Report of the Board of Executive Directors on item 9 of the Agenda pursuant to Section 71 (1) No. 8 in conjunction with Section 186 (3) (4), 186 (4) (2) of the German Stock Corporation Act (AktG)

Agenda item 9 includes the proposal to authorise the Company pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to acquire own shares representing up to 10 % of the share capital before 11 May 2020. The proposed authorisation will enable the Company to continue using the instrument of acquiring own shares, after the current authorisation expires on 10 May 2015, in order to reap the benefits associated with the acquisition of own shares in the interests of the Company and its shareholders. This authorisation exists within the legal limits of Section 71 (2) of the German Stock Corporation Act (AktG).

In addition to acquisition via the stock exchange, the Company shall also have the option to acquire own shares through a public offer to buy (tendering procedure) or a call to shareholders to submit offers for sale. With these alternatives, each shareholder who is willing to sell can decide how many shares and, if a price range is set, at what price he wants to offer these shares. If the quantity offered at the set price exceeds the number of shares requested, the offers for sale must be accepted on the basis of allocations. The option should exist here to provide for preferential acceptance of small offers or of small parts of offers of up to a maximum of 100 shares. The purpose of this option is to avoid fractional amounts during the determination of allocations and small residual holdings and thereby facilitate technical implementation.

The proposed authorisation also allows the Board of Executive Directors, with the consent of the Supervisory Board, to dispose of acquired own shares in a different manner than on a stock exchange or through an offer to all shareholders, if acquired own shares are sold at a price, which is not substantially lower than the stock exchange price of the Company's shares at the time of the disposal.

The option provided by the authorisation to exclude the right to subscribe in corresponding application of Section 186 (3) (4) of the German Stock Corporation Act (AktG) serves the interest of the Company in selling own shares to long-term oriented investors, for example, or to secure new groups of shareholders both at home and abroad. The option to exclude the right to subscribe places the management in a position to take advantage of opportunities for rapid and cost-effective placement offered by the respective stock market without offering a right to subscribe that involves significant efforts in terms of time and cost.

Based on the proposed authorisation resolution, the acquisition of own shares will also enable the Company to act flexibly and cost-effectively when acquiring undertakings in the context of its intended acquisition policy, in order, for example, to use own shares in certain cases as a consideration when purchasing undertakings.

Moreover, it will also enable the Company to use shares for servicing convertible and warrant-linked bonds. It may be advisable to use own shares in full or in part instead of new shares from a capital increase to fulfil conversion rights or warrants. Using own shares rules out any dilution of shareholders interests that would occur if, conditional capital were used. When deciding whether to provide own shares or to utilise conditional capital, the Board of Executive Directors will carefully balance the interests of the Company and of the shareholders.

The financial and voting right interests of shareholders are protected appropriately during a disposal of own shares to a third party when the shareholders' right to subscribe is excluded based on the provision in Section 71 (1) No. 8 of the German Stock Corporation Act (AktG). If they are to be disposed of in a manner other than on the stock exchange or through an offer to all shareholders, acquired own shares may only be disposed of at a price, which is not substantially lower than the relevant stock exchange price of the Company's shares at the time of disposal (cf. No. 2 a) of the authorisation). The authorisation to exclude the right to subscribe is limited to a maximum of 10 % of the Company's share capital. Shares will be charged against the maximum limit of 10 % of the share capital, which have been issued during this authorisation period in connection with a capital increase using authorised capital or conditional capital where the shareholders' right to subscribe is excluded. Such charging takes place in the interests of shareholders in the smallest possible dilution of their investment.

Kassel, Germany, March 2015

The Members of the Board of Executive Directors of K+S Aktiengesellschaft