



K+S Aktiengesellschaft

Annual General Meeting

on 14 May 2014

in Kassel

**Norbert Steiner,
Chairman of the Board of Executive Directors**

– The spoken word is binding –

K+S Aktiengesellschaft

Annual General Meeting 2014

Kassel, 14 May 2014



Dear Shareholders,
Dear Shareholder Representatives,
Dear Guests,
Ladies and Gentlemen,

On behalf of the Board of Executive Directors of K+S Aktiengesellschaft and all its employees, I would also like to welcome you very warmly to our Annual General Meeting. We are delighted that so many of you have accepted our invitation once again.

I would also like to welcome the representatives of the media as well as all those who are listening via the Internet. It is pleasing that you are also using this medium to learn about what moves us.



“The world that moves us.” That is the title of our new corporate brochure. It is included in our reports for 2013 – and I recommend it to you. You will see that what moves us is much more than just our day-to-day business.

That is because we are a commodities company. We think and act in a long-term manner. When we plan our future, we don’t just look to tomorrow, but also to the day after tomorrow. And we draw on the experiences of a long, successful history.

I would therefore like to start by taking you on a short journey through time. It will first of all take us back to the roots of our Company.



1889 Establishment of the oldest predecessor company

1970 Merger of West German potash producers

1993 Potash company merger: Consolidation of the West and East German potash industry

Since 2000 Expansion of the core business and further internationalisation



→ Today, K+S is one of the leading international potash providers and the world's largest salt producer

More precisely, to the year 1889. At that time, 125 years ago, the “Aktiengesellschaft für Bergbau und Tiefbohrung”, the oldest predecessor company of our present day K+S, was founded in Goslar.

The starting-up of the company already was a promising beginning. The first drilling operations in Salzdetfurth immediately encountered exceptionally high-quality potash deposits. Within a few years, the newcomer, which later became known as “Salzdetfurth AG”, developed into one of the largest potash companies.

What followed is, perhaps, described best with the word “volatile”. In particular, the two world wars left behind deep marks. Following the division of Germany, the western and eastern German potash industries had to go separate ways.

In addition, international competition intensified as new suppliers emerged on both sides of the Atlantic. For this reason, forces were combined in the Federal Republic of Germany. This process was concluded in 1970. That was when the West German producers merged to form the new BASF subsidiary “Kali und Salz”.

In 1989, the Wall fell. As pleasing as this event of 25 years ago was for us Germans, the German potash industry also faced enormous challenges following the collapse

of the Eastern bloc. It was a question of securing its existence. It quickly became clear that only a pan-German company would have a chance of asserting itself in the global potash business rather than the western and eastern German potash industries operating on their own. Therefore, an appropriate merger concept was formulated together with the Treuhandanstalt [Trust Agency]: The most efficient sites in *all* of Germany were to be combined into *one* company.

We know today that the venture was a success. The wise and far-sighted decisions that were prepared and taken by many people back then smoothed the way and the implementation too was a great joint achievement. However, it was not an easy time. That is because it also involved some deep cuts, including the closure of plants and the elimination of jobs.

Difficult tasks also lay ahead *following* the completion of the potash industry merger at the end of 1993. One of the most important of those tasks was to make people in east and west quickly feel at home under the common roof of potash and salt mines. Especially in an anniversary year for the fall of the Wall, it is a matter of concern to me to stress that this too was a success! From the very outset, “reunification” was more than just a word for us -- we experienced and implemented it. The principle of “equal pay for equal productivity” also guided us in this: With a step-by-step plan, according to which pay in West Germany increased more moderately than in the new federal states, a uniform pay level was achieved in both East and West by 1998 – which was unique in German industry at that time.

From around the year 2000, we began to develop our business in a systematic manner and to make it more international. As it was no longer possible to achieve demanding growth targets through *organic* growth alone, we then looked at numerous companies and business sectors that could be a good fit for us. We found what we were looking for very close to us, when we were able to take over COMPO and the remaining nitrogen fertilizer business from BASF. This step greatly extended our horizons and made us ready for further growth, initially in the salt sector: First esco in Europe, then SPL – today’s K+S Chile – in South America and finally Morton Salt as well as Windsor Salt in North America.

In the years 2011 and 2012, we detached ourselves from both nitrogen activities once again in order to concentrate management and financial resources on the Potash and Magnesium Products and Salt business units.

Ladies and Gentlemen,

This short journey through history makes it clear that K+S has gone not only a long way, but in part also a *stony* one. Nonetheless, this way has led us far upwards until today: We, the K+S Group, have established ourselves in the top bracket of international potash suppliers and we have become the world's largest salt producer.

This raises the question: How was this able to succeed? Ladies and Gentlemen, there are essentially three elements to the answer:

- We mine and process raw materials which are used sustainably.
- We are continually working to increase our productivity and efficiency.
- And we are a company with a clear strategy, which rests on the two pillars of potash and salt.

This is, so to speak, the “DNA” of the K+S Group – in good as well as in not so good times. We therefore want to continue consistently on our way in the years to come.

K+S Group
Aiming for further growth





Potash and Magnesium Products:

- Construction of the new production site in Canada (Legacy) is progressing
- Participation in the growing global potash market
- Long-term prospects for the K+S Group



Salt:

- Clear strategic direction in the international salt business
- Expansion of existing sales markets
- Optimisation of the global production network

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That is because we are convinced of the attractiveness of our markets. We are focusing on further growth overseas in particular.

In the **Potash and Magnesium Products business unit**, we are therefore pursuing our Legacy Project – the construction of a new production site in the Canadian province of Saskatchewan. We are thus the ones who are having a new plant commissioned on a “greenfield” site in Canada for the first time in 40 years. Up to 1,700 people will work on the construction site, most of whom will also be living there. That is why, apart from drilling towers and steel pipes, a complete container village is currently arising.

In the past months, Legacy has made great progress. Thus, for example, a first test cavern for the extraction of brine containing potash at a depth of 1,500 metres has been completed. This created the necessary basis for the development of the production caverns, of which 36 in all will be made available at the planned operational launch.

In the autumn of 2013, we completed what’s called the “basic engineering”, that is to say, a comprehensive engineering plan for the plant. Thus, two cornerstones of the project were confirmed:

- The commissioning is still expected to take place in summer 2016.
- And the total capital expenditure continues to be 4.1 billion Canadian dollars.

In the meantime, orders amounting to approximately 1.9 billion Canadian dollars have been placed. Moreover, contracts were signed with important partners, for example, with the Canadian railway company *Canadian Pacific* and with the port operator *Pacific Coast Terminals*, which will operate our new storage and handling facility in the port of Vancouver.

Thus, Legacy should place our Potash and Magnesium Products business unit on a broader footing already in the foreseeable future and enable us to participate in the growth of the global potash market. At the same time, this opens up a long-term perspective for the K+S Group that goes beyond the time range of our German potash

deposits. You could say that Legacy is a “K+S cross-generational contract”: We are sowing now in order to harvest for 50 years, or even 100 years and more!

In the **Salt business unit** too, we are geared up for sustainably growing markets. The potential is enormous in Asia in particular, where salt consumption is constantly increasing. Local production cannot meet the growing demand. This creates good opportunities for us.

To further strengthen our entire business unit, we carefully examined all unit companies and individual sites worldwide. And building on this, we set ourselves clear targets:

- We want to further improve the marketing of our salt products and tap into new sales markets.
- We want to optimise capacity utilisation in our global production network and exploit synergies.
- And we want to gear our offer even more strongly to our customers’ needs.

On this basis – and especially when taken in conjunction with the market growth I’ve described – we expect to see a significant rise in the contribution to earnings of the Salt business unit over the medium term. This is the demand on ourselves, which we *want* to fulfil – and we are working hard to ensure that we *will* fulfil it.



- German potash deposits are unique worldwide in terms of their mineralogy
 - Germany as a country for raw materials possesses important advantages as a location (incl.):
 - Large domestic market
 - Efficient infrastructure
 - Skilled specialists
 - K+S has continually strengthened its German sites by means of substantial capital expenditure
- We want to lead the domestic mining industry into a good future

Ladies and Gentlemen,

Even though the most rapidly growing markets – as has been described – above all lie overseas, mining in Germany is our basis.

It is precisely the German potash deposits which are exceptional. They have a globally unique mineralogical composition. Here, we mine salts containing not only potassium but also magnesium and sulphur. This enables us to produce a wide range of fertilizer specialties and intermediate products for many different technical, industrial and pharmaceutical applications.

Moreover, Germany still has a number of site advantages. Our country has an attractive domestic market, a modern transport infrastructure, motivated and qualified experts, as well as a differentiated and capable research environment. The high density of companies with a broadly based spectrum of industries is also a notable advantage.

The geographical location in the heart of Europe is an additional factor. Here we profit from the proximity to our buyers and from high customer loyalty: Our customers in

trading, agriculture and industry, but also in public administration – key word: “availability of de-icing salt” – know that they can rely on us, and they value us for this.

Ladies and Gentlemen, because this all is the case, we have continually strengthened our German sites and made substantial investments in the past decades: in West Germany, but of course also in East Germany. I emphasise this particularly against the background of the discussions which are being conducted above all in Thuringia on the disclosure of the “potash merger contract”.

Concerning that, I would like to say this: In Thuringia alone, in the past 20 years, we invested over 380 million euros. We comprehensively modernised the Unterbreizbach site after the merger and connected it to the Hesse Hattorf-Wintershall plant network. We are currently building our new analytics and research centre in Unterbreizbach. For years, the various plant parts have been intertwined in many respects – technically, economically and also in terms of manpower. It is an operating industrial network crossing federal state borders, which also sets an example to other companies in Germany. It is the driving force *par excellence* for the entire region, ensuring prosperity, training and employment there. So here too: an impressive success story!

We have been working since 1994 at the disused Merkers site on account of the Federal Government and since 1999 on account of the Free State of Thuringia with great success to dispose of mining contamination. To date, we have backfilled about 30 million tonnes of salt there in order to strengthen too weakly dimensioned pillars and thus to ensure the long-term stability of the mine workings. In the future too, considerable redevelopment works will have to be carried out. This is a service for the general public – an aspect which is unfortunately often overlooked in the current discussions.

Ladies and Gentlemen,

We want to lead German mining into a good future. We want to continue investing in Germany, in order to ensure extraction, production and provision with potash and rock salts.

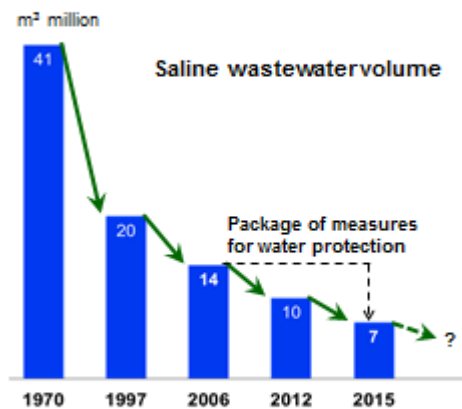
K+S Group
**Substantial environmental investments
 in the Hesse-Thuringia potash district**



Unterbreizbach: Cold preliminary decomposition



Hattorf: ESTA CMg



→ Completely residue-free potash production is not possible

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Considerable amounts are also flowing into our package of measures for water protection for the Werra.

The expectations of the public in relation to management of the environment have changed radically, especially in the past few decades. Consideration for the environment is a matter of course today – “and that’s a good thing too,” to quote the bonmot of the mayor of Berlin.

There is no end in sight to the discussion. Quite the reverse: There are increasing demands that “the industry” should reduce the effects of its activity on the environment even further. Not only a few people are hoping for “zero solutions” in the meantime, i.e. complete avoidance of impacts on the environment. Let me make it clear: Particularly in the raw material industry, such desires cannot be implemented.

Nevertheless, the increasingly encompassing discussions are of very specific significance for potash mining in the Werra valley. Expectations and demands are repeatedly being formulated by individual parties, which seem deceptively simple and therefore also practicable at first sight: Thus, for example, the cry resounds for “residue-free potash production”, which is allegedly being practised elsewhere. Or people

maintain that the residues could simply again be brought completely into the caverns underground.

I say: We are open to every serious proposal for improvement and will examine it carefully. However, our experience also shows us that many a proposal that looks promising at first sight turns out to be a dead end. And also that many a demand disconnects itself from reality and its objective needs. Hence: What may be desirable must also be feasible – economically, technically and legally. And it must be ecologically meaningful.

Without wishing to turn attention away from ourselves – the following also belongs to the environmental dimension of the subject: Our saline residues are by far not the only burden on the Werra and the Weser. For example, there are insufficiently treated waste water, entries of nutrients such as nitrates or phosphates, or the impact of constructional measures, as a result of which the surface water structure has been seriously changed. Consequently: Even with a complete stop to all saline discharges from our production, Werra and Weser would continue to be contaminated and hardly attain the so-called “good ecological state” within the meaning of the EU Water Framework Directive.

Therefore, an overall consideration of *all* given load factors is necessary. In the meantime, others too are saying this, such as the Weser River Basin Association (FGG Weser), which is being supported by the environment ministries of seven federal states. I quote from an updated paper by the FGG Weser on the Water Framework Directive: “Even if the important water resources management issues were described separately at first, it is important to consider all fields of action together and to look at the relationships between the subjects.” – end of quote. We should therefore expect, when answering environmental issues, to no longer be solely held responsible for the Werra/Weser river system. That would be ecologically disproportionate!

Ladies and Gentlemen,

With our package of measures and with the help of our ongoing research and development work, we want to achieve a state which is economically and ecologically viable in the long term and is above all practicable as well. Put briefly: We are aiming at

a *reasonable* solution. And that, for me, is a *local* solution, which consists of three proven elements:

- Further *reduction* of the saline waste water arising on site,
- Exploiting the *discharge* means of disposal into the Werra, and
- Exploiting the underground *injection* means of disposal.

As you know, we are also examining two long-distance pipeline variants. We took the decision on this in December 2010. For reasons of entrepreneurial prudence, we are pressing ahead with great dedication to examine these options too. In the meantime, however, we are more than three years further on. If we continue to prefer a local solution, this is not least because of the knowledge we have gained in that time.

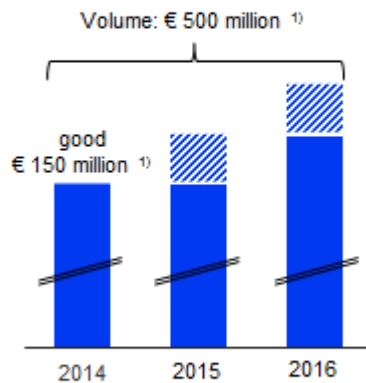
As we understand it, our package of measures is already *part* of such a solution: By again halving the volume of saline waste water within only a bare ten years by the end of 2015, it impressively shows the potential of the local disposal approach. Already the enormous improvements between the 1970s and the year 2006 were to a large extent based on technical innovations which were implemented *on site*.

A few weeks ago, we officially put into operation three new facilities in our Werra Verbund plant, with which we will already achieve about 90 per cent of the saline water reduction sought by the end of 2015. That has not only been an enormous technical challenge which has demanded much of our teams. It has also financially been a veritable boulder we have mastered. Against the background of the significantly more difficult economic framework conditions, this should also not be shrugged off as being a matter of course.

Even those who are critical of our industry in the Hesse-Thuringia potash district can see that we keep our word – we have fully attained the goals sought to date.

Meanwhile the work continues. We are researching intensively to reduce the environmental impact of potash mining even further – and here we are already pursuing promising approaches, which have in part already entered a more advanced planning stage. In our pursuits, we are basically concentrating on reasonable, realistic and at the same time innovative strategies.

Cost savings
(diagram)



Groupwide programme for cutting costs and enhancing efficiency:

- Reducing and/or limiting material and personnel expenses.
- Improvements at the process and organisational levels
- Enhancing our attractiveness for capital providers

→ Goal: To secure our international competitiveness

¹⁾ vs. corresponding plan values as of the middle of 2013.
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Ladies and Gentlemen,

Our “Fit for the Future” programme also serves the purpose of a good development for *the entire K+S Group*. It brings together existing cost reduction and efficiency enhancement projects, but sets even more challenging objectives: To increase our international competitiveness, we want to save a total of some 500 million euros over the next three years in comparison with the previous cost planning for the same period. In current year 2014, a cost reduction of a good 150 million euros is to be achieved compared with the reference plan from last year.

In this context, a sustainable cost reduction is to be achieved primarily in material costs. In addition, however, the attainment of the targeted savings also requires the adjustment of personnel structures and costs. Against this background, the Board of Executive Directors, the Collective Works Council and the Mining, Chemicals and Energy Trade Union, with effect from 1 April 2014, jointly defined framework conditions which take effect when specifying measures and ensure social welfare arrangements for those employees concerned. If, when and to what extent personnel measures become necessary is, however, still an open issue at the moment.

It is, however, clear that the “Fit for the Future” programme is more than a cost-cutting programme! Of course, we want to reduce our costs and, where that is not possible, limit cost increases. But that is not all. We also still see potential for greater efficiency in cooperation within and between the operating and administrative areas. That is why we are simultaneously working on improving our work organisation and our processes.

In the first quarter of 2014, first successes were already achieved with regard to the cost savings sought – and this for all types of costs. For the coming months too, we have taken on a lot. In the extraction and production area, we will, for example, optimise our maintenance intervals and, in distribution and along the value added chain, make order processes more efficient among other things. In North America, we are streamlining our logistics network and bundling cross-departmental functions in our administrative units.

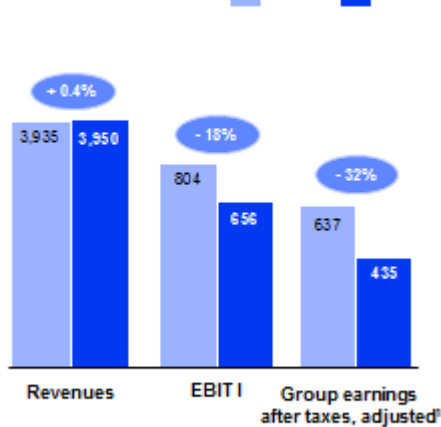
Why are all these measures so important? We want to increase enterprise value sustainably in the medium term. This corresponds not only to our investors’ expectations – that is, your expectations – of us, but also to our own understanding as a growth-oriented commercial enterprise.

With “Fit for the Future”, this Company has demonstrated once again that it is able to adapt to changes operationally and strategically, in order to secure long-term success.

Financial Year 2013 Major challenges



€ million



- Revenues at previous year's level
- EBIT I significantly lower, however, in line with recently published guidance
- 2012 adjusted group earnings after taxes included € 100 million from discontinued operations due to the sale of the Nitrogen-business

¹⁾ The figures relate to the continued and discontinued operations of the K+S Group
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Ladies and Gentlemen,

Let us now look back at the course of business last year.

The year 2013 was a year of great challenges for the K+S Group. In particular, 30 July, frequently also referred to as “black Tuesday”, with its consequences for the price trend on the global potash markets, has had an effect on us. But neither do we want to forget the tragic mining accident in Unterbreizbach with a large CO₂ outburst, which cost the lives of three of our colleagues and brought production to a standstill there for weeks.

Despite these challenging events and the tragic accident, in 2013 as a whole, we generated the following results:

- At a good 3.9 billion euros, **revenues** again reached the high figures of the previous year,
- at about 656 million euros, **operating earnings** did indeed decrease significantly year on year, but were within the range of our most recently published forecast,

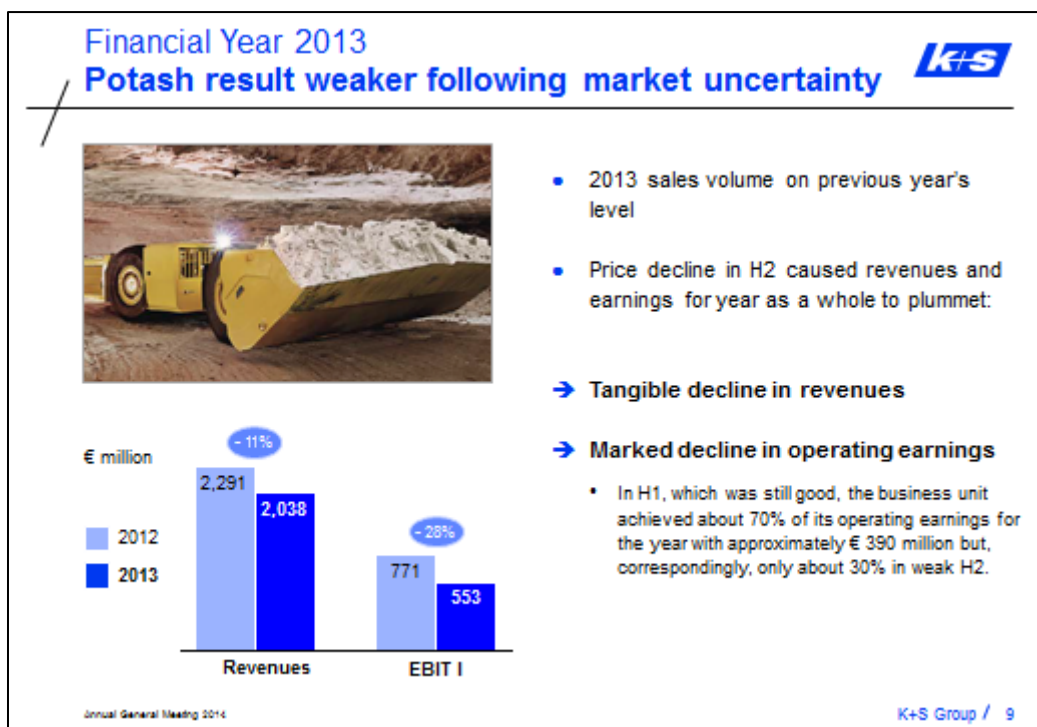
- and **adjusted Group earnings** fell to 435 million euros, though in the previous year 100 million euros was still attributable to the discontinued operations of the nitrogen business.

In absolute terms, these figures are respectable. But we should not lose sight of the fact that, apart from our robust business model, a very good first half-year contributed to this above all. Also, however, such results would not have been possible in the given circumstances without the hard work and commitment of our global K+S team!

Ladies and Gentlemen,

I am certainly speaking on your behalf too when I take this opportunity to express my wholehearted thanks to our over 14,000 employees!

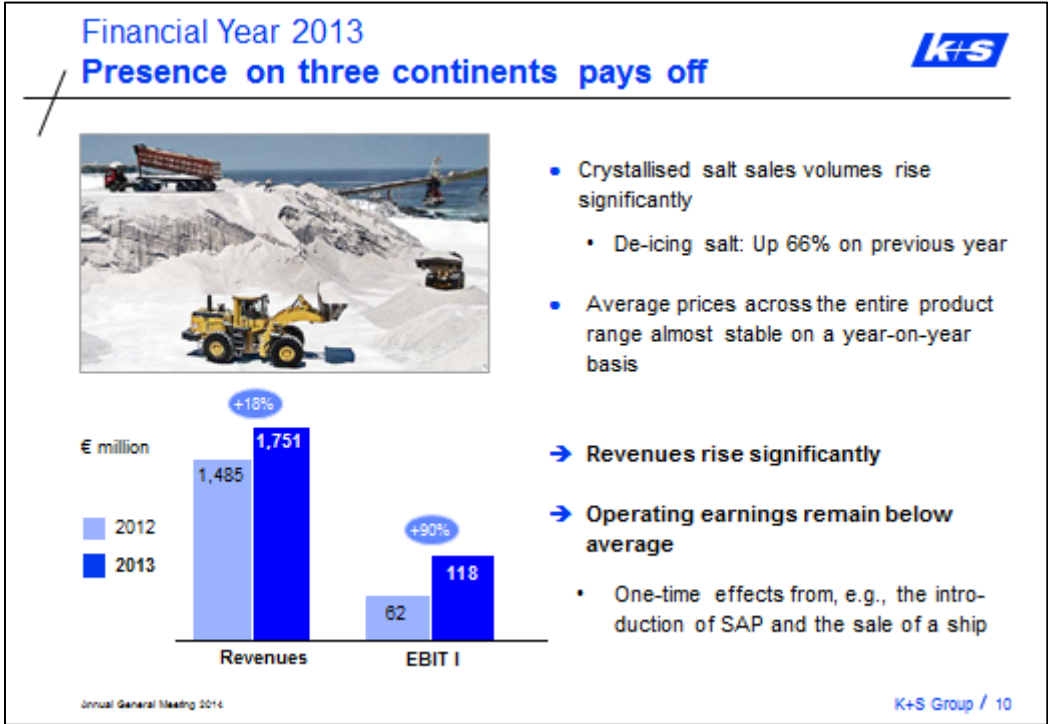
Let us now look briefly at the market situation and the key economic data in our two business units.



In the potash business, we initially made a confident start to 2013: Sales volumes began on a promising note and prices remained at a decent level. Then came the already mentioned 30 July, on which Uralkali announced that it would exit the sales organisation jointly operated with Belaruskali as well as fully utilise and expand own capacities without taking account of the price level. These statements led to considerable uncertainties over future volume and price trends and caused the price level to decrease significantly. The expectations regarding sales volumes for the global potash market were also reduced. Numerous competitors even reduced their production capacities sustainably.

We ourselves were able to keep our sales volume almost at the high level of the previous year. We owe this first and foremost to our product range, which is much more diverse than that of our competitors, due to our fertilizer specialties and industrial products.

Nevertheless: In revenues and earnings we felt the effects of the price decrease in the second half of the year. In particular, revenues from potassium chloride products declined as compared with the previous year, while revenues from fertilizer specialties and industrial products were relatively stable. Operating earnings fell correspondingly.



In the Salt business unit, our strategy of being represented in not only one important region also paid off in the past year. This was seen in the de-icing salt business in particular: While in Europe the first quarter was above average and early stocking-up good, the winter was mild in the fourth quarter. In North America, we recorded a normal de-icing salt business at the beginning of last year, while the fourth quarter profited from a severe winter.

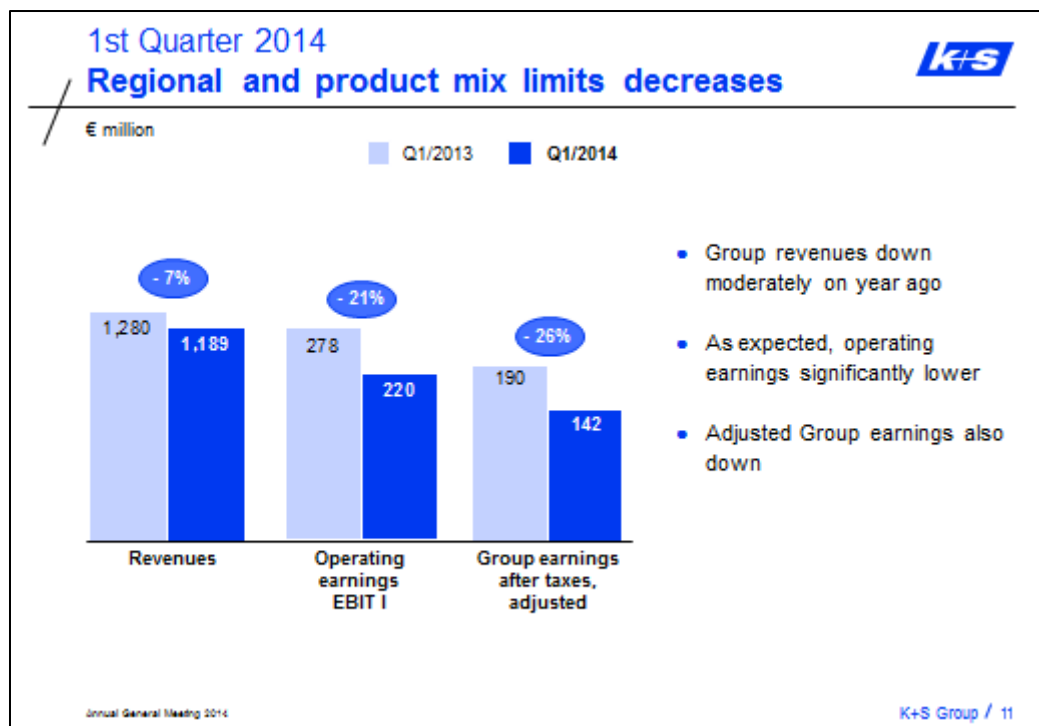
In the case of salts for chemical use too, our mixed portfolio was able to balance out regional differences: While the market for salts in the chemical industry in Europe weakened due to the state of the economy, in North America there was an improvement in demand.

This development was also reflected in the key figures of the business unit. In particular due to the higher de-icing salt volume, the crystallised salt sales volume increased by 5 million tonnes compared with a year ago. This is also reflected in revenues and earnings.

It should nevertheless be borne in mind that our salt earnings were influenced by various counteracting factors. Thus, Morton Salt saw the contrasting one-time effects connected with the transition to SAP and the planned closure of a production site on the one hand as well as of the sale of a transport and supply ship on the other. In addition, catching-up effects related to maintenance activities and the currency result had a negative effect.

Ladies and Gentlemen,

That is all I want to say about 2013. Let's now see how we started off in the current year.



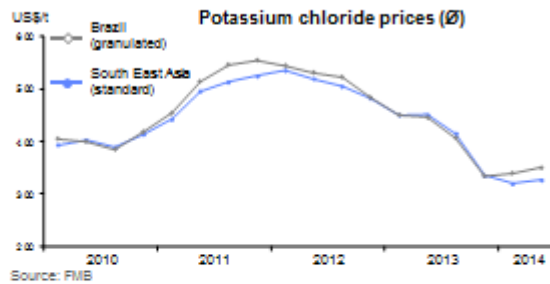
First, a look at the most important key figures of the **K+S Group** in the first quarter of 2014:

- The **revenues** of the K+S Group amounted to 1.19 billion euros, which corresponds to a decrease of 7 per cent,
- at 220 million euros, **operating earnings** were down about 21 per cent on the figure of a year ago
- and **adjusted Group earnings** came to 142 million euros – this is almost 26 per cent less than in the reference period.

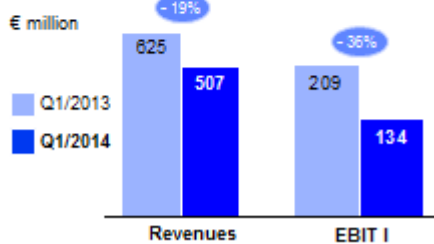
Against the background of the previous year's events, these figures are naturally not all that surprising. However, what these figures do *not* show is that our exceptionally diversified portfolio in terms of both regions and products made it possible to *limit* the negative trend in the first quarter. Let's therefore take a closer look at the performance in our two business units.

1st Quarter 2014

Potash business starts from lower price base



- Robust demand
- Average prices down on year ago, but have bottomed out



- Revenues decline
- Operating earnings significantly down

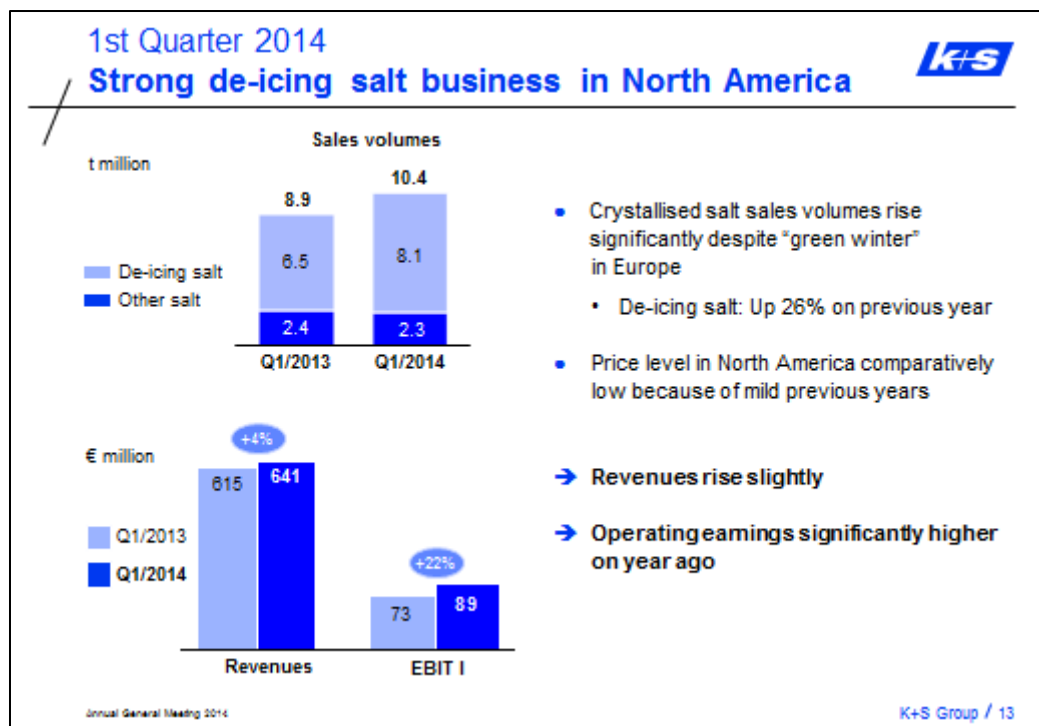
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The market for **products containing potassium** has displayed a significant tendency towards stabilisation over the past few months. North American and Russian producers were able to conclude contracts with Chinese and Indian customers; further suppliers followed. Against this backdrop, demand stabilised and international prices for potassium chloride rose.

However, compared with the reference period of last year, the average price level in the past quarter was significantly lower. For this reason above all, revenues and earnings in the Potash and Magnesium Products business unit decreased significantly. In addition, sales volumes were slightly down, because in the first three months of this year, our production capacity was not yet fully available again due to the mining accident in Unterbreizbach.

However, our home region of Europe showed itself to be comparatively stable in terms of sales volumes. The robust price and demand situation in Germany in particular cushioned the downward trend in the overseas regions.



Regionally, we recorded very differing performances in the first quarter of 2014 in our **salt business** as well: Whereas in Europe the demand for de-icing salt, given the mild winter, remained significantly below that of the previous year, the pronounced and continued wintry weather in the de-icing salt regions of the USA and of Canada led to a significant increase in demand.

Our strategy of being present in various continents therefore again proved itself: A "green winter" on one side of the Atlantic was countered by a more severe winter on the other side. This time our European sites helped to fill the warehouses of our customers in North America; next time perhaps it will be the other way round again.

As a result of the above-average de-icing salt volumes in North America, our crystallised salt sales volume in the first three months of this year increased significantly – the rate of increase in the case of de-icing salt alone was 26 per cent. Revenues and earnings of the business unit therefore trended higher, even though the de-icing salt prices in North America after two successive mild winters were comparatively low.

The performance of our other salts was largely stable in our sales regions, with regard to both volumes and prices.



Revenues

Moderately below 2013

(2013: € 3.95 billion)

EBIT I

Significantly below 2013

(2013: € 655.9 million)

CapEx

Just below € 1.2 billion

(2013: € 742.5 million)

Ladies and Gentlemen,

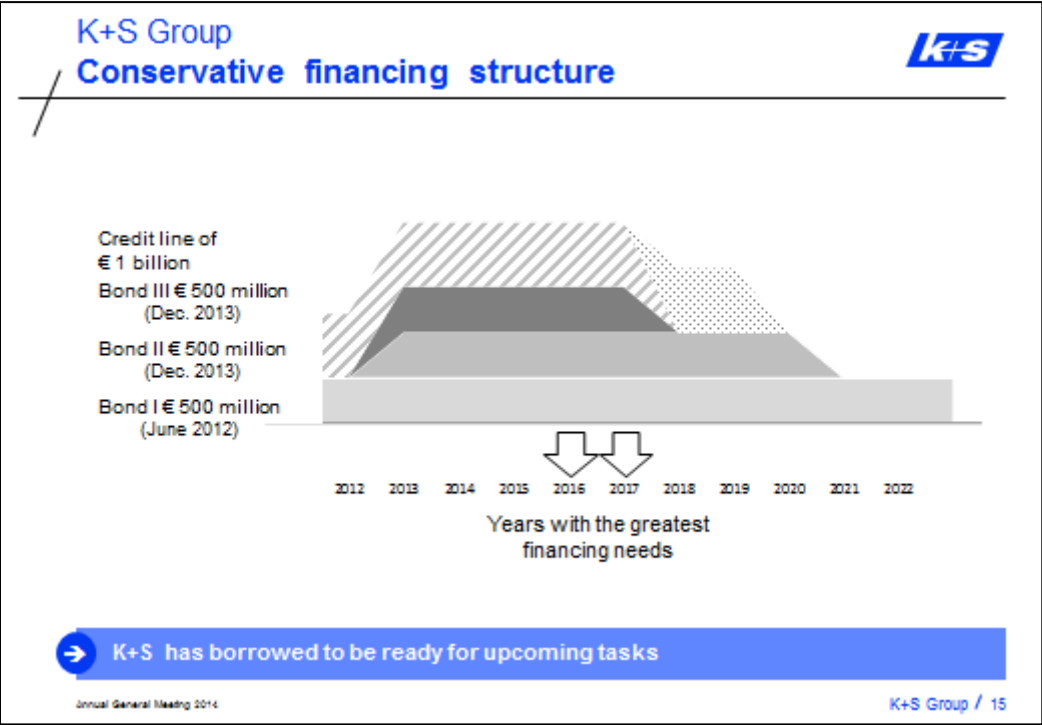
Our outlook for 2014 as a whole has not changed from our forecast of March this year:

In the **Potash and Magnesium Products business unit**, we started into the new year from a significantly lower price basis than 2013. As already mentioned, however, we see signs that prices have bottomed out. Sales volumes for the business unit should be at the previous year's level. But despite our cautious optimism, we should not forget that the sky is not clear of clouds and that prices too will not go straight back to their former values within a short time.

In the **Salt business unit**, the volumes should reach the high level of the previous year.

Against this backdrop, total **revenues** of the K+S Group should be moderately below those of the previous year. However, **operating earnings** should, even taking into account the savings from the "Fit for the Future" programme, be significantly lower than in the previous year.

Capital expenditure of the K+S Group will increase strongly. As planned, we are investing the greatest amounts in the construction of our potash plant in Canada and in the Werra package of measures. Altogether, capital expenditure in 2014 should come to just under 1.2 billion euros. This is again 60 per cent more than in the previous year – we are talking about the highest capital expenditure amount by far in the Company’s history.

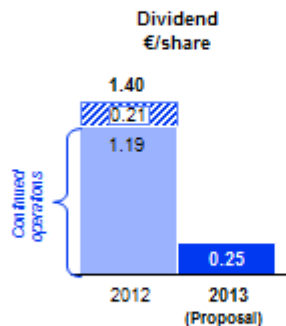


To be able to provide solid financing for our ambitious capital expenditure projects, we have already provided ourselves with debt capital some time ago:

With the successful issue of two bonds with a volume of 500 million euros each in December 2013, the K+S Group demonstrated its attractiveness as a bond issuer once again. Apart from that, already in July 2013, the existing syndicated credit line was extended ahead of time with attractive terms and increased to 1 billion euros. The bond which will mature in September of this year, with a volume of 750 million euros, has no longer been taken into account in the above chart.

With regard to our debt capital, we are therefore solidly positioned. However, in view of the upcoming considerable capital expenditure, we must at the same time also recognise that the after-effects of “black Tuesday” radically changed the initial situation regarding proceeds and cash flows to be achieved.

Proposed resolution under Agenda Item 2
**Temporary deviation from our essentially
earnings-based dividend policy**



- Dividend proposal of € 0.25 per share for financial year 2013
- Total dividend payment: € 47.9 million
- Payout ratio: 11%

→ Our goal is to return to our long-standing dividend policy as soon as possible (payout: 40-50% of adjusted Group earnings)

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Dear Shareholders,

The Board of Executive Directors and the Supervisory Board have therefore decided to propose to the Annual General Meeting under **Agenda Item 2** that a dividend of “only” 25 cents per share for financial year 2013 be distributed. This would correspond to a payout ratio of 11 per cent based on adjusted Group earnings after taxes.

We have not taken the decision easily because with this proposal, this year for the first time, we are deviating from our long-standing dividend policy. Because if we consider 2013 alone a higher dividend would naturally be calculated.

We are aware that you, our shareholders, take no joy in this. But please also bear in mind that we have already started the “Fit for the Future” programme to strengthen the earnings capacity, which demands a lot from the Company and its employees. Bond investors too have subscribed for 1.5 billion euros in the past two years and thus demonstrated their great confidence in the future of K+S. Your approval for our dividend proposal would now constitute a contribution on the part of the shareholders to the further growth of the K+S Group from which everybody would benefit.

We would not be overfinanced, even after this strengthening of our reserves. However, our objective is quite clear, to return to our fundamental dividend policy as soon as possible, in other words, to a payout ratio of 40-50 per cent of adjusted Group earnings.

Proposed resolution under Agenda Item 6
Amending agreements to existing control and profit transfer agreements



→ It is still possible to secure the tax advantages for the K+S Group associated with the control and profit transfer agreements.

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Ladies and Gentlemen,

I would like to end my remarks – as usual – with a few more or less formal notes:

First, I would like to let you know that the Board of Executive Directors has so far not made use of the authorisation to purchase own shares, granted by the Annual General Meeting in 2010.

Under Agenda Item 6, we would like to ask you to approve nine amending agreements to existing control and profit transfer agreements. The reason for these amendments is a change in German corporate tax law. According to this, profit transfer agreements concluded with controlled companies that are limited liability companies will in future have to contain a so-called “dynamic reference” to the provision

contained in Section 302 of the German Stock Corporation Act in its respective current version.

The nine control and profit transfer agreements concluded between K+S Aktiengesellschaft and its wholly-owned subsidiaries are intended to make clear that the reference to the assumption of losses in accordance with Section 302 of the German Stock Corporation Act hitherto already contained in the agreements always refer to the respective current version of such provision in its entirety. Apart from that, all regulations of the existing agreements remain unchanged.

Through the amendment of the agreements concerned, K+S Aktiengesellschaft continues to be able to ensure the tax advantages bound up with the control and profit transfer agreements for the K+S Group. One of the key tax advantages is the direct offsetting of possible tax losses against taxable profits within the fiscal group.

Obligations of K+S Aktiengesellschaft to make compensation or severance payments in accordance with Sections 304 and 305 of the German Stock Corporation Act are not established by the control and profit transfer agreements and the amending agreements, due to the absence of outside shareholders. The sole shareholder of the subsidiaries concerned is K+S Aktiengesellschaft. For that reason, no audit of the amending agreements by a court-appointed auditor was necessary either.

To take effect, the amending agreements must have the approval of today's Annual General Meeting.

Dear Shareholders,

I would like to ask you to support the resolutions proposed by the Board of Executive Directors and the Supervisory Board – I thank you very much for this in advance.



Ladies and Gentlemen,

Finally – to come full circle – I remind you of our initial image: “The world that moves us.” My concern has been to show you what moves us. We can remain confident – and we hope that you share our confidence regarding the future of the K+S Group.

On behalf of my colleagues too, I would like to thank for your trust and constructive cooperation over the past financial year. We want to continue to display our full commitment in being available to you and to make a contribution to the good of society with our products.

Many thanks and all the best!

This presentation contains facts and forecasts that relate to the future development of the K+S Group and its companies. The forecasts are estimates that we have made on the basis of all the information available to us at this moment in time. Should the assumptions underlying these forecasts prove not to be correct or should certain risks – such as those referred to in the Risk Report – materialise, actual developments and events may deviate from current expectations. The Company assumes no obligation to update the statements, save for the making of such disclosures as are required by the provisions of statute.