

## **Item 3 of the Agenda: Remuneration System for Members of the Board of Executive Directors**

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**K+S Aktiengesellschaft  
Kassel  
Ordinary Annual General Meeting**

**On Tuesday, 11 May 2010, 10:00 hours,  
in the Kongress Palais Kassel – Stadthalle,  
Friedrich-Ebert-Straße 152, 34119 Kassel**



**Wachstum erleben.**

Subject matter of the resolution proposal of the Board of Executive Directors und Supervisory Board is the remuneration system for members of the Board of Executive Directors, which is explained in the management report of K+S Aktiengesellschaft or, as the case may be, group management report for the 2009 financial year with the following changes or, as the case may be, amendments:

**1.**

Before the background of the statutory provisions changed by the Management Board Remuneration Act (Vorstandsvergütungsgesetz) and the changed recommendations of the German Corporate Governance Code on structuring management board remuneration, a change of the variable remuneration component with long-term incentive effect (so-called „Long Term Incentive“ (LTI)) became necessary. Therefore, the previous variable remuneration component with long-term incentive effect – the stock option program – was replaced with a key-indicator-based variable remuneration component with long-term incentive effect. It is based on a multi-year basis for assessment depending on the value contribution generated. For this purpose, the contribution of the Board of Executive Directors to the company’s success is determined in each case based on four-year periods. The value contribution is derived from the operating result (EBIT I) plus interest income for the financial year minus capital costs (before taxes) for the financial year, subject to a cap for the added-value of EUR +/- 500 million for each financial year. To determine the result of an LTI, two four-year periods (“Reference Period” and “Performance Period”) are compared. The Reference Period covers the 4 years before the respective LTI begins, the Performance Period covers the 4 years of the respective LTI term.

Example:

Beginning of the LTI:	1 January 2010
Term:	4 years
End of this LTI:	31 December 2013
Reference period:	2006, 2007, 2008, 2009
Performance period:	2010, 2011, 2012, 2013
Payout:	March 2014

At the beginning of an LTI, the average of the 4 value contributions of the Reference Period and, after the end of the program, the average of the 4 value contributions of the Performance Period are determined.

The difference between these average value contributions is projected onto a percentage scale ranging from EUR -200 million to EUR +200 million. The payout occurs in each case in March of the year following the end of the program. During a normal year, where the projection results in 100%, the new variable remuneration component with long-term incentive effect amounts to EUR 350,000 for an ordinary member of the Board of Executive Directors. In the case of reduced performance, the payout is reduced linear according to the percentage deviation down to 0%. In the case of outperformance, the payout increases accordingly up to an upper limit of 200% (= EUR 700,000). For the chairman of the Board of Executive Directors, the remuneration component for a normal year amounts to EUR 525,000 and the upper limit accordingly to EUR 1,050,000.

## 2.

The existing model for the pensions of members of the Board of Executive Directors was modified as follows:

The basis for the calculation of the pension components was delinked from the variable remuneration and tied exclusively to the fixed income of the respective member of the Board of Executive Directors. In order to establish the components based on the remuneration for a normal year, 40% of the fixed remuneration constitutes the basis for calculation. The total annual pension from this component system received an upper limit in order to avoid excessive pensions in the case of long-term appointments (>15 years). The upper limit for an ordinary member of the Board of Executive Directors amounts to EUR 225,000 and for the chairman of the Board of Executive Directors to EUR 300,000. The amounts are reviewed in 3-year intervals – for the 2014 for the first time – and adjusted, if necessary.

Kassel, 25 March 2010

The Board of Executive Directors  
K+S Aktiengesellschaft  
with registered seat in Kassel