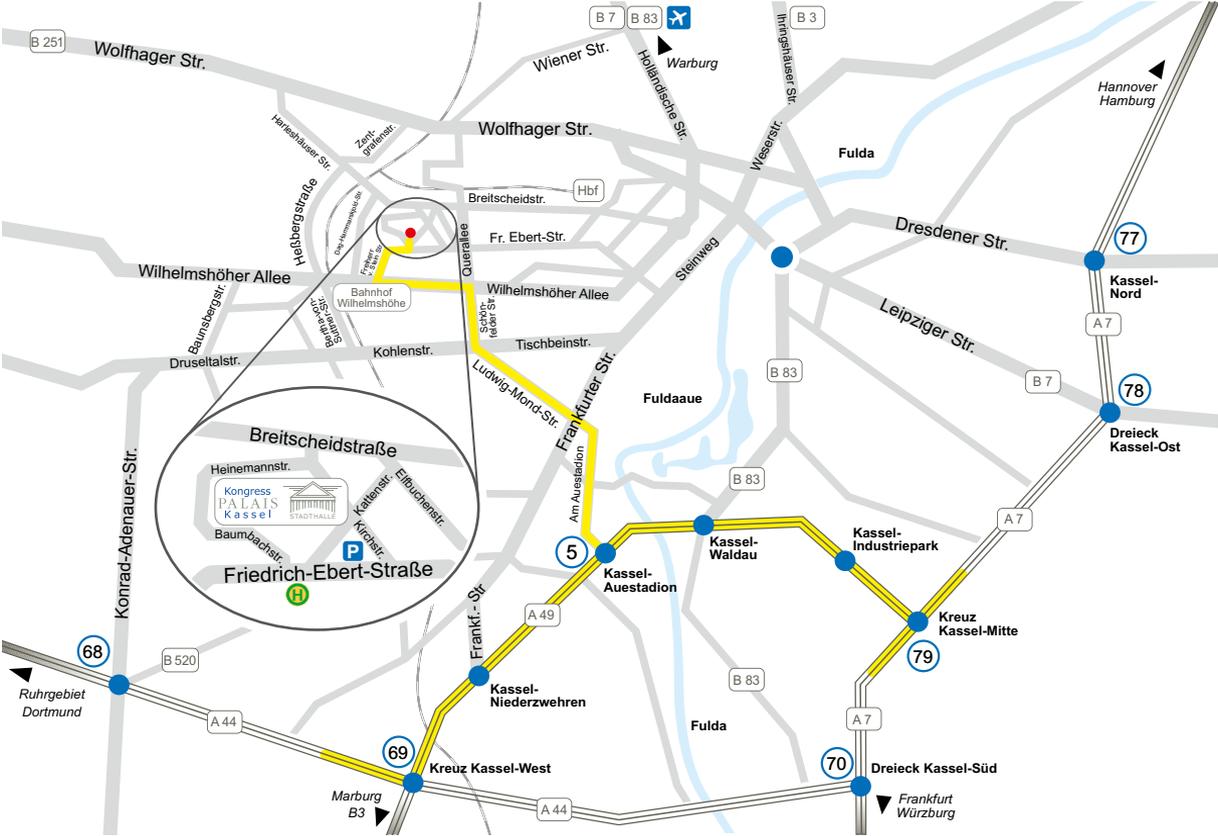
- the documents to be made available to the Annual General Meeting, particularly
 - the annual financial statements of K+S AKTIENGESELLSCHAFT
 - the consolidated financial statements
 - the management report
 - the group management report
 - the proposal of the Board of Executive Directors for the appropriation of profits
 - the explanatory report of the Board of Executive Directors on the information under Sections 289 paragraph 4, 315 paragraph 4 of the German Commercial Code (HGB)
 - the Supervisory Board report
- the total number of shares and voting right at the time of invitation
- a form for issuing proxy voting authority/instructions electronically
- more detailed explanations on the rights of shareholders
- additional explanations on the attendance of the Annual General Meeting and voting proxy

You can also receive information under +49 (0) 561 / 9301-1100.

Kassel, 25 March 2010

The Board of Executive Directors
K+S AKTIENGESELLSCHAFT
with registered seat in Kassel (Germany)

LOCATION MAP



Travel directions

Kongress Palais Kassel – Stadthalle

Friedrich-Ebert-Strasse 152
34119 Kassel (Germany)

■ By car

From the direction of Frankfurt am Main / Würzburg or Hamburg / Hanover travelling via the A7 motorway, drive until the junction Kassel-Mitte (79). From there continue on the A49 motorway in the direction of Kassel-Zentrum until the Kassel-Auestadion exit (5).

From the direction of Dortmund drive along the A44 motorway until the junction Kassel-West (69). There turn onto the A49 motorway in the direction of Kassel-Zentrum / Marburg / Fritzlar / Baunatal until the Kassel-Auestadion exit (5).

From the junction Kassel-Auestadion continue straight on via the Ludwig-Mond-Strasse and Schönfelder Strasse. After a good 3.5 km, turn off to the left at the Wilhelmshöher Allee crossroads and follow the course of the road in the direction of the railway station Kassel-Wilhelmshöhe. After approx. 1.2 km, turn right into Freiherr-vom-Stein-Strasse.

Follow the main road. The Kongress Palais Kassel – Stadthalle is located about another 800 metres on the left-hand side.

Please note that only a limited number of parking spaces are available at the site of our Annual General Meeting. We urge you to arrive by public transport.

- **By public transport**

The venue is easy to reach by public transport. The Kongress Palais Kassel – Stadthalle is located about 1.3 km away from the railway station Kassel-Wilhelmshöhe and can be reached by tram in a few minutes. From the Kassel-Wilhelmshöhe railway station, please take tram number 4 (direction: “Papierfabrik”, “Kaufungen”, “Helsa” or “Hessisch Lichtenau”) to the third stop, “Kongress Palais/Stadthalle”.

For shareholders of K+S Aktiengesellschaft, the arrival and departure at the venue by public transport is free of charge within the network area of the “Nordhessischer VerkehrsVerbund”.



This invitation entitles the holder on 11 May 2010 to use public transport within the network area of the “Nordhessischer VerkehrsVerbund” to the Kongress Palais Kassel – Stadthalle and for the return free of charge.

Information

Bestellformular *Order form*

Name | Vorname *Surname* | *Name*

Straße | Hausnummer *Street* | *No.*

PLZ | Stadt | Land *Postal Code* | *City* | *Country*

E-Mail *E-mail*

Ich möchte zur Ergänzung meiner Informationen über K+S folgende Veröffentlichungen erhalten:
For additional information about K+S, I would like to receive the following reports:

Finanzbericht 2009 *Financial Report 2009*

einmalig *once* regelmäßig *on a regular basis*

Unternehmens- und Nachhaltigkeitsbericht 2009 *Corporate and Sustainability Report 2009*

einmalig *once* regelmäßig *on a regular basis*

Zwischenberichte *Interim Reports*

einmalig *once* regelmäßig *on a regular basis*

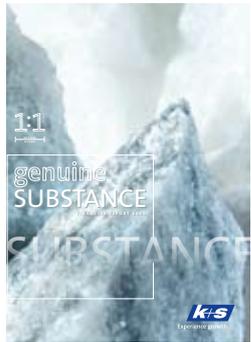
Newsletter per E-Mail *Newsletter via e-mail*

Sie können dieses Formular auch per Fax an +49 (0) 561 9301-2425 senden.
You can also send this form by fax to +49 (0) 561 9301-2425.



K+S Aktiengesellschaft with its registered seat in Kassel (Germany) • ISIN: DE0007162000 • Security code No. 716 200

This invitation is also available in German. In the event of any doubt, the German version of the text will prevail.



Finanzbericht 2009
Financial Report 2009



**Unternehmens- und
Nachhaltigkeitsbericht 2009**
*Corporate and Sustainability
Report 2009*

Bitte
freimachen

*Please affix
a correct
postage*

Deutsche Post 

ANTWORT

K+S Aktiengesellschaft

P.O. Box 102029

34111 Kassel

Germany



Experience growth.