



K+S Aktiengesellschaft

(Kassel, Federal Republic of Germany)

EUR [●] 2.625 per cent. fixed rate notes due 2023, Issue Price: [●] per cent.
to be consolidated and form a single series (*Gesamtemission*) with the existing
EUR 400,000,000 2.625 per cent. notes due 2023 issued on 6 April 2017

K+S Aktiengesellschaft, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Germany (the “**Issuer**” or “**K+S AG**” and together with its consolidated subsidiaries and affiliates, “**K+S Group**” or the “**Group**”), will issue on or about 24 May 2017 (the “**Issue Date**”) EUR [●] 2.625 per cent. fixed rate notes in bearer form due 2023 (the “**New Notes**”) with a denomination of EUR 1,000 each. The New Notes will be governed by the laws of the Federal Republic of Germany (“**Germany**”).

The New Notes will constitute an increase (*Aufstockung*) of the EUR 400,000,000 2.625 per cent. notes due 2023 issued on 6 April 2017 (the “**Original Notes**” and, together with the New Notes, the “**Notes**”). The New Notes will have the same terms as the Original Notes in all respects (save for the Issue Price and the date of issue) and will be consolidated and form a single series (*Gesamtemission*) with the Original Notes.

This prospectus (the “**Prospectus**”) constitutes a prospectus within the meaning of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, inter alia, by Directive 2010/73/EU) (the “**Prospectus Directive**”). This Prospectus will be published in electronic form together with all documents incorporated by reference herein on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus has been approved by the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg (the “**CSSF**”) in its capacity as competent authority under the Luxembourg law relating to prospectuses for securities (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*), as amended, (the “**Luxembourg Prospectus Law**”), which implements the Prospectus Directive into Luxembourg law. Pursuant to Article 7(7) of the Luxembourg Prospectus Law, by approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer. The Issuer has requested the CSSF to provide the competent authorities in Germany, Austria and The Netherlands and may request to provide competent authorities in additional host Member States within the European Economic Area with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law (the “**Notification**”).

Application has been made to the Luxembourg Stock Exchange for the New Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange (the “**Official List**”). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended.

The final Issue Price, the aggregate principal amount of New Notes to be issued, the issue proceeds and the yield will be included in the Pricing Notice (as defined in “*SUBSCRIPTION, SALE AND OFFER OF THE NEW NOTES*” below) which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the New Notes.

The New Notes have been assigned the following securities codes:

ISIN initially XS1616925068, then XS1591416679, Common Code initially 161692506, then 159141667, WKN initially A2E4FC, then A2E4U9.

The New Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) and the New Notes are in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the New Notes may not be offered, sold or delivered within the United States of America (“United States”) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act (“Regulation S”)).

Investing in the New Notes involves certain risks. See “**RISK FACTORS**” beginning on page 40.

Joint Lead Managers

Barclays

**Landesbank Baden-
Württemberg**

RBC Capital Markets

**Santander Global
Corporate Banking**

This Prospectus is dated 16 May 2017

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer, K+S Group and the New Notes which is material in the context of the issue and offering of the New Notes, including all information which, according to the particular nature of the Issuer and of the New Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and K+S Group and of the rights attached to the New Notes; (ii) the information contained in this Prospectus relating to the Issuer, K+S Group and the New Notes is accurate and complete in all material respects and not misleading; (iii) that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, K+S Group or the New Notes the omission of which would, in the context of the issue and offering of the New Notes, make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect; and (v) reasonable enquiries have been made by the Issuer to ascertain all such facts for the purposes aforesaid.

NOTICE

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers (as defined in “*SUBSCRIPTION, SALE AND OFFER OF THE NEW NOTES*”). Neither the delivery of this Prospectus nor any offering, sale or delivery of any New Notes made hereunder shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer which is material in the context of the issue and sale of the New Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Prospectus by reference or (iii) that any other information supplied in connection with the issue of the New Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus contains certain forward-looking statements, including statements using the words “believes”, “anticipates” “intends”, “expects” or other similar terms. This applies in particular to statements under the caption “*INFORMATION ON K+S AG AS ISSUER – Business Overview*” and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer, to be materially different from or worse than those expressed or implied by these forward-looking statements. Neither the Issuer nor the

Joint Lead Managers assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

Certain numerical figures set out in this Prospectus, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information.

Furthermore, this Prospectus contains industry related data taken or derived from industry and market research reports published by third parties ("**External Data**"). Commercial publications generally state that the information they contain originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on a series of assumptions. The External Data have not been independently verified by the Issuer.

The External Data was reproduced accurately by the Issuer in the Prospectus, and as far as the Issuer is aware and is able to ascertain from information published by any third party, no facts have been omitted that would render the reproduced External Data inaccurate or misleading. The Issuer does not have access to the underlying facts and assumptions of numerical and market data and other information contained in publicly available sources. Consequently, such numerical and market data or other information cannot be verified by the Issuer.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any documents incorporated herein by reference. The final Issue Price, the aggregate principal amount of New Notes to be issued, the issue proceeds and the yield of the issue will be included in the Pricing Notice (as defined in "*SUBSCRIPTION, SALE AND OFFER OF THE NEW NOTES*" below) which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) on or prior to the Issue Date of the New Notes.

Neither the Joint Lead Managers nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any New Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. This Prospectus does not constitute an offer of New Notes or an invitation by or on behalf of the Issuer or the Joint Lead Managers to purchase any New Notes. Neither this Prospectus nor any other information supplied in connection with the New Notes should be considered as a recommendation by the Issuer or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any New Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the New Notes and the distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus

comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, the New Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and are subject to special U.S. tax law requirements where held by U.S. persons (TEFRA D rules). Subject to certain limited exceptions, the New Notes may not be offered, sold or delivered within the United States of America (“**United States**”) or to U.S. persons.

For a further description of certain restrictions on offerings and sales of the New Notes and distribution of this Prospectus (or of any part thereof) see “*SUBSCRIPTION, SALE AND OFFER OF THE NEW NOTES – Selling Restrictions.*”

The legally binding language of this Prospectus is English. Any part of the Prospectus in German language constitutes a translation, except for the terms and conditions of the New Notes (the “**Terms and Conditions**”) in respect of which German is the legally binding language.

In this Prospectus, unless otherwise specified, all references to “**€**”, “**EUR**” or “**Euro**” are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended, references to “**USD**” are to the legal currency of the United States of America, references to “**CAD**” are to the legal currency of Canada and references to “**AUD**” are to the legal currency of Australia.

IN CONNECTION WITH THE ISSUE OF THE NEW NOTES, BARCLAYS BANK PLC (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NEW NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NEW NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT BARCLAYS BANK PLC (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NEW NOTES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW NOTES. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus does not constitute and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	Warnings	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the New Notes should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of its member state to the Agreement on the European Economic Area ("EEA"), have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the New Notes.</p>
A.2	Consent to the use of the prospectus	<p>Each of Banco Santander, S.A., Barclays Bank PLC, Landesbank Baden-Württemberg and RBC Europe Limited (each a "Joint Lead Manager") and together the "Joint Lead Managers") and each further financial intermediary subsequently reselling or finally placing the New Notes is entitled to use the Prospectus in Austria, Germany, The Netherlands and Luxembourg for the subsequent resale or final placement of the New Notes during the period from and including 17 May 2017 to and including 24 May 2017, provided however, that the Prospectus is still valid in accordance with Article 11(2) of the Luxembourg law relating to prospectuses for securities (<i>Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières</i>) as amended (the "Luxembourg Prospectus Law") which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, inter alia, by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010)</p>

		<p>into Luxembourg law.</p> <p>The Prospectus may only be delivered to potential investors together with all supplements published before such delivery in accordance with Art. 13 of the Luxembourg Prospectus Law published before such delivery. Any supplement to the Prospectus in accordance with Art. 13 of the Luxembourg Prospectus Law will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).</p> <p>When using the Prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.</p> <p>In the event of an offer being made by a further financial intermediary, such further financial intermediary shall provide information to investors on the terms and conditions of the New Notes at the time of that offer.</p>
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Section B – Issuer

Element	Description of Element	Disclosure requirement
B.1	Legal and commercial name	K+S Aktiengesellschaft is the legal and commercial name of the Issuer.
B.2	Domicile, legal form, legislation, country of incorporation	The Issuer is a German stock corporation (<i>Aktiengesellschaft</i>) incorporated and operating under the laws of the Federal Republic of Germany and domiciled in the Federal Republic of Germany.
B.4b	Known trends affecting the Issuer and the industries in which it operates	For 2017, K+S Group expects the global potash demand to be slightly above the level in 2016 (2016: around 64 million tonnes including about 4 million tonnes of potassium sulphate and potash grades with a lower mineral content). While the prices of fertilizer specialties such as potassium sulphate (SOP) are expected to remain at a good level, the prices for standard potash (MOP) are expected to only recover gradually, especially in some overseas regions.
B.5	Description of the Group and the Issuer's position within the Group	K+S AG mainly acts as the holding company for the K+S Group and holds shares, directly and indirectly, in its subsidiaries.
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimates are made.
B.10	Nature of any qualifications	Not applicable. The auditor has issued unqualified audit reports for the consolidated financial statements of the Issuer for the fiscal years

	in the audit report on historical financial information	ended 31 December 2015 and 31 December 2016.	
B.12	Selected historical key financial information		
		Fiscal year ended 31 December (audited unless otherwise indicated)	
		(EUR in millions)	
		2016	2015
	Revenues	3,456.6	4,175.5
	EBITDA (adjusted) ⁽¹⁾	519.1	1,057.5
	Operating Earnings (EBIT I) ⁽²⁾	229.3	781.6
	Adjusted Free cash flow ⁽³⁾⁽⁶⁾⁽⁷⁾	-776.8	-635.9
		As of 31 December	
		2016	2015
	Equity	4,552.2	4,295.6
	Total assets	9,645.5	8,273.6
	Net debt ⁽⁴⁾⁽⁶⁾⁽⁷⁾	3,583.8	2,399.8
	Net debt/EBITDA (adjusted) ⁽⁵⁾⁽⁶⁾⁽⁷⁾	6.9	2.3
		1 January to 31 March (unaudited)	
		(EUR in millions)	
		2017	2016
	Revenues	1,126.4	1,095.5
	EBITDA (adjusted) ⁽¹⁾	210.9	285.3
	Operating Earnings (EBIT I) ⁽²⁾	137.4	218.4
	Adjusted Free cash flow ⁽³⁾⁽⁷⁾	55.2	50.4
		As of 31 March	
		2017	2016
	Equity	4,609.7	4,473.1
	Total assets	9,696.5	8,556.0
	Net debt ⁽⁴⁾⁽⁷⁾	3,613.9	2,367.2
	<p>(1) “EBITDA (adjusted)” is defined as follows: Operating Earnings (EBIT I) plus write-downs/ less write-ups on intangible assets, property, plant and equipment and financial assets. EBITDA (adjusted) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group’s performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.</p> <p>(2) “Operating Earnings (EBIT I)” is defined as follows: Result after operating hedges (EBIT II) less income / plus expenses from market value changes of operating forecast hedges still outstanding minus neutralization of fluctuations in market value recorded in prior periods of realized operating forecast hedges less realized income / plus expenses arising from hedging capital expenditure in Canada. Operating Earnings (EBIT I) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group’s performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.</p> <p>(3) “Adjusted Free cash flow” is defined as follows: Proceeds from disposals of fixed assets less disbursements for intangible assets less disbursements for fixed assets less disbursements for financial assets plus cash flow from operating activities. Adjusted Free cash flow is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group’s performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis</p>		

		<p>to compare different companies. Furthermore it does not substitute the financial key figures of the cash flow statement that were recognized in accordance with IFRS. The table below shows the reconciliation for Adjusted Free cash flow.</p> <p>(4) "Net debt" is defined as follows: Cash on hand and balances with banks plus non-current securities and other financial investments plus current securities and other financial investments less non-current financial liabilities less current financial liabilities less liabilities from finance leases plus non-current reimbursement claim (Morton Salt bond) less non-current provisions for pensions and similar obligations less non-current provisions for mining-obligations. Net debt is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the balance sheet that were recognized in accordance with IFRS.</p> <p>(5) Net debt/EBITDA (adjusted) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the balance sheet, income statement and the cash flow statement that were recognized in accordance with IFRS.</p> <p>(6) Unaudited.</p> <p>(7) Figures extracted from the Company's accounting records.</p>
	Material adverse change in the prospects of the Issuer	There has been no material adverse change in the prospects of the Issuer since 31 December 2016.
	Significant change in the financial or trading position	Not applicable: There have been no significant changes in the financial or trading position of the Issuer since 31 March 2017.
B.13	Recent Events	<p>On 23 December 2016, the Kassel Regional Council (<i>Regierungspräsidium Kassel</i>) approved the continued deep-well injection of saline waste water resulting from the potash production at the Werra plant. The permission is valid until 31 December 2021 and allows for an annual volume of 1.5 million cubic meters of waste water, limited to 5,000 cubic meters per day to be injected. The permission is subject to various ancillary provisions. Irrespective of the deep-well injection permission, discharging saline waste water into the Werra river remains subject to prevailing weather conditions. During periods of low water levels, such as in the beginning of 2017, production at full capacity (or at all) at the Werra plant will remain challenging.</p> <p>Other than this, there are no relevant recent events particular to K+S AG, which are to a material extent relevant to the solvency of K+S AG.</p>
B.14	Statement on dependency upon other entities within the Group	<p>Please refer to Element B.5 above.</p> <p>Not applicable. The Issuer is the parent company of the K+S Group. It is not dependent upon other entities within K+S Group.</p>
B.15	Principal activities	K+S AG and its subsidiaries are worldwide suppliers of specialised and standard fertilizers and salt products.

		<p><i>Potash and Magnesium Products</i></p> <p>The Potash and Magnesium Products business unit extracts potash and magnesium crude salts at six mines in Germany and refines them. The annual production capacity of the business unit is currently around 7 million tonnes of potash and magnesium products. Following the commissioning of an advanced greenfield project for the construction of a solution mine (the “Legacy Project”), which took place in the beginning of May 2017, the business unit is expected to be able to increase its annual production capacity by at least 2.86 million tonnes in the medium term. K+S Group offers its customers special plant nutrients, products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and foodstuffs industries as well as primary products for the production of animal feed. A broad distribution network is designed to facilitate the sale of these products across the world and to ensure a continuous supply of K+S Group’s customers. The Inactive Plants unit also assigned to this business unit oversees the potash and rock salt mines in Germany, whose production has been discontinued.</p> <p><i>Salt</i></p> <p>In the Salt business unit, the K+S Group markets food grade salt, industrial salt, salt for chemical use and de-icing salt. With an annual production capacity of about 32 million tonnes of salt, K+S Group is the world’s largest producer of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 15th ed. 2016). The Salt business unit is represented in Europe as well as North America and South America with its own distribution units and more than 30 assets. Furthermore, the business unit exports salt products to Asia and other regions of the world. The business unit comprises the sub-units esco – european salt company GmbH & Co. KG (“esco”), whose activities are mainly focused on Europe, K+S Chile S.A. (“K+S Chile”) with activities in South America, K+S Windsor Salt Ltd. and Morton Salt Inc., one of the largest salt producers in North America. Esco operates three rock salt mines, two brine plants and several evaporated salt plants in Germany, France, the Netherlands, Portugal, Spain, one salt processing company in the Czech Republic and has numerous distribution sites in Europe. K+S Chile extracts rock salt in Salar Grande de Tarapacá through open-cast mining. Furthermore, the Chilean shipping company Empreemar S.A. is also part of the Salt business unit. With a fleet of two own and additional chartered ships it provides maritime logistics for K+S Chile. K+S Windsor Salt Ltd. and Morton Salt Inc. operate six rock salt mines, nine plants processing evaporated salt, three solar salt plants and four salt processing sites in the United States, in Canada and in the Bahamas.</p> <p><i>Complementary Activities</i></p> <p>In addition to disposal activities for the underground disposal and the reutilisation of waste in potash and rock salt mines (waste</p>
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		management and recycling) as well as the granulation of the animal hygiene product CATSAN®, the business unit “Complementary Activities” bundles further activities of importance to the K+S Group. With K+S Transport GmbH, K+S Group possesses its own logistics service provider. The product range of Chemische Fabrik Kalk GmbH comprises a selection of basic chemicals and its trading business.
B.16	Controlling Persons	Not applicable: K+S AG is to its knowledge not controlled. K+S AG is not aware of any shareholder who has notified in accordance with Sections 21 et seq. of the German Securities Trading Act (<i>Wertpapierhandelsgesetz; WpHG</i>) that he holds at least 5% or more voting rights in K+S AG directly or such number of voting rights are attributed to him.
B.17	Credit ratings of the Issuer or its debt securities	Standard & Poor's Credit Market Services Europe Limited (German Branch) (“ S&P ”) ⁽¹⁾⁽²⁾ has assigned the long-term credit rating of BB+ ⁽³⁾ (outlook negative) to K+S AG. ⁽⁴⁾ The New Notes are expected to be rated BB+ ⁽⁵⁾ by S&P ⁽¹⁾⁽²⁾ . ⁽⁴⁾

Section C – Securities

Element	Description of Element	Disclosure requirement
C.1	Type and class of securities being offered including any	The Issuer issues unsecured and unsubordinated notes bearing fixed interest (“ New Notes ”). The New Notes will constitute an increase (<i>Aufstockung</i>) of the EUR 400,000,000 2.625 per cent. notes due 2023 that the Issuer issued on 6 April 2017 (the “ Original ”

⁽¹⁾ Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 May 2011 and by Regulation (EC) No 462/2013 of the European Parliament and of the Council of 21 May 2013 (the “**CRA Regulation**”).

⁽²⁾ The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

⁽³⁾ According to Standard & Poor's: “Obligors rated ‘BB’ [...] are regarded as having significant speculative characteristics. ‘BB’ indicates the least degree of speculation [...].” “An obligor rated ‘BB’ is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.” “The ratings [...] may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.”

⁽⁴⁾ A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

⁽⁵⁾ According to Standard & Poor's: “Obligations rated ‘BB’ [...] are regarded as having significant speculative characteristics. ‘BB’ indicates the least degree of speculation [...].” “An obligation rated ‘BB’ is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.” “The ratings [...] may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.”

	security identification number	<p>Notes" and, together with the New Notes, the "Notes"). The New Notes will have the same terms as the Original Notes in all respects (save for the Issue Price and the date of issue) and will be consolidated and form a single series (<i>Gesamtemission</i>) with the Original Notes.</p> <p>The security identification numbers of the New Notes are: ISIN: initially XS1616925068, then XS1591416679 once the New Notes have been consolidated with the Original Notes; Common Code: initially 161692506, then 159141667 once the New Notes have been consolidated with the Original Notes; and WKN: initially A2E4FC, then A2E4U9 once the New Notes have been consolidated with the Original Notes.</p>
C.2	Currency of the securities issue	Euro
C.5	Restrictions on free transferability of the securities.	Not applicable: The New Notes are freely transferable. However, the offer and the sale of the New Notes and the distribution of offering materials are subject to specific restrictions that vary depending on the jurisdiction where the New Notes are offered or sold or the offering materials are distributed.
C.8	Rights attached to the Notes, ranking of the Notes, limitations of the rights attached to the Notes	<p><i>Negative Pledge:</i> The terms and conditions of the New Notes contain a negative pledge provision.</p> <p><i>Taxation:</i> All payments of principal and interest in respect of the New Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany, or by or on behalf of any political subdivision or authority therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer will, subject to the exceptions set out in the Terms and Conditions, pay such additional amounts as shall result in receipt by the holders of the New Notes of such amounts as would have been received by them had no such withholding or deduction been required.</p> <p><i>Early Redemption:</i> The New Notes can be redeemed prior to their stated maturity for taxation reasons, within the three month period prior to their stated maturity, for reasons of minimal outstanding aggregate amount of the Notes, at the make-whole amount or for reasons of a change of control or upon the occurrence of an event of default.</p> <p><i>Early Redemption at the option of the Issuer for taxation reasons:</i> Early redemption of the New Notes for reasons of taxation will be permitted, if as a result of any change in, or amendment to, the laws</p>

		<p>or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, the Issuer will become obligated to pay additional amounts on the New Notes.</p> <p><i>Early Redemption at the option of the Issuer at par within the three month period prior to the stated maturity of the New Notes</i></p> <p>The New Notes may be redeemed at the option of the Issuer in the three months period prior to the stated maturity of the New Notes at their principal amount together with accrued interest to, but excluding, the relevant redemption date.</p> <p><i>Early Redemption at the option of the Issuer for reason of minimal outstanding aggregate amount of the Notes</i></p> <p>The New Notes may be redeemed by the Issuer at their principal amount together with accrued interest to, but excluding, the relevant redemption date in case the outstanding aggregate principal amount of the Notes is 20 per cent. of the aggregate principal amount originally issued (including the aggregate principal amount of the New Notes) or below.</p> <p><i>Early Redemption at the Option of the Issuer at a make-whole amount</i></p> <p>The New Notes may be redeemed early at the option of the Issuer at a make-whole amount.</p> <p><i>Events of Default:</i></p> <p>The Terms and Conditions of the New Notes provide for events of default entitling noteholders to demand immediate redemption of the New Notes.</p> <p><i>Cross Default:</i></p> <p>The Terms and Conditions of the New Notes provide for cross default provisions entitling noteholders to demand immediate redemption of the New Notes.</p> <p><i>Change of Control:</i></p> <p>The Terms and Conditions of the New Notes provide for a change of control provision. Each noteholder is entitled to request the Issuer to redeem the New Notes of each such requesting noteholder at their principal amount together with accrued interest upon the occurrence of a change of control.</p> <p><i>Status of the New Notes pari passu:</i></p> <p>The New Notes will constitute unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and the Original Notes and <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer.</p> <p><i>Resolutions of Noteholders:</i></p> <p>The New Notes contain provisions pursuant to which the</p>
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		noteholders may consent by resolution to amendments of the terms and conditions of the Notes in accordance with the German Act on Debt Securities of 2009 (<i>Schuldverschreibungsgesetz</i>), and pursuant to which the noteholders decide upon certain other matters regarding the Notes.
C.9	Interest and Redemption Payments, Yield, Name of holders' representative	<p>See C.8.</p> <p><i>Interest and Interest Payment Dates:</i> The New Notes will bear interest from and including 6 April 2017 to, but excluding, 6 April 2023 at a rate of 2.625 per cent. <i>per annum</i>, payable annually in arrear on 6 April in each year, commencing on 6 April 2018.</p> <p><i>Underlying on which Interest Rate is based:</i> Not applicable. The interest rate is not based on an underlying.</p> <p><i>Maturity Date, Amortization, Repayment Procedures:</i> Unless previously redeemed in whole or in part or repurchased and cancelled, the New Notes shall be redeemed at their principal amount together with accrued interest on 6 April 2023.</p> <p><i>Indication of yield:</i> The yield of the New Notes is [●].</p> <p><i>Name of holders' representative:</i> Not applicable. A representative of the noteholders is not initially appointed. The Terms and Conditions provide that the respective noteholders may agree by majority resolution to amendments of the Terms and Conditions of the Notes and appoint a holders' representative (<i>gemeinsamer Vertreter</i>) to exercise the Noteholders' rights on behalf of each noteholder for the Notes.</p>
C.10	Derivative component in interest payment	<p>See C.9.</p> <p>Not applicable. The New Notes have no derivative component when paying interest, which could influence the value of the New Notes by having an impact on the value of the underlying instrument or several underlying instruments.</p>
C.11	Admission to trading of securities on a regulated market	Application has been made for the New Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange as part of the Notes which have already been admitted to trading on the regulated market of the Luxembourg Stock Exchange on 6 April 2017.

Section D – Risks

Element	Description of Element	Disclosure requirement
D.2	Key information on	The following is a summary of risk factors regarding the Issuer and K+S Group that may affect the Issuer's ability to fulfil its obligations

	<p>the key risks specific to the Issuer or its industry</p>	<p>under the New Notes.</p> <ul style="list-style-type: none"> • K+S Group is subject to effects of macroeconomic trends. • K+S Group is subject to general fluctuations in demand, supply and price levels. • K+S Group is subject to seasonal fluctuations in demand and price levels. • K+S Group is subject to the risk of new competitors entering the potash market. • K+S Group is exposed to risks arising from capital expenditure, in particular from the Legacy Project of K+S Potash Canada. • K+S Group depends on sufficient supply from special materials and supplies, commodities and technical equipment. • K+S Group faces risks from changes in the political, social or economic environment. • K+S Group highly depends on public permissions and is subject to numerous environmental laws and regulations. • K+S Group could be held liable for environmental damages. • K+S Group is subject to risks from further future occupational exposure limits. • K+S Group is subject to risks from the requirement for collateral security. • Increasing freight costs might have an impact on K+S Group's results of operations. • Fluctuations in currency exchange rates could have a material adverse effect on K+S Group's financial conditions and results of operations. • Fluctuations in interest rates could have an adverse effect on K+S Group's financial conditions and results of operations. • K+S Group's provisions for mining obligations could prove to be too low or could substantially increase and exceed the provisions it has recognized for these obligations in its accounts. • K+S Group's pension obligations could substantially increase and exceed the provisions it has recognized for these obligations in its accounts. • K+S Group is dependent on energy costs and energy supply.
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		<ul style="list-style-type: none"> • Carbon dioxide pockets in certain deposits could lead to injuries or the damaging of property. • K+S Group's mining facilities are exposed to operational and accident risks. • K+S Group is exposed to antitrust risks. • K+S Group could suffer from competitors that have the benefit of state financial support. • K+S Group faces personnel risks. • K+S Group might have misjudged or may misjudge risks inherent in the acquisition past or future corporate acquisitions and therefore not attain the objectives aimed for with such acquisitions. • The integration of companies acquired in the past or future into the K+S Group may prove more difficult, drawn out or costlier than expected or even fail. • Estimates of mineral reserves are based on uncertain assumptions that, if changed, could result in the need to restate mineral reserves. • K+S Group might be unable to effectively manage its own growth or to develop or raise the resources necessary in order to control or support its growth. • K+S Group might experience failures of or other malfunctions in its computer systems. • K+S Group might face liquidity risks. • K+S Group's leverage and debt service obligations could have a material adverse effect on its business. • K+S Group is subject to counterparty risks. • K+S Group's consolidated statement of financial position includes intangible assets, which could become impaired. • Changes in accounting standards could have a material adverse effect on K+S Group's financial condition and result of operations. • K+S Group might face an increase of tax burden as a result of ongoing and future tax audits and potential changes in applicable tax regulations. • K+S Group is exposed to compliance risks. • A rating downgrade could have an adverse effect on K+S Group's financial conditions and results of operations. • K+S Group is subject to risks from legal and arbitration proceedings.
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		<ul style="list-style-type: none"> • The Issuer is mainly a holding company and its ability to serve its payment obligations depends on the receipt of funds from its subsidiaries and participations. <p>The realisation of any of the risks described above may affect the Issuer's ability to fulfil its payment obligations under the New Notes and/or lead to a decline in the market price of the New Notes.</p>
D.3	Key information on the key risks specific to the securities	<p>An investment in the New Notes involves certain risks associated with the characteristics of the New Notes which could lead to substantial losses that noteholders would have to bear in the case of selling their New Notes or with regard to receiving interest payments and repayment of principal. Those risks include that:</p> <ul style="list-style-type: none"> • The New Notes may not be a suitable investment for all investors. • The New Notes do not have an established trading market and an active trading market for the Notes may not develop. • The New Notes will be structurally subordinated to indebtedness of the subsidiaries of the Issuer. • The New Notes will be effectively subordinated to Issuer's debt to the extent such debt is secured by assets or by guarantees by subsidiaries of the Issuer that are not also securing the New Notes. • No restriction on the amount of debt which the Issuer may incur in the future. • The New Notes are subject to a risk of early redemption. • Although the occurrence of specific change of control events will permit the noteholders to require redemption or repurchase of the New Notes, the Issuer may not be able to redeem or repurchase such New Notes. • The Terms and Conditions of the New Notes, including the terms of payment of principal and interest, can be amended by a Noteholders' resolution and any such resolution will be binding for all Noteholders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding. • Since no Holders' representative will be appointed as from the issue date of the New Notes, it will be more difficult for Noteholders to take collective action with respect to the Notes. • It is possible that a Noteholder may be deprived in its individual right to pursue and enforce its rights under the Terms and Conditions if such right was passed on a

		<p>Holders' representative.</p> <ul style="list-style-type: none"> • In case of certain events of default, the New Notes will only be redeemable if Noteholders of at least 10 per cent. of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration might be rescinded by majority resolution of the Noteholders. • The market value of the New Notes could decrease if the creditworthiness of the Issuer worsens or is perceived to worsen. • Credit ratings may not reflect all risks and are subject to change. • The New Notes bear specific risks typical for fixed rate notes. • The trading market for debt securities may be volatile and may be adversely impacted by many events. • No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus. • The New Notes are subject to exchange rate risks and exchange controls. • Investors are subject to tax risks. • The New Notes are subject to inflation risks. • The New Notes are subject to transaction costs and charges. • Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer. <p>The realisation of any of the risks described above may lead to a decline in the market price of the New Notes.</p>
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Section E – Offer

Element	Description of Element	Disclosure requirement
E.2b	Reasons for the offer and use of proceeds	The Issuer intends to use the proceeds from the issuance of the New Notes for the repayment of existing debt and general corporate purposes.
E.3	Terms and conditions of	<i>Offering of the New Notes:</i> The New Notes will be offered to institutional investors and retail

	<p>the offer</p>	<p>investors in compliance with applicable public offer restrictions by the Joint Lead Managers during an offer period which will commence not earlier than 17 May 2017 and will be open until and including 24 May 2017 subject to a shortening or extension agreed by the Issuer and the Joint Lead Managers.</p> <p>Should the Issuer and the Joint Lead Managers determine any shortening or extension of the offer period (e.g. due to changing market conditions), such changes will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, if applicable, a supplement to the Prospectus will be prepared and published in accordance with Article 13 of the Luxembourg Prospectus Law.</p> <p>The New Notes may be offered to the public in each of Germany, Luxembourg, Austria and The Netherlands following the effectiveness of the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive.</p> <p><i>Pricing Notice:</i></p> <p>The final Issue Price, the aggregate principal amount of the New Notes to be issued, the issue proceeds and the yield for the New Notes will be included in a pricing notice which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the issue date of the New Notes.</p> <p><i>Conditions of the offer:</i></p> <p>There are no conditions to which the offer is subject.</p> <p><i>Technical details of the offer:</i></p> <p>During the offer period investors may submit offers to purchase New Notes to the Joint Lead Managers and using the information system Bloomberg or any other commonly used information systems. In the case of an order prior to the determination of the pricing details, the investors shall specify at which price they would be prepared to purchase which amount of New Notes. Following determination and notification of the pricing details the Joint Lead Managers will offer the New Notes upon request in Germany, Luxembourg, Austria and The Netherlands.</p> <p><i>Confirmation of offers placed by, and allotments to, investors:</i></p> <p>Each investor who has submitted an order in relation to the New Notes and whose order is accepted by the Joint Lead Managers will receive a confirmation by electronic mail, fax or through commonly used information systems setting out its respective allotment of New Notes. Before an investor receives a confirmation from the Joint Lead Managers that its offer to purchase New Notes has been accepted, the investor may reduce or withdraw its purchase order.</p> <p><i>Delivery of the New Notes to investors:</i></p> <p>Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been</p>
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E.4	<p>A description of any interest that is material to the issue/ offer including conflicting interests.</p>	<p>The Joint Lead Managers are lenders under K+S Groups syndicated credit facility and, in addition, the Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions.</p> <p>There are no interests of natural and legal persons other than the Issuer's and the Joint Lead Managers' involved in the issue, including conflicting ones that are material to the issue.</p>
E.7	<p>Estimated expenses charged to the investor by the issuer or the offeror.</p>	<p>Not applicable. The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the New Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.</p>

GERMAN TRANSLATION OF THE SUMMARY (ZUSAMMENFASSUNG)

Zusammenfassungen bestehen aus Informationsblöcken, die als "Angaben" bezeichnet werden. Diese Angaben sind in Abschnitten A-E (A.1 – E.7) nummeriert.

Diese Zusammenfassung enthält alle Angaben, die für eine Zusammenfassung für diese Art von Wertpapier und diese Emittentin erforderlich sind. Da einige Angaben nicht aufgenommen werden müssen, kann die Nummerierung Lücken enthalten.

Auch wenn eine Angabe für diese Art von Wertpapier und diese Emittentin in diese Zusammenfassung aufgenommen werden muss, kann es sein, dass keine relevanten Informationen zur Verfügung stehen. In diesem Fall wird eine kurze Beschreibung der geforderten Angabe mit dem Hinweis "entfällt" in die Zusammenfassung aufgenommen.

Abschnitt A – Einleitung und Warnhinweise

Punkt	Beschreibung	Geforderte Angaben
A.1	Warnhinweise	<p>Die Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden.</p> <p>Ein Anleger sollte sich bei jeder Entscheidung, in die Neuen Schuldverschreibungen zu investieren, auf den Prospekt als Ganzes stützen.</p> <p>Ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, muss möglicherweise nach den nationalen Rechtsvorschriften seines Mitgliedstaats zum Vertrag über den Europäischen Wirtschaftsraum („EWR“) für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann.</p> <p>Anleger sollten beachten, dass zivilrechtlich nur diejenigen Personen haften, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt, die in Bezug auf Anlagen in die Neuen Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen.</p>
A.2	Zustimmung zur Verwendung des Prospekts	<p>Banco Santander, S.A., Barclays Bank PLC, Landesbank Baden-Württemberg und RBC Europe Limited (jeweils ein „Gemeinsamer Konsortialführer“ und zusammen die „Gemeinsamen Konsortialführer“) und jeder weitere Finanzintermediär, der die Neuen Schuldverschreibungen nachfolgend weiter verkauft oder endgültig platziert, ist berechtigt, den Prospekt für den späteren Weiterverkauf oder die endgültige Platzierung der Neuen Schuldverschreibungen während des Zeitraums vom 17. Mai 2017</p>

		<p>(einschließlich) bis 24. Mai 2017 (einschließlich) in Österreich, Deutschland, den Niederlanden und Luxemburg zu verwenden, vorausgesetzt jedoch, dass der Prospekt in Übereinstimmung mit Artikel 11(2) des Luxemburger Wertpapierprospektgesetzes (<i>Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières</i>) in seiner jeweils gültigen Fassung (das „Luxemburger Prospektgesetz“), welches die Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003 (geändert durch Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010) in Luxemburger Recht umsetzt, noch gültig ist.</p> <p>Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zur Übergabe veröffentlichten Nachträgen nach Art. 13 des Luxemburger Prospektgesetzes ausgehändigt werden. Jeder Nachtrag zum Prospekt nach Art. 13 des Luxemburger Prospektgesetzes kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg (www.bourse.lu) eingesehen werden.</p> <p>Bei der Nutzung des Prospektes hat jeder jeweilige weitere Finanzintermediär sicherzustellen, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.</p> <p>Für den Fall, dass ein weiterer Finanzintermediär ein Angebot macht, informiert dieser weitere Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen der Neuen Schuldverschreibungen.</p>
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Abschnitt B – Emittent

Punkt	Beschreibung	Geforderte Angaben
B.1	Gesetzliche und kommerzielle Bezeichnung	K+S Aktiengesellschaft ist die gesetzliche und kommerzielle Bezeichnung der Emittentin.
B.2	Sitz, Rechtsform, geltendes Recht und Land der Gründung	Die Emittentin ist eine nach dem Recht der Bundesrepublik Deutschland gegründete und operierende deutsche Aktiengesellschaft mit Sitz in der Bundesrepublik Deutschland.
B.4b	Bereits bekannte Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken	Für das Jahr 2017 erwartet die K+S Gruppe eine Weltkalinachfrage, die leicht über der des Jahres 2016 liegen dürfte (2016: rund 64 Millionen Tonnen einschließlich rund 4 Millionen Tonnen Kaliumsulfat und Kalisorten mit niedrigeren Wertstoffgehalten). Während sich die Preise für Düngemittelspezialitäten, wie z. B. Kaliumsulfat (SOP), auf einem guten Niveau halten sollten, dürften sich die Preise für Standardkali (MOP) insbesondere in einigen Überseeregionen nur allmählich erholen.

B.5	Beschreibung der Gruppe und der Stellung der Emittentin innerhalb dieser Gruppe	Die Emittentin agiert überwiegend als Holding Gesellschaft der K+S Gruppe und hält Anteile, sowohl unmittelbar als auch mittelbar, an ihren Tochtergesellschaften.	
B.9	Gewinnprognosen oder -schätzungen	Entfällt. Es wird keine Gewinnprognose oder -schätzung getätigt.	
B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Entfällt. Der Abschlussprüfer hat jeweils einen uneingeschränkten Bestätigungsvermerk zu den Konzernabschlüssen der Emittentin für die am 31. Dezember 2015 und am 31. Dezember 2016 endenden Geschäftsjahre erteilt.	
B.12	Ausgewählte wesentliche historische Finanzinformationen		
		Geschäftsjahr zum 31. Dezember (geprüft soweit nicht anders angegeben)	
		(EUR in Millionen)	
		2016	2015
	Umsatzerlöse	3.456,6	4.175,5
	EBITDA (bereinigt) ⁽¹⁾	519,1	1.057,5
	Operatives Ergebnis (EBIT I) ⁽²⁾	229,3	781,6
	Bereinigter Freier Cashflow ⁽³⁾⁽⁶⁾⁽⁷⁾	-776,8	-635,9
		Zum 31. Dezember	
		2016	2015
	Eigenkapital	4.552,2	4.295,6
	Aktiva	9.645,5	8.273,6
	Nettoverschuldung ⁽⁴⁾⁽⁶⁾⁽⁷⁾	3.583,8	2.399,8
	Nettoverschuldung/ EBITDA (bereinigt) ⁽⁵⁾⁽⁶⁾⁽⁷⁾	6,9	2,3
		1. Januar bis 31. März (ungeprüft)	
		(EUR in Millionen)	
		2017	2016
	Umsatzerlöse	1.126,4	1.095,5
	EBITDA (bereinigt) ⁽¹⁾	210,9	285,3
	Operatives Ergebnis (EBIT I) ⁽²⁾	137,4	218,4
	Bereinigter Freier Cashflow ⁽³⁾⁽⁷⁾	55,2	50,4
		Zum 31. März	
		2017	2016
	Eigenkapital	4.609,7	4.473,1
	Aktiva	9.696,5	8.556,0
	Nettoverschuldung ⁽⁴⁾⁽⁷⁾	3.613,9	2.367,2
	⁽¹⁾ „EBITDA (bereinigt)“ ist definiert wie folgt: Operatives Ergebnis (EBIT I) vor Abschreibungen (+) / Zuschreibungen (-) auf immaterielle Vermögenswerte, Sachanlagen und Finanzanlagen. EBITDA (bereinigt) ist nicht durch IFRS definiert. Die K+S Gruppe weist diese Kennzahl in der Annahme aus, dass Investoren sie als hilfreichen Maßstab für die Entwicklung der K+S Gruppe erachten können. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variieren kann und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Gewinn- und Verlustrechnung und der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt wurden.		

	<p>(2) „Operatives Ergebnis (EBIT I)“ ist definiert wie folgt: Ergebnis nach operativen Sicherungsgeschäften (EBIT II) (-) Ertrag / (+) Aufwand aus Marktwertschwankungen der noch ausstehenden operativen, antizipativen Sicherungsgeschäfte, Neutralisierung der in Vorperioden erfassten Marktwertschwankungen von realisierten operativen, antizipativen Sicherungsgeschäften, (-) Realisierter Ertrag / (+) Aufwand Investitionssicherung Kanada. Operatives Ergebnis (EBIT I) ist nicht durch IFRS definiert. Die K+S Gruppe weist diese Kennzahl in der Annahme aus, dass Investoren sie als hilfreichen Maßstab für die Entwicklung der K+S Gruppe erachten können. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variieren kann und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Gewinn- und Verlustrechnung und der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt wurden.</p> <p>(3) „Bereinigter Freier Cashflow“ ist definiert wie folgt: Einzahlungen aus Anlagenabgängen (-) Auszahlungen für immaterielles Anlagevermögen (-) Auszahlungen für Sachanlagevermögen (-) Auszahlungen für Finanzanlagen (+) Cashflow aus laufender Geschäftstätigkeit. Bereinigter Freier Cashflow ist nicht durch IFRS definiert. Die K+S Gruppe weist diese Kennzahl in der Annahme aus, dass Investoren sie als hilfreichen Maßstab für die Entwicklung der K+S Gruppe erachten können. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variieren kann und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt wurden.</p> <p>(4) „Nettoverschuldung“ ist definiert wie folgt: Flüssige Mittel (+) langfristige Wertpapiere und sonstige Finanzinvestitionen (+) kurzfristige Wertpapiere und sonstige Finanzinvestitionen (-) langfristige Finanzverbindlichkeiten (-) kurzfristige Finanzverbindlichkeiten (-) Verbindlichkeiten aus Finanzierungsleasing (+) langfristiger Erstattungsanspruch Anleihe Morton Salt (-) langfristige Rückstellungen für Pensionen und ähnliche Verpflichtungen (-) langfristige Rückstellungen für bergbauliche Verpflichtungen. Nettoverschuldung ist nicht durch IFRS definiert. Die K+S Gruppe weist diese Kennzahl in der Annahme aus, dass Investoren sie als hilfreichen Maßstab für die Entwicklung der K+S Gruppe erachten können. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variieren kann und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Bilanz, die in Übereinstimmung mit IFRS ermittelt wurden.</p> <p>(5) Nettoverschuldung/EBITDA (bereinigt) ist nicht durch IFRS definiert. Die K+S Gruppe weist diese Kennzahl in der Annahme aus, dass Investoren sie als hilfreichen Maßstab für die Entwicklung der K+S Gruppe erachten können. Potentielle Investoren sollten bedenken, dass diese Kennzahl nicht in einer konsistenten Weise verwandt wird oder standardisiert ist, ihre Berechnung variieren kann und dass die Kennzahl an sich keine Basis darstellt, verschiedene Gesellschaften zu vergleichen. Zudem ersetzt sie nicht die wesentlichen Finanzzahlen der Bilanz, Gewinn- und Verlustrechnung und der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt wurden.</p> <p>(6) Ungeprüft.</p> <p>(7) Angaben aus den Buchungsunterlagen der Gesellschaft entnommen.</p>						
	<table border="1"> <tr> <td>Wesentliche Verschlechterung der Aussichten der Emittentin</td><td>Die Aussichten der Emittentin haben sich seit dem 31. Dezember 2016 nicht wesentlich verschlechtert.</td></tr> <tr> <td>Signifikante Veränderungen in der Finanz- bzw. Handelsposition</td><td>Entfällt: Es gab seit dem 31. März 2017 keine wesentlichen Änderungen in der Finanzlage oder der Handelsposition der Emittentin.</td></tr> <tr> <td>B.13 Letzte Entwicklungen</td><td>Das Regierungspräsidium Kassel hat die Fortführung der Versenkung von Salzabwässern aus der Kaliproduktion des Werkes Werra am 23. Dezember 2016 genehmigt. Die Erlaubnis gilt zum 31. Dezember 2021 und ermöglicht eine jährliche Versenkmenge von 1,5 Millionen Kubikmetern Salzabwasser, begrenzt auf 5.000 Kubikmeter pro Tag. Die Erlaubnis enthält eine Reihe von Nebenbestimmungen. Unabhängig von der Genehmigung der Versenkung von Salzabwässern bleibt die Einleitung von Salzabwässern in die Werra jedoch abhängig von den jeweiligen Witterungsbedingungen. In Zeiten von Niedrigwasserperioden, wie etwa Anfang 2017, wird eine Vollproduktion (oder die Produktion insgesamt) des Werkes</td></tr> </table>	Wesentliche Verschlechterung der Aussichten der Emittentin	Die Aussichten der Emittentin haben sich seit dem 31. Dezember 2016 nicht wesentlich verschlechtert.	Signifikante Veränderungen in der Finanz- bzw. Handelsposition	Entfällt: Es gab seit dem 31. März 2017 keine wesentlichen Änderungen in der Finanzlage oder der Handelsposition der Emittentin.	B.13 Letzte Entwicklungen	Das Regierungspräsidium Kassel hat die Fortführung der Versenkung von Salzabwässern aus der Kaliproduktion des Werkes Werra am 23. Dezember 2016 genehmigt. Die Erlaubnis gilt zum 31. Dezember 2021 und ermöglicht eine jährliche Versenkmenge von 1,5 Millionen Kubikmetern Salzabwasser, begrenzt auf 5.000 Kubikmeter pro Tag. Die Erlaubnis enthält eine Reihe von Nebenbestimmungen. Unabhängig von der Genehmigung der Versenkung von Salzabwässern bleibt die Einleitung von Salzabwässern in die Werra jedoch abhängig von den jeweiligen Witterungsbedingungen. In Zeiten von Niedrigwasserperioden, wie etwa Anfang 2017, wird eine Vollproduktion (oder die Produktion insgesamt) des Werkes
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		<p>Werra eine Herausforderung bleiben.</p> <p>Außer den oben genannten, gab es in der jüngsten Zeit der Geschäftstätigkeit der K+S AG keine Ereignisse, die in hohem Maße für die Bewertung der Zahlungsfähigkeit der K+S AG relevant waren.</p>
B.14	Angabe zur Abhängigkeit von anderen Unternehmen innerhalb der Gruppe	<p>Siehe B.5</p> <p>Entfällt: Die Emittentin ist die Muttergesellschaft der K+S Gruppe und nicht von anderen Gesellschaften innerhalb der K+S Gruppe abhängig.</p>
B.15	Haupttätigkeiten	<p>Die K+S AG und ihre Tochtergesellschaften sind weltweite Anbieter von Spezial- und Standarddüngemitteln und Salzprodukten.</p> <p><i>Kali- und Magnesiumprodukte</i></p> <p>Der Geschäftsbereich Kali- und Magnesiumprodukte gewinnt in sechs Bergwerken in Deutschland Kali- und Magnesiumrohsalze und bereitet diese auf. Die jährliche Produktionskapazität des Geschäftsbereichs beträgt derzeit etwa 7 Mio. Tonnen Kali- und Magnesiumprodukte. In Folge der Anfang Mai 2017 erfolgten Inbetriebnahme eines fortgeschrittenen Greenfield-Projekts zur Errichtung einer Solungsbergbauproduktion (Solution Mine) (das „Legacy Projekt“), rechnet der Geschäftsbereich damit, seine jährliche Produktionskapazität mittelfristig um mindestens 2,86 Mio. Tonnen erhöhen zu können. Die K+S Gruppe bietet ihren Kunden spezielle Pflanzennährstoffe, Produkte für industrielle Anwendungen, hochreine Kalium- und Magnesiumsalze für die Pharma-, Kosmetik- und Lebensmittelindustrie sowie Vorprodukte für die Herstellung von Futtermitteln. Ein weitgespanntes Vertriebsnetz ist darauf hin konzeptioniert den weltweiten Verkauf der Produkte zu ermöglichen und eine dauerhafte Versorgung der Kunden der K+S Gruppe sicherzustellen. Die ebenfalls dem Geschäftsbereich zugeordnete Einheit Inaktive Werke betreut die Kali- und Steinsalzbergwerke in Deutschland, deren Produktion eingestellt worden ist.</p> <p><i>Salz</i></p> <p>Im Geschäftsbereich Salz gewinnt und vertreibt die K+S Gruppe Speise-, Gewerbe-, Industrie- und Auftausalze. Mit einer jährlichen Produktionskapazität von rund 32 Mio. Tonnen Salz ist die K+S Gruppe der weltweit größte Hersteller von Salzprodukten (Quelle: Roskill Information Services, Salt: Global Industry Markets and Outlook, 15. Auflage 2016). Der Geschäftsbereich Salz ist in Europa sowie Nord- und Südamerika mit eigenen Vertriebsseinheiten und mit mehr als 30 Plattformgesellschaften vertreten. Darüber hinaus exportiert der Geschäftsbereich Salzprodukte nach Asien und in andere Regionen der Welt. Der</p>

		<p>Geschäftsbereich umfasst die Teileinheiten esco – european salt company GmbH & Co. KG („esco“) mit Tätigkeitsschwerpunkt in Europa, K+S Chile S.A. („K+S Chile“) mit Aktivitäten in Südamerika, K+S Windsor Salt Ltd. und Morton Salt Inc., einen der größten Salzproduzenten in Nordamerika. Esco verfügt über drei Steinsalzbergwerke, zwei Solbetriebe sowie mehrere Siedesalzanlagen in Deutschland, Frankreich, den Niederlanden, Portugal, Spanien, ein Salzverarbeitungsunternehmen in der Tschechischen Republik sowie über zahlreiche Vertriebsstandorte in Europa. K+S Chile gewinnt im Salar Grande de Tarapacá Steinsalz im Tagebau. Darüber hinaus gehört auch die chilenische Schifffahrtsgesellschaft Empremar S.A. dem Geschäftsbereich Salz an. Mit einer Flotte von zwei eigenen und zusätzlichen gecharterten Schiffen erbringt sie maritime Logistikleistungen für K+S Chile. K+S Windsor Salt Ltd. und Morton Salt Inc. betreiben sechs Steinsalzbergwerke, neun Siedesalzanlagen, drei Solarproduktionen sowie vier Standorte, an denen Solarsalz weiterverarbeitet wird, in den USA, in Kanada und auf den Bahamas.</p> <p><i>Ergänzende Aktivitäten</i></p> <p>Unter dem Geschäftsbereich "Ergänzende Aktivitäten" sind neben den Entsorgungsaktivitäten zur untertägigen Beseitigung und Verwertung von Abfällen in Kali- bzw. Steinsalzbergwerken (Entsorgung und Recycling) sowie der Granulierung des Tierhygieneprodukts CATSAN® weitere für die K+S Gruppe wichtige Aktivitäten gebündelt. Mit der K+S Transport GmbH verfügt die K+S Gruppe über einen eigenen Logistik-Dienstleister. Die Produktpalette der Chemische Fabrik Kalk GmbH umfasst eine Auswahl von Basischemikalien sowie das diesbezügliche Handelsgeschäft.</p>
B.16	Beteiligung; Beherrschungsverhältnis	<p>Entfällt: die K+S AG wird ihrer Kenntnis nach nicht von einer anderen Gesellschaft beherrscht.</p> <p>Die K+S AG hat keine Kenntnis von einem Anteilseigner, der in Übereinstimmung mit §§ 21 ff. Wertpapierhandelsgesetz (<i>WpHG</i>) mitgeteilt hat, dass von ihm mindestens 5% oder mehr der Stimmrechte an der K+S AG unmittelbar gehalten oder ihm zugerechnet werden.</p>

B.17.	Kreditratings der Emittentin oder ihrer Schuldtitel	<p>Der K+S AG wurde von der Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland)⁽¹⁾⁽²⁾ das Langfrist-Rating BB+⁽³⁾ (negativer Ausblick) erteilt.⁽⁴⁾</p> <p>Für die Neuen Schuldverschreibungen wird ein Rating von BB+⁽⁵⁾ von S&P⁽¹⁾⁽²⁾ erwartet.⁽⁴⁾</p>
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Abschnitt C – Wertpapiere

Punkt	Beschreibung	Geforderte Angaben
C.1	Gattung und Art der Wertpapiere, einschließlich der Wertpapierkennnummer (WKN)	<p>Die Emittentin begibt unbesicherte und nicht nachrangige festverzinsliche Schuldverschreibungen (die „Neuen Schuldverschreibungen“). Die Neuen Schuldverschreibungen stellen eine Aufstockung der EUR 400.000.000 2,625% Schuldverschreibungen der Emittentin begeben am 6. April 2017 (die „Original Schuldverschreibungen“ und zusammen mit den Neuen Schuldverschreibungen, die „Schuldverschreibungen“) dar. Die Neuen Schuldverschreibungen haben, abgesehen von ihrem Ausgabepreis und ihrem Ausgabedatum, identische Bedingungen wie die Original Schuldverschreibungen und werden mit den Original Schuldverschreibungen zu einer Gesamtemission zusammengeführt.</p> <p>Die Wertpapierkennnummern der Neuen Schuldverschreibungen sind:</p>

⁽¹⁾ Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EG) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. Mai 2011 und durch Verordnung (EG) Nr. 462/2013 des Europäischen Parlaments und des Rates vom 21. Mai 2013 (die „**Ratingverordnung**“) registrierte Ratingagentur.

⁽²⁾ Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) ein Verzeichnis der nach der Ratingverordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingverordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

⁽³⁾ Nach Standard & Poor's weisen „Schuldner mit einem Rating von ‚BB‘ [...] einen hohen spekulativen Charakter auf. ‚BB‘ gibt den niedrigsten spekulativen Grad an [...]“ „Ein mit ‚BB‘ bewerteter Schuldner ist in kurzfristiger Hinsicht weniger anfällig als andere Schuldner mit einem niedrigen Rating. Allerdings ist er großen Unsicherheiten und negativen Geschäfts- sowie finanziellen oder wirtschaftlichen Bedingungen ausgesetzt, die zu einer unzureichenden Deckung der finanziellen Verpflichtungen des Schuldners führen können.“ „Die Bewertungen [...] können durch das Hinzufügen eines Plus- (+) oder eines Minuszeichens (-) ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien anzeigen.“

⁽⁴⁾ Ein Rating beurteilt die Bonität eines Unternehmens und informiert einen Anleger somit über die Wahrscheinlichkeit, mit der das Unternehmen zur Rückzahlung des investierten Kapitals in der Lage ist. Es ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann von der Ratingagentur jederzeit geändert oder widerrufen werden.

⁽⁵⁾ Nach Standard & Poor's weisen „Verbindlichkeiten mit einem Rating von ‚BB‘ [...] einen hohen spekulativen Charakter auf. ‚BB‘ gibt den niedrigsten spekulativen Grad an [...]“ „Eine mit ‚BB‘ bewertete Verbindlichkeit ist im Hinblick auf eine Nichtleistung weniger anfällig als andere spekulative Emissionen. Allerdings ist sie großen Unsicherheiten und negativen Geschäfts- sowie finanziellen oder wirtschaftlichen Bedingungen ausgesetzt, die zu einer unzureichenden Deckung der finanziellen Verpflichtungen unter den Verbindlichkeiten des Schuldners führen können.“ „Die Bewertungen [...] können durch das Hinzufügen eines Plus- (+) oder eines Minuszeichens (-) ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien anzeigen.“

		<p>ISIN: zunächst XS1616925068, dann XS1591416679 sobald die Neuen Schuldverschreibungen mit den Original Schuldverschreibungen zusammengefasst sind;</p> <p>Common Code: zunächst 161692506, dann 159141667 sobald die Neuen Schuldverschreibungen mit den Original Schuldverschreibungen zusammengefasst sind; und</p> <p>WKN: zunächst A2E4FC, dann A2E4U9 sobald die Neuen Schuldverschreibungen mit den Original Schuldverschreibungen zusammengefasst sind.</p>
C.2	Währung der Wertpapier-emission	Euro
C.5	Beschränkungen für die freie Übertragbarkeit	<p>Entfällt: Die Neuen Schuldverschreibungen sind frei übertragbar. Jedoch unterliegen das Angebot und der Verkauf von Neuen Schuldverschreibungen sowie die Verteilung von Angebotsmaterialien regulatorischen Beschränkungen, die abhängig von der jeweiligen Rechtsordnung, in der die Neuen Schuldverschreibungen angeboten oder verkauft werden oder die Angebotsmaterialien verteilt werden, variieren.</p>
C.8	Rechte, die mit den Schuldverschreibungen verbunden sind, Rangordnung, Beschränkung der Rechte	<p><i>Negativverpflichtung:</i> Die Anleihebedingungen der Neuen Schuldverschreibungen enthalten eine Negativverpflichtung.</p> <p><i>Steuern:</i> Alle in Bezug auf die Neuen Schuldverschreibungen zahlbaren Kapital- oder Zinsbeträge werden ohne Einbehalt oder Abzug für oder wegen Steuern oder Abgaben gleich welcher Art gezahlt, die von der Bundesrepublik Deutschland, oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde dieses Staates auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Fall wird die K+S AG zusätzliche Beträge in der Höhe leisten, die erforderlich sind, damit die den Gläubigern der Neuen Schuldverschreibungen zufließenden Beträge jeweils den Beträgen entsprechen, die die Gläubiger der Neuen Schuldverschreibungen ohne einen solchen Einbehalt oder Abzug erhalten hätten, vorbehaltlich der in den Anleihebedingungen der Neuen Schuldverschreibungen angeführten Ausnahmen.</p> <p><i>Vorzeitige Rückzahlung</i> Die Neuen Schuldverschreibungen können vor Ablauf ihrer festgelegten Laufzeit, aus steuerlichen Gründen, in der Dreimonatsperiode vor Ablauf der festgelegten Laufzeit der Neuen Schuldverschreibungen, aufgrund eines geringen ausstehenden Gesamtnennbetrages der Schuldverschreibungen, zum Make-Whole Betrag, aufgrund eines Kontrollwechsels oder bei Eintritt eines Kündigungsgrundes zurückgezahlt werden.</p>

		<p><i>Vorzeitige Rückzahlung aus steuerlichen Gründen:</i></p> <p>Die vorzeitige Rückzahlung der Neuen Schuldverschreibungen aus steuerlichen Gründen ist zulässig, falls als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze oder Vorschriften (einschließlich jeder Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze oder Vorschriften) der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden, die Emittentin zur Zahlung zusätzlicher Beträge auf die Neuen Schuldverschreibungen verpflichtet ist.</p> <p><i>Vorzeitige Rückzahlung nach Wahl der Emittentin zum Nennbetrag innerhalb der Dreimonatsperiode vor Ablauf der festgelegten Laufzeit der Neuen Schuldverschreibungen</i></p> <p>Die Neuen Schuldverschreibungen können nach Wahl der Emittentin innerhalb der Dreimonatsperiode vor Ablauf ihrer festgelegten Laufzeit zu ihrem Nennbetrag nebst etwaiger bis zum jeweiligen Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden.</p> <p><i>Vorzeitige Rückzahlung nach Wahl der Emittentin auf Grund eines geringen ausstehenden Gesamtnennbetrages der Schuldverschreibungen</i></p> <p>Die Neuen Schuldverschreibungen können von der Emittentin zu ihrem Nennbetrag nebst etwaiger bis zum betreffenden Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden, falls der Gesamtnennbetrag der ausstehenden Schuldverschreibungen 20% oder weniger des Gesamtnennbetrags der begebenen Schuldverschreibungen (dieser Betrag schließt den Gesamtnennbetrag der Neuen Schuldverschreibungen ein) beträgt.</p> <p><i>Vorzeitige Rückzahlung nach Wahl der Emittentin zum Make-Whole Betrag</i></p> <p>Die Neuen Schuldverschreibungen können nach Wahl der Emittentin zu einem Make-Whole Betrag vorzeitig zurückgezahlt werden.</p> <p><i>Kündigungsgründe:</i></p> <p>In den Anleihebedingungen sind Kündigungsgründe definiert, die die Gläubiger der Neuen Schuldverschreibungen berechtigen, die unverzügliche Rückzahlung der Neuen Schuldverschreibungen zu verlangen.</p> <p><i>Cross Default:</i></p> <p>Die Anleihebedingungen enthalten eine Cross-Default-Klausel die die Gläubiger der Neuen Schuldverschreibungen berechtigen, die unverzügliche Rückzahlung der Neuen Schuldverschreibungen zu verlangen.</p> <p><i>Kontrollwechsel:</i></p>
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		<p>Die Anleihebedingungen enthalten eine Kontrollwechsel-Klausel. Jeder Anleihegläubiger hat das Recht, die Rückzahlung seiner Neuen Schuldverschreibungen durch die Emittentin zum Nennbetrag zuzüglich aufgelaufener Zinsen zu verlangen, wenn ein Kontrollwechsel eingetreten ist.</p> <p><i>Status der Neuen Schuldverschreibungen:</i> Die Neuen Schuldverschreibungen sind unbesicherte, nicht nachrangige Verbindlichkeiten der K+S AG, die untereinander und mit den Original Schuldverschreibungen und mit allen anderen unbesicherten und nicht nachrangigen Verbindlichkeiten der K+S AG gleichrangig sind.</p> <p><i>Gläubigerbeschlüsse:</i> Die Neuen Schuldverschreibungen enthalten Bestimmungen nach denen die Anleihegläubiger einer Änderung der Anleihebedingungen in Übereinstimmung mit dem Schuldverschreibungsgesetz 2009 zustimmen und gewisse sonstige Maßnahmen in Bezug auf die Schuldverschreibungen treffen können.</p>
C.9	Zinssatz und Fälligkeitstermine, Rendite, Name des Gläubigervertreters	<p>Siehe C.8</p> <p><i>Zinssatz und Zinszahlungstage:</i> Die Neuen Schuldverschreibungen werden vom 6. April 2017 (einschließlich) bis zum 6. April 2023 (ausschließlich), mit einem jährlichen Zinssatz von 2,625 % verzinst. Die Zinsen sind nachträglich am 6. April eines jeden Jahres, erstmals am 6. April 2018 zahlbar.</p> <p><i>Basiswert auf dem der Zinssatz basiert:</i> Entfällt. Der Zinssatz basiert auf keinem Basiswert.</p> <p><i>Fälligkeitstag Tilgung einschließlich Rückzahlungsverfahren:</i> Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder zurückgekauft und entwertet, werden die Neuen Schuldverschreibungen zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen am 6. April 2023 zurückgezahlt.</p> <p><i>Rendite:</i> Die Rendite der Neuen Schuldverschreibungen ist [●].</p> <p><i>Name des Gläubigervertreters:</i> Entfällt. Ein Gläubigervertreter wird nicht bestellt. Die Anleihebedingungen sehen vor, dass die Anleihegläubiger durch Mehrheitsbeschluss Änderungen der Anleihebedingungen der Neuen Schuldverschreibungen zustimmen und zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger der Schuldverschreibungen bestellen können.</p>
C.10	Erläuterung wie der Wert der Anlage	<p>Siehe C.9</p> <p>Entfällt. Die Neuen Schuldverschreibungen haben keine derivative</p>

	beeinflusst wird, falls die Schuldverschreibungen eine derivative Komponente bei der Zinszahlung aufweisen	Komponente bei der Zinszahlung, die den Wert der Neuen Schuldverschreibungen durch den Wert eines Basisinstruments oder verschiedener Basisinstrumente beeinflussen könnte.
C.11	Einführung in einen regulierten Markt oder einem gleichwertigen Markt	Die Zulassung der Neuen Schuldverschreibungen zum Handel am regulierten Markt der Luxemburger Wertpapierbörse als Teil der Schuldverschreibungen wurde beantragt. Die Original Schuldverschreibungen wurden bereits am 6. April 2017 zum Handel am regulierten Markt der Luxemburger Wertpapierbörse zugelassen.

Abschnitt D – Risiken

Punkt	Beschreibung	Geforderte Angaben
D.2	Zentrale Angaben zu den zentralen Risiken, die der Emittentin oder ihrer Branche eigen sind	<p>Es folgt eine Zusammenfassung der Risikofaktoren, die sich auf die Fähigkeit der K+S AG und der K+S Gruppe auswirken können, ihren Verpflichtungen unter den Neuen Schuldverschreibungen nachzukommen.</p> <ul style="list-style-type: none"> • Die K+S Gruppe unterliegt Makroökonomischen Trends. • Die K+S Gruppe unterliegt generellen Schwankungen des Nachfrage-, Angebots- und Preisniveaus. • Die K+S Gruppe unterliegt saisonalen Schwankungen des Nachfrage- und Preisniveaus. • Die K+S Gruppe unterliegt dem Risiko, dass neue Anbieter in den Kali-Markt eintreten. • Die K+S Gruppe ist Risiken ausgesetzt, die aus Investitionen resultieren, insbesondere aus dem Legacy Projekt von K+S Potash Canada. • Die K+S Gruppe hängt von der ausreichenden Beschaffung spezieller Materialien, Betriebsstoffe, Waren und technischer Ausrüstung ab. • Die K+S Gruppe sieht sich Risiken durch Veränderungen im politischen, sozialen oder ökonomischen Umfeld ausgesetzt. • Die K+S Gruppe ist in hohem Maße von öffentlichen Genehmigungen abhängig und unterliegt einer Vielzahl von umweltrechtlichen Gesetzen und Verordnungen. • Die K+S Gruppe könnte für Umweltschäden haftbar

		<p>gemacht werden.</p> <ul style="list-style-type: none"> • Die K+S Gruppe unterliegt Risiken bezüglich weiterer zukünftiger Festsetzung von Arbeitsplatzgrenzwerten. • Die K+S Gruppe unterliegt den Risiken aus der Verpflichtung Sicherheiten zu stellen. • Steigende Frachtkosten können Auswirkungen auf das Betriebsergebnis der K+S Gruppe haben. • Schwankungen in Währungskursen könnten einen erheblichen nachteiligen Effekt auf die Finanzlage und die Ergebnisse der K+S Gruppe haben. • Zinsschwankungen könnten einen nachteiligen Effekt auf die Finanzlage und die Ergebnisse der K+S Gruppe haben. • Die Rückstellungen der K+S Gruppe für bergbauliche Verpflichtungen könnten sich als zu niedrig erweisen oder sich substantiell erhöhen und die dafür in ihren Büchern gebildeten Rückstellungen überschreiten. • Die Pensionsverpflichtungen der K+S Gruppe könnten sich substantiell erhöhen und können die dafür in ihren Büchern gebildeten Rückstellungen überschreiten. • Die K+S Gruppe ist abhängig von Energiekosten und Energieversorgung. • Kohlendioxid-Einschlüsse in bestimmten Lagerstätten könnten zu Verletzungen oder Eigentumsbeschädigungen führen. • Die Bergbauanlagen der K+S Gruppe sind betriebsbedingten Risiken und Unfallrisiken ausgesetzt. • Die K+S Gruppe sieht sich kartellrechtlichen Risiken gegenüber. • Die K+S Gruppe könnte unter Wettbewerbern leiden, die von staatlichen finanziellen Hilfen profitieren. • Die K+S Gruppe ist personellen Risiken ausgesetzt. • Die K+S Gruppe könnte Risiken im Zusammenhang mit vergangenen oder zukünftigen Unternehmensübernahmen falsch eingeschätzt haben oder zukünftig falsch einschätzen und daher die mit der Übernahme verfolgten Ziele nicht erreichen. • Die Integration von in der Vergangenheit erworbenen oder in der Zukunft zu erwerbenden Unternehmen in die K+S Gruppe könnte sich als schwieriger, langwieriger oder kostspieliger als erwartet herausstellen oder sogar fehlschlagen.
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		<ul style="list-style-type: none"> • Schätzungen von Mineralienreserven basieren auf unsicheren Annahmen, die, falls sie sich ändern, dazu führen, dass die Mineralienreserven angepasst werden müssen. • Die K+S Gruppe könnte nicht in der Lage sein, das eigene Wachstum wirksam zu bewältigen oder die erforderlichen Mittel zu entwickeln oder bereitzustellen um das Wachstum zu steuern oder zu unterstützen. • Die K+S Gruppe könnte Ausfälle des Rechenzentrums oder andere Systemfehlfunktionen erleiden. • Die K+S Gruppe könnte Liquiditätsrisiken ausgesetzt sein. • Der Verschuldungsgrad und der Schuldendienst der K+S Gruppe könnten einen erheblich negativen Effekt auf ihr Geschäft haben. • Die K+S Gruppe ist dem Risiko des Zahlungsausfalls ihrer Vertragsparteien ausgesetzt. • Die Konzernbilanz der K+S Gruppe weist immaterielle Vermögenswerte aus, die Wertminderungen unterliegen könnten. • Änderungen von Rechnungslegungsgrundsätzen könnten erhebliche nachteilige Auswirkungen auf die Vermögens-, Finanz- und Ertragslage der K+S Gruppe haben. • Die K+S Gruppe ist dem Risiko steigender Steuerlast als Ergebnis laufender oder zukünftiger Steuerprüfungen oder potentieller Veränderungen im anwendbaren Steuerrecht ausgesetzt. • Die K+S Gruppe ist Compliance Risiken ausgesetzt. • Eine Rating-Herabstufung könnte einen nachteiligen Effekt auf die Finanzlage und die Ergebnisse der K+S Gruppe haben. • Die K+S Gruppe ist Risiken aus Gerichts- und Schiedsverfahren ausgesetzt. • Die Emittentin ist überwiegend eine Holdinggesellschaft und ihre Fähigkeit zur Erfüllung ihrer Zahlungsverpflichtungen hängt davon ab, dass sie Mittel von ihren Tochtergesellschaften und Beteiligungen erhält. <p>Der Eintritt eines jeden der vorgenannten Risiken kann die Fähigkeit der Emittentin beeinträchtigen, ihren aus den Neuen Schuldverschreibungen resultierenden Zahlungsverpflichtungen nachzukommen und/oder zu einem Wertverlust der Neuen Schuldverschreibungen führen.</p>
D.3	Zentrale	Eine Anlage in die Neuen Schuldverschreibungen ist mit bestimmten

	<p>Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind</p>	<p>Risiken im Zusammenhang mit den Merkmalen der Neuen Schuldverschreibungen verbunden. Diese Risiken könnten zu erheblichen Verlusten führen, welche die Gläubiger zu tragen hätten, wenn sie ihre Neuen Schuldverschreibungen verkaufen oder wenn Verluste im Zusammenhang mit der Zahlung von Zinsen oder der Rückzahlung entstehen. Zu diesen Risiken gehören:</p> <ul style="list-style-type: none"> • Die Neuen Schuldverschreibungen sind möglicherweise nicht für alle Anleger geeignet. • Für die Neuen Schuldverschreibungen existiert kein etablierter Handelsmarkt und möglicherweise entwickelt sich kein aktiver Handelsmarkt für die Schuldverschreibungen. • Die Neuen Schuldverschreibungen sind gegenüber den Verbindlichkeiten der Tochtergesellschaften der Emittentin strukturell nachrangig. • Die Neuen Schuldverschreibungen gehen effektiv den besicherten Verbindlichkeiten der Emittentin nach, soweit diese Verbindlichkeiten mit Vermögenswerten oder Garantien von Tochtergesellschaften der Emittentin besichert sind, die nicht ebenfalls die Neuen Schuldverschreibungen besichern. • Es besteht keine Beschränkung in der Höhe der Verbindlichkeiten, welche die Emittentin zukünftig aufnehmen darf. • Die Neuen Schuldverschreibungen können vorzeitig zurückgezahlt werden. • Auch wenn die Gläubiger nach Eintritt bestimmter Kontrollwechsel-Ereignisse berechtigt sind, die Rückzahlung oder den Rückkauf der Neuen Schuldverschreibungen zu verlangen, könnte die Emittentin nicht in der Lage sein, die betreffenden Neuen Schuldverschreibungen zurückzuzahlen bzw. zurückzukaufen. • Die Anleihebedingungen der Neuen Schuldverschreibungen, einschließlich der Bestimmungen für die Zahlung von Kapital und Zinsen, können durch einen Beschluss der Gläubiger geändert werden, und ein solcher Beschluss ist für alle Gläubiger der Schuldverschreibungen verbindlich. Ein solcher Beschluss kann effektiv mit Zustimmung von weniger als der Mehrheit des Gesamtnennbetrages der ausstehenden Schuldverschreibungen gefasst werden. • Da ab dem Begebungstag der Neuen Schuldverschreibungen kein gemeinsamer Vertreter der Gläubiger bestellt wird, ist es für die Gläubiger schwieriger, gemeinsam Maßnahmen in Bezug auf die
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		<p>Schuldverschreibungen zu treffen.</p> <ul style="list-style-type: none"> • Einem Gläubiger könnte kein individuelles Recht zur Verfolgung und Geltendmachung seiner Rechte aus den Anleihebedingungen mehr zustehen, wenn dieses Recht auf den gemeinsamen Vertreter der Gläubiger übertragen wurde. • Bei Eintritt bestimmter Kündigungsgründe werden die Neuen Schuldverschreibungen erst zurückgezahlt, wenn die Gläubiger von mindestens 10 % des Gesamtnennbetrages der zum jeweiligen Zeitpunkt ausstehenden Schuldverschreibungen diese Schuldverschreibungen kündigen. Eine solche Kündigung könnte durch Mehrheitsbeschluss der Gläubiger der Schuldverschreibungen aufgehoben werden. • Der Marktwert der Neuen Schuldverschreibungen könne abnehmen, wenn sich die Bonität der Emittentin verschlechtert oder als verschlechtert wahrgenommen wird. • Kredit-Ratings reflektieren unter Umständen nicht alle Risiken und können sich verändern. • Die Neuen Schuldverschreibungen sind mit spezifischen Risiken, die für festverzinsliche Schuldverschreibungen typisch sind, verbunden. • Der Markt für die Neuen Schuldverschreibungen kann volatil sein und durch verschiedene Ereignisse negativ beeinflusst werden. • Es kann nicht garantiert werden, welche Auswirkungen mögliche Gerichtsentscheidungen oder Änderungen von Rechtsvorschriften oder der Verwaltungspraxis nach dem Datum dieses Prospekts haben werden. • Die Neuen Schuldverschreibungen sind Wechselkursrisiken und Wechselkurskontrollen ausgesetzt. • Investoren sind Steuerrisiken ausgesetzt. • Die Neuen Schuldverschreibungen sind Inflationsrisiken ausgesetzt. • Die Neuen Schuldverschreibungen unterliegen Transaktionskosten und Gebühren. • Da die Globalurkunden von oder für Euroclear und Clearstream, Luxemburg, gehalten werden, müssen sich die Gläubiger auf deren Verfahren zur Übertragung, Zahlung und Kommunikation mit der Emittentin verlassen. <p>Der Eintritt eines jeden der vorgenannten Risiken kann zu einem Wertverlust der Neuen Schuldverschreibungen führen.</p>
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Abschnitt E – Angebot

Punkt	Beschreibung	Geforderte Angaben
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegen	Die Emittentin beabsichtigt, den Nettoemissionserlös aus der Begebung der Neuen Schuldverschreibungen zur Refinanzierung bestehender Verbindlichkeiten und für allgemeine Geschäftszwecke zu verwenden.
E.3	Beschreibung der Angebotskonditionen	<p><i>Angebot der Neuen Schuldverschreibungen:</i></p> <p>Die Neuen Schuldverschreibungen werden institutionellen Anlegern und Privatanlegern von den Gemeinsamen Konsortialführern innerhalb einer Angebotsfrist, die nicht vor dem 17. Mai 2017 beginnt und bis zum 24. Mai 2017 (einschließlich) dauern wird (vorbehaltlich einer zwischen der Emittentin und den Gemeinsamen Konsortialführern vereinbarten Verkürzung oder Verlängerung), unter Beachtung der für öffentliche Angebote geltenden Beschränkungen angeboten.</p> <p>Sollten die Emittentin und die Gemeinsamen Konsortialführer die Angebotsfrist (z.B. aufgrund veränderter Marktbedingungen) verkürzen oder verlängern, so werden die betreffenden Änderungen auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) veröffentlicht oder, falls anwendbar, wird gemäß Art. 13 des Luxemburger Prospektgesetzes ein Nachtrag zum Prospekt erstellt und veröffentlicht.</p> <p>Die Neuen Schuldverschreibungen können nach Wirksamwerden der Notifizierung des Prospekts durch die CSSF gemäß Artikel 18 der Prospektrichtlinie in Deutschland, Luxemburg, Österreich und den Niederlanden öffentlich angeboten werden.</p> <p><i>Preisfestsetzungsmittelung:</i></p> <p>Der endgültige Ausgabepreis, der Gesamtnennbetrag der zu begebenden Neuen Schuldverschreibungen, der Emissionserlös und die Rendite der Neuen Schuldverschreibungen werden in einer Preisfestsetzungsmittelung (<i>Pricing Notice</i>) enthalten sein, die bei der CSSF hinterlegt und am oder vor dem Ausgabetag der Neuen Schuldverschreibungen auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) veröffentlicht wird.</p>

		<p><i>Bedingungen für das Angebot:</i> Das Angebot unterliegt keinen Bedingungen.</p> <p><i>Technische Einzelheiten des Angebots:</i> Innerhalb der Angebotsfrist können Anleger Angebote zum Kauf der Neuen Schuldverschreibungen an die Gemeinsamen Konsortialführer und über das Informationssystem Bloomberg oder ein anderes üblicherweise verwendetes Informationssystem übermitteln. Anleger, die vor der Festsetzung der Preisdetails ein Angebot abgeben, müssen darin angeben, zu welchem Preis sie zum Kauf welchen Betrages an Neuen Schuldverschreibungen bereit wären. Nach der Festsetzung und Bekanntmachung der Preisdetails werden die Gemeinsamen Konsortialführer die Neuen Schuldverschreibungen auf Anfrage in Deutschland, Luxemburg, Österreich und den Niederlanden anbieten.</p> <p><i>Bestätigung der von Anlegern abgegebenen Angebote und Zuteilung an Anleger:</i> Jeder Anleger, der ein Angebot bezüglich der Neuen Schuldverschreibungen abgegeben hat, das von den Gemeinsamen Konsortialführern angenommen wurde, erhält per E-Mail, Fax oder über ein anderes üblicherweise verwendetes Informationssystem eine Bestätigung über den Betrag der Neuen Schuldverschreibungen, der ihm zugeteilt wurde. Jeder Anleger ist berechtigt, sein Kaufangebot zu reduzieren oder zu widerrufen, bevor er eine Bestätigung der Gemeinsamen Konsortialführer über die Annahme seines Angebots zum Kauf der Neuen Schuldverschreibungen erhält.</p> <p><i>Lieferung der Neuen Schuldverschreibungen an die Anleger:</i> Nach der Festsetzung der Preisdetails und der Bestätigung, welche Angebote angenommen wurden und welche Beträge den einzelnen Anlegern zugeteilt wurden, erfolgt die Lieferung und Zahlung der Neuen Schuldverschreibungen innerhalb von fünf Werktagen nach dem Tag der Preisfestsetzung der Neuen Schuldverschreibungen und der Bestätigung der Zuteilung an die Anleger. Die in dieser Weise gekauften Neuen Schuldverschreibungen werden durch buchmäßige Übertragung über die Clearingsysteme und ihre depotführenden Banken gegen Zahlung des Ausgabepreises geliefert.</p>
E.4	Beschreibung aller für die Emission/ das Angebot wesentlichen, auch kollidierenden Interessen	<p>Die Gemeinsamen Konsortialführer sind Darlehensgeber unter der syndizierten Kreditfazilität der K+S Gruppe und, darüber hinaus, haben die Gemeinsamen Konsortialführer sowie mit ihnen verbundene Unternehmen bisher Investment-Dienstleistungen gegenüber der Emittentin und den mit ihr verbundenen Unternehmen erbracht und beabsichtigen dies auch in Zukunft zu tun, wofür die Gemeinsamen Konsortialführer sowie mit ihnen verbundene Unternehmen marktübliche Gebühren und Kommissionen erhalten haben und erhalten werden.</p>

		Außer den Interessen der Emittentin und der Gemeinsamen Konsortialführer an der Begebung, bestehen keinerlei Interessen von natürlichen oder juristischen Personen an der Begebung, auch nicht solche Interessen, die im Widerspruch stehen und wesentlich für die Begebung sein würden.
E.7	Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden	Entfällt: Die Emittentin wird den Anleihegläubigern in Verbindung mit den Neuen Schuldverschreibungen keine Kosten, Ausgaben oder Steuern direkt in Rechnung stellen. Anleihegläubiger müssen sich aber über etwaige Kosten, Ausgaben oder Steuern in Verbindung mit den Neuen Schuldverschreibungen informieren, die generell in ihrem jeweiligen Herkunftsstaat anfallen, einschließlich etwaiger Gebühren, die ihre eigenen Depotbanken für den Erwerb oder das Halten von Wertpapieren berechnen.

RISK FACTORS

*Before deciding to purchase the New Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The occurrence of one or more of the risks described below, alone or in combination with other circumstances, may have a material adverse effect on the business, cash flows, results of operations and financial condition of the Issuer and K+S Group. Moreover, if any of these risks materialize, the market value of the New Notes and the likelihood that the Issuer will be in a position to fulfil its respective payment obligations under the New Notes may decrease, in which case the holders of the New Notes (the “**Noteholders**”) could lose all or part of their investments. Investors should note that the risks discussed below may not prove to be comprehensive and, therefore, may not be the only risks to which the Issuer and K+S Group are exposed. Additional risks and uncertainties, which are not currently known to the Issuer, or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer or K+S Group and have a material adverse effect on its business, cash flows, results of operations and financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the business, cash flows, results of the operations and financial conditions of K+S Group.*

Words and expressions defined in the section “Terms and Conditions” shall have the same meanings in this section of the Prospectus.

Risk Factors relating to K+S AG as Issuer and K+S Group

K+S Group is subject to effects of macroeconomic trends.

The demand for K+S Group's potash and magnesium products is considerably influenced by general economic growth as well as economic trends and the associated living standards in relevant markets. A lack of prosperity results in changes in eating habits, which are particularly reflected in a decrease of consumption of meat. As the production of meat requires many times more cereals, soy beans and other products used as animal feed, this results in a decreasing need for agricultural raw materials, which in turn lowers the demand for fertilizers.

Although there has been some improvement in the global economy and financial markets since the market deterioration of the global economy and tightening of the financial markets in 2008 and 2009, the overall global economic outlook remains uncertain and current economic conditions could lead to prices for agricultural products falling to a level that triggers uncertainty among farmers and could adversely affect their future income situation and thus negatively impact their demand in relation to fertilizers. Any of these situations may have an adverse impact on the assets, financial and earnings position of the K+S Group.

K+S Group is subject to general fluctuations in demand, supply and price levels.

Primarily the products of the Potash and Magnesium business unit face significant fluctuations in demand and price, as, for example, have been witnessed due to Russian Uralkali's announcement to exit the Belarusian Potash Company (“**BPC**”) sales organisation operated jointly with the Belarusian Belaruskali and to expand output as a consequence of which prices dropped considerably since July 2013. This has led to significant uncertainty about the future development of volumes and prices also in 2016. Since the beginning of

2017, customer's trust in market stability has grown which has led to a more balanced supply and demand ratio resulting in slightly increasing prices.

Moreover, the demand for K+S Group's products may be adversely affected due to other external factors beyond K+S Group's control. These include, for example, global natural disasters or regional swings in the economic cycle, decreasing global prices of important agricultural products, the market entry of new suppliers, a concentration on the demand side as well as deliberate buying restraint on the part of K+S Group's customers. On the supply side existing potash producers, some of whom may have more resources than K+S Group, expand production capacities due to high levels of utilisation and their estimates of growth in demand. Both, fluctuations in demand and an expansion of supply may affect the formation of prices. Further declines of potash prices cannot be ruled out.

These adverse effects particularly relate to the Group's potash and magnesium business and may have a material adverse impact on the assets, financial and earnings position of the K+S Group.

K+S Group is subject to seasonal fluctuations in demand and price levels.

K+S Group is subject to a significant sales volume risk for potash and magnesium products as well as salt that results in particular from the seasonality of demand, especially due to their dependence on weather conditions. Prolonged cold and wet weather conditions during the spring season, which is particularly relevant in Europe, can result in shifts or even declines in sales volumes of fertilizers. Likewise, mild winters in the main sales regions, Europe and North America, may considerably reduce the sales volumes of de-icing salt.

Furthermore, the building-up and destocking of inventories by K+S Group's customers, depending on their expectations regarding future demand and price trends, the weather or their liquidity management, result in fluctuations in demand. This can lead to an underutilisation of production capacity and thus to rising unit costs. As a result of this, during the main fertilizer season, K+S Group might be faced with such high volume requirements that on the one hand the stocks in its depots might not be sufficient or, on the other hand, it might not be able to be fully covered due to logistical bottlenecks. The same applies to salt if towns and cities, communities and road maintenance depots – also in view of the public budgets – build up insufficient de-icing salt inventories in the low season.

These seasonal effects may have an adverse impact on the assets, financial and earnings position of the K+S Group.

K+S Group is subject to the risk of new competitors entering the potash market.

An entry of new competitors or the formation of larger competitors, as the announced merger of Potash Corp. and Agrium, which will create the world's largest crop-nutrient supplier, in the international potash market could result in a further tangible shift in the structure of the sector, as already effected by Uralkali's exit of the BPC sales organisation operated jointly with Belarusian Belaruskali in July 2013. A further aggressive expansion of new potash capacities by one or more producers could result in a further increase of competitive pressure and lead to further declining margins. This may have an adverse impact on the assets, financial and earnings position of K+S Group.

K+S Group is exposed to risks arising from capital expenditures, in particular from the Legacy Project of K+S Potash Canada.

K+S Potash Canada and K+S Canada Holdings hold several potash exploration licences in the Canadian province of Saskatchewan, including an already advanced greenfield project for the construction of a solution mine near Bethune, Saskatchewan (the “**Legacy Project**”), which opened in the beginning of May 2017. The first two expansion phases of the project are expected to result in a production capacity of 2.86 million tonnes of potassium chloride at a planned volume of capital expenditure of around CAD 4.1 billion. K+S Group expects to be able to expand the project in the long term to a production capacity of up to 4 million tonnes of potassium chloride per year. It is expected that the first tonne of potash will be available by the end of June 2017. There was a construction phase of several years between the acquisition decision, the construction period and the start of production. All assumptions and estimates made at the start of construction and any other investment projects are subject to potential business, economic, political and social uncertainties over time, in particular to a stable and sufficient potash price level.

If expectations and estimates, in particular regarding the design capacity and expected production costs (including royalties), are not met, or if further delays, for example due to damages of existing technical devices, such as the damage to a process vessel in 2016 and the necessary corrective measures, or legal disputes with external suppliers and service providers occur, this could result in increased capital expenditures in the Legacy Project and the need to finance the capital expenditures predominantly by debt. In addition, K+S Group might need to recognise impairment charges in relation to the (acquired) assets and on capital expenditures made and the expected production volume could only be available at a later point in time, which would also be the case if required permissions would not be granted in time. Any of these circumstances would have a material adverse effect on the assets, financial and earnings position of K+S Group.

K+S Group depends on sufficient supply from special materials and supplies, commodities and technical equipment.

The number of suppliers for raw materials and consumables such as explosives, low-sulphur diesel fuel as well as the necessary technical equipment including spare parts is limited. It cannot be ruled out that the required raw material will be short in supply or not available to K+S Group at all due to insolvency or other reasons with respect to the suppliers or because such raw materials can no longer be produced profitably, e.g. because of the implementation or tightening of environmental regulations. Any supply shortfalls or bottlenecks, non-delivery or delivery boycotts could result in the limited availability of raw materials, consumables and supplies as well as of technical equipment and spare parts specific to mining, and thus to a considerable increase in costs or to adverse effects in production. This also applies to the procurement of logistics services. Moreover, a local energy shortage at one of the important facilities of the Group might result in damages to the facilities’ production capacity.

In any of these events, K+S Group’s assets, financial and earnings position could be adversely affected.

K+S Group faces risks from changes in the political, social or economic environment.

Far-reaching changes in the political, social and economic environment can never be ruled out in producing and buying countries. K+S Group operates in a large number of countries. In some of the countries in which K+S Groups' products are manufactured or to which they are exported, the general economic, political and legal environment is less stable than in Western Europe or North America. K+S Group is therefore exposed to a number of factors, over which the Group has little to no control and which may adversely affect K+S Group's business activities. These factors include, but are not limited to, the following:

- political, social, economic, financial or market-related instability or volatility;
- foreign currency control regulations and other regulations or the negative impacts related to exchange rates and foreign currencies; and
- trade restrictions.

Each of the factors named above may have a negative impact on the business activities and the growth prospects of K+S Group in the relevant countries in which it operates and therefore adversely affect the assets, financial and earnings position of the K+S Group.

K+S Group highly depends on public permissions and is subject to numerous environmental laws and regulations.

The production in most of K+S Group's business units is potentially harmful to the environment. In most of the Group's business units a large number of public permissions is required to operate the business. These include permissions under mining and water resource laws for underground disposal or discharge of production wastewater, permissions for storing solid waste as tailings, and licenses under contamination prevention, waste management and other environmental laws. K+S Group may be unable to obtain new permissions or extend or renew existing permissions. In addition, existing permissions may be restricted or even cancelled, for example, as a result of changes in the regulatory or political framework, due to violations of laws, regulations or official requirements by K+S Group, contestation in court or other events. In particular, public and political debates regarding stricter environmental regulations for the production and waste management processes the Group employs could result in the loss or restriction of operating licenses and public permissions, or could adversely impact the decision to issue new licenses or permissions. It is also possible that existing or new permissions will only be granted with financially disadvantageous conditions. The importance of "legislative approval frameworks" will further increase in the future. Public and political debate about the existing or prospective even higher requirements for environmental friendliness of the production processes for the production of potash and magnesium products may therefore impact the issuance of licences, approvals and permissions.

In the Potash and Magnesium Products business unit, among others, liquid residues (saline waste water) arise from both current production and through rainfall on the tailing piles. On the basis of existing permissions, some of the saline waste water is discharged into rivers, while others are injected into underground layers of rock (plate dolomite). Establishing a significant reduction in the injection possibilities anticipated up to now, or the premature complete utilisation of approved injection areas, as well as finding that injection might have an impact on drinking water or usable ground water resources, could make an unchanged extension of existing injection permissions appear unlikely and could entail a partial or even

entire withdrawal of injection approvals for the disposal of liquid residues. The newly granted injection permission for the Werra mine and production sites (*Verbundwerk Werra*) was granted for up to 1.5 million cubic metres per year, thus ongoing periods of low water levels for the Werra river could lead to a reduction in or the discontinuation of production of the affected locations of the Werra mine and production sites as it has already been the case in the beginning of 2017. Furthermore, currently approved thresholds for the discharge of the saline waste water into surface waters could be lowered for future discharge permissions. Extensions of existing injection and discharge permissions or their renewed granting may be accompanied by requirements leading to material additional costs for a pre-treatment of production waste or to considerable decreases in production at the sites affected.

The injection permission for the Werra mine and production sites (*Verbundwerk Werra*) which is granted until 31 December 2021 is contested in court. The local municipality of Gerstungen and the “Bund für Umwelt und Naturschutz Deutschland e.V. (BUND) – Friends of the Earth Germany” have filed claims against the new injection permission at the Administrative Court of Kassel (*VG Kassel*). These claims are still pending. Although K+S Group is not aware of any other claims filed against the permission, other claimants are not excluded from taking legal action against it and the “Verband für Angeln und Naturschutz Thüringen e.V. (VANT)” has already announced that it will contest the permission in court. In addition, a new discharging permission for the Werra mine and production sites was granted until 2020. That new permission has also been challenged in court by the municipality of Gerstungen as well as the municipalities of Witzenhausen and Herleshausen and the “Fischereigenossenschaft Untere Werra”.

The Neuhoof mine has been granted a new discharging permission until 2020 together with a permission for pipeline transportation of the saline waste water from Neuhoof to the Werra river. Both permissions have been challenged before the Administrative Court of Kassel (*VG Kassel*) by the local municipalities of Gerstungen, Herleshausen and Witzenhausen as well as the “Verband für Angeln und Naturschutz e.V.”. The Federal Republic of Germany and the State of North Rhine-Westphalia also challenged both permissions but the court dismissed the charges. Both claimants moved to admit appeal proceedings, a decision is still pending. The discharging permission has further been challenged by the “Verband Hessischer Fischer e.V.” before the Administrative Court of Kassel (*VG Kassel*). All these proceedings are still pending.

At the exploitation sites of the Potash and Magnesium business unit, solid residue is currently heaped up within the framework of existing approvals. If approvals for residues heaped up are revoked or necessary projects for the expansion of tailing piles are not approved, or only approved subject to unreasonably high requirements, there is no possibility for this residue to be disposed of which could, *inter alia*, lead to a temporary reduction of production. This could negatively affect the production capacity of K+S Group.

There can be no assurance that the Group's public permissions and approvals will be upheld, also in case these permissions are or will be contested in court, extended or newly granted. It cannot be ruled out that further investments in these sites might become necessary as a result of regulatory requirements. As a consequence, production costs might continue to rise. Even the closure of affected production sites due to a sustainable inefficiency might be required, thus negatively impacting the production capacity of K+S Group.

Any withdrawal, reversal or limitation of existing public permissions or any denial of granting new public permissions could therefore adversely impact the net assets, financial condition and results of operations of the K+S Group.

In the Salt business unit, there have been no special environmental protection requirements regarding the outdoor storage of de-icing salt in North America in the past. However, more and more individual states and local authorities are now moving towards defining corresponding mandatory standards. As a result of stricter local requirements, comprehensive measures may be required, including indoor storage for K+S Group's owned and leased stockpile locations, which would result in an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

Moreover, for the underground disposal of mining waste, K+S Group has to comply with the Closed Cycle and Waste Management Law (*KrWG*) and the German Federal General Mining Ordinance (*ABBERgV*). Interpretation and application of the existing regulations currently vary from one federal state within the Federal Republic of Germany to another. A more strict interpretation and application, as the case may be, of these regulations would result in increasing costs for the underground disposal of mining waste, since it may only be possible to store wastes with mineral properties in the underground. This would increase disposal costs as well as costs required to close down mining sites, which, in either case, would adversely impact the net assets, financial condition and results of operations of the K+S Group.

K+S Group could be held liable for environmental damages.

In K+S Group's operations inadvertent environmental damages might occur. Any such damages could not only result in fines or other public law sanctions, including the loss or restriction of operating permissions, but also in costs for removal, restoration and disposal actions as well as further liability risks. For example, in 2016, an increase in heavy metals concentration was identified in the ground and surface water in the surrounding area of the Hattorf tailings piles. These heavy metals are delivered to the surface by springs in Thuringia within a limited local area. Even though, in terms of composition and concentration, these heavy metals cannot be classified as pile material and the K+S Group assumes that naturally occurring heavy metals in the layers of loam and clay within in the soil beneath the Hattorf tailings pile are dissolved by saline leachate in conjunction with a low pH value of the soil, K+S Group is currently investigating the situation at other sites and whether the circumstances are likely to influence the granting of future permissions for the disposal of solid production residues. In addition, environmental regulations could be tightened, which could lead to further costs or have other negative effects on K+S Group's operations. Some of these risks are either not insurable or only insurable on economically unreasonable terms or only partially insurable. Furthermore, K+S Group's reputation or that of individual subsidiaries may be damaged in such cases. Therefore, any such event could have material adverse effects on our cash flows, financial condition and results of operations.

K+S Group is subject to risks from further future occupational exposure limits.

As K+S Group operates in a business area with diesel engines and explosives, releasing nitrogen monoxide, nitrogen dioxide or carbon monoxide, occupational exposure limits play an important role for the Group's production. Initiatives on setting indicative workplace limits for nitrogen monoxide (NO), nitrogen dioxide (NO₂) and carbon monoxide (CO) or any other substantial change in legislation regarding workplace exposure limits in the countries where

the Group operates, as, for example, redefining the future applicable occupational exposure limit value for nitrogen monoxide (NO) and nitrogen dioxide (NO₂) by the Committee on Hazardous Substances at the German Federal Ministry of Labor and Social Affairs in May 2016, could pose risks to K+S Group's mining activities, if these do not sufficiently account for the underground production situation. If thresholds were further lowered significantly, substantial capital expenditure, in addition to capital expenditure already arising out of the redefined occupational exposure limits, could become necessary for the Group to comply with such thresholds. Should the workplace limits become so stringent that production at the sites concerned in compliance with these limits were no longer possible at justifiable expense or overall technically, this might even compel K+S Group to close these sites in the long term. Both cases result in an adverse effect on the net assets, financial condition and results of operations of K+S Group.

K+S Group is subject to risks from the requirement for collateral security.

The requirement for insolvency-proof securities for the "infinity costs" of maintaining tailing piles and for K+S Group's own landfill sites cannot be ruled out for the future. Currently, the necessary expenditure for the systematic maintenance of tailing piles is being provided for in the balance sheet via provisions and by letters of comfort (*Patronatserklärungen*) or group guarantees (*Konzernbürgschaften*). If, in addition to the creation of provisions and granting letters of comfort or group guarantees, collateral securities would have to be deposited, funds would be tied up. This could have an adverse effect on the net assets, financial condition and results of operations of K+S Group.

Increasing freight costs might have an impact on K+S Group's results of operations.

As significant amounts of the Group's sales are generated abroad while the products of the Potash and Magnesium Products business unit are extracted from mines in Germany, the transportation of products over long distances is typical for the business operated by K+S Group. Part of K+S Group's products have to be transported to customers in high volumes. A reduced availability of freight capacity (high global cargo volume) or fluctuations in offer and demand of freight capacity in overseas transportation as well as rising mineral oil prices could result in higher costs for transportation. There can be no assurance that increasing transportation costs can always be passed on to K+S Group's customers. Any increase in freight costs could therefore adversely affect K+S Group's financial and earnings position.

Moreover, the high level of transport intensity of K+S Group's business operations makes it considerably dependent on the respective infrastructure facilities such as ports, roads, railway lines and loading stations. A failure or a bottleneck could restrict the production or sales possibilities and therefore adversely affect K+S Group's financial and earnings position.

Fluctuations in currency exchange rates could have a material adverse effect on K+S Group's financial conditions and results of operations.

K+S Group's earnings are exposed to exchange rate fluctuations. This can lead to the value of the service performed not matching the value of the considerations received in transactions, because income and expenditure arise at different times in different currencies. Exchange rate fluctuations, especially in relation to the US dollar, so far affect the Potash and Magnesium Products business unit, in particular in relation to the levels of proceeds and receivables. As a result of capital expenditures in the Legacy Project, significant exchange rate risks arise also in relation to the Canadian dollar.

Furthermore, currency effects arise at subsidiaries whose functional currency is not the Euro (translation risk), since on the one hand the earnings of these companies determined in a foreign currency are translated at average rates and recognised in profit or loss, and on the other hand the net assets are translated into Euro at spot rates and result in currency-related fluctuations in the equity of the K+S Group. These translation effects appear in the Salt business unit but in light of the Legacy Project, this also affects the Potash and Magnesium Products business unit.

There is no assurance that these fluctuations in currency exchange rates can be compensated by other means such as derivative financial instruments used by K+S Group to counter exchange rate risks. Any uncompensated fluctuations might have an adverse effect on the net assets, financial condition and results of operations of K+S Group.

Fluctuations in interest rates could have an adverse effect on K+S Group's financial conditions and results of operations.

The costs at which K+S Group can obtain financing depend on general market conditions, particularly on the development of interest rates. In the case of deteriorating general market conditions, only debt financing with comparatively higher risk premiums may be available. There is no assurance that increased interest rates may be compensated by other means. In this case, a rise of interest rates will have an adverse effect on K+S Group's net assets, financial condition and results of operations.

To the extent K+S Group holds cash and securities with short term interest periods and for re-investments in fixed interest rate instruments a decrease in interest rates would encumber interest earnings and financial results.

K+S Group's provisions for mining obligations could prove to be too low or could substantially increase and exceed the provisions it has recognized for these obligations in its accounts.

K+S Group has accounted for substantial provisions for mining obligations. These primarily include the obligations for the infinity costs, for example, to backfill mines and shafts, but also obligations for ensuring the safety of tailings, reclamation obligations, and cover for mining damage risks. Mining obligations are usually based on legal regulations, such as the German Federal Mining Act (*Bundesberggesetz*) and are mainly set forth in operating plans. Occasionally, mining obligations might also arise out of contracts. The mining obligations, largely under public law, require securing of the surface-mining area and rehabilitation measures. Mining damage can occur through underground mining and the related subsidence of the surface or in connection with the production process through dust or salt contamination. K+S Group's provisions take into account the obvious obligations for reclamation, as well as the Group's obligations for mining damage that has been caused by its operations or has already occurred independently. The amount of such provisions is based on expected expenditures or the estimated payment of damages. Future expenditures or payments of damages could significantly exceed the existing provisions. New findings or a reevaluation of K+S Group's mining obligations could make an increase in existing provisions necessary.

In addition, the amount of the provisions for mining obligations is based on certain actuarial assumptions, including discount factors. If these assumptions change, as it has been the case for the market interest rate based discount factor in 2016, there could be a

substantial increase in mining obligations and a resulting increase in the provisions for mining obligations on K+S Group's balance sheet.

Any such event could have material adverse effects on K+S Group's cash flows, financial condition and results of operations.

K+S Group's pension obligations could substantially increase and exceed the provisions it has recognized for these obligations in its accounts.

K+S Group has certain pension obligations towards its employees. These pension obligations are covered by provisions. The pension provisions are in part offset by pension funds and insurance. The amount of provisions K+S Group has recognized for pension obligations is based on certain actuarial assumptions, including discount factors (based on assumed market interest rates), demographic trends, pension trends, future salary trends and expected returns on plan assets. If actual results, particularly in relation to discount factors, were to deviate from these assumptions, or if actuarial assumptions change, there could be a substantial increase in pension obligations and a resulting increase in the provisions for pensions on K+S Group's balance sheet, as it has been the case in 2016. K+S Group bears the risk that the value of plan assets will decrease, including with respect to pension obligations whose coverage has been outsourced to external funds, since its employees will in all cases have direct subsidiary claims against it.

According to IAS 19 "Employee Benefits" actuarial gains and losses are to be recognized directly in "Other comprehensive income", taking deferred taxes into account. Changes in the discount rate used to measure pension obligations and fluctuations in the market value of plan assets for funded pension plans, can in particular result in considerable and unpredictable fluctuations in the balance sheet, as well as shifts between equity and liabilities applying the revised IAS 19. With regard to pension fund assets, K+S Group is exposed to general financial market risks of below-average portfolio performance as well as to the risk of errors in the choice of investments.

Any such event could have material adverse effects on K+S Group's net assets, cash flows, financial condition and results of operations.

K+S Group is dependent on energy costs and energy supply.

K+S Group's production costs are affected by energy prices, in particular by that of gas. Energy prices are frequently subject to sharp fluctuations and could in the future significantly rise compared to the current price level. There is no assurance that the Group can hedge itself against energy market risks or pass on increases in energy costs to its customers. Consequently, a continued rise in the cost of energy could have an adverse effect on the assets, financial and earnings position of K+S Group.

Furthermore, K+S Group depends on the reliability of energy supplies. If the supply of gas is interrupted, this also could have an adverse effect on the assets, financial and earnings position of K+S Group.

Carbon dioxide pockets in certain deposits could lead to injuries or the damaging of property.

Carbon dioxide pockets in certain deposits which K+S Group operates constitute a latent potential danger to people, machinery or deposits. If carbon dioxide were to leak from these pockets K+S Group could be held liable for any related damage or injuries which would have

an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

K+S Group's mining facilities are exposed to operational and accident risks.

Operational disruptions in K+S Group's facilities, in particular its mines, may result from external factors beyond its control, such as natural disasters or acts of terrorism or internal accidents. In case of one of these events occurring, there is a risk of personal injury, damage to third-party property and damage to the environment which may lead to considerable cost resulting from K+S Group being held responsible for these damages. Underground mines are subject to hydrogeological risks: significant damage could occur by ground water flowing over a shaft extension. Moreover, under rare circumstances, surface water might gain access to a mine complex in case of a massive flood occurring. This could result in an extensive harm to the environment and K+S Group's or third party property with consequential liability claims. Furthermore, K+S Group's mining activities involve the specific risk of rock burst (a suddenly occurring subsidence of the earth's surface over a large area that is, under certain circumstances, powerful). This could result, in addition to the partial or complete loss of the mine and damage to equipment, also in considerable damage to the property of third-parties and in personal injury or death. Any possible damage to K+S Group's mines or third-party property, which are not covered by its insurance payouts could result in additional costs and payments as well as all production disruptions at the relevant sites due to damages would result in at least reduced output and therefore adversely affect K+S Group's net assets, financial condition and results of operations.

K+S Group is exposed to antitrust risks.

The Group operates on a worldwide basis and acquisitions of further companies belong to its strategic decisions. These transactions require the approval of the relevant antitrust authorities and sometimes even lead to specific investigations by these authorities. In addition, it cannot be guaranteed that K+S Group will not be investigated by antitrust authorities in the future, especially in the light of the fact that in the majority of market segments the Group serves, it holds substantial market share. Where this is the case, there is a general risk that antitrust authorities, competitors or customers will regard its behaviour in certain circumstances as an abuse of dominant market position or suspect it of anti-competitive cooperation with other market participants, prompting them to take action against K+S Group. Any resulting antitrust penalties and claims for damages would adversely affect the net assets, financial condition and results of operations of K+S Group.

K+S Group could suffer from competitors that have the benefit of state financial support.

In the fertilizer business, K+S Group also competes with producers from Russia and Belarus, which are either state-owned, receive considerable subsidies such as cheaper supplies of gas or subsidised rail transport, or otherwise, directly or indirectly, enjoy the benefits of state financial support. These competitors can therefore offer their products on better terms than those manufacturers that do not receive comparable state support. This could result in K+S Group having to market a greater proportion of its products overseas. In such an event, there can be no assurance that K+S Group will be able to compensate losses by increasing sales overseas.

K+S Group faces personnel risks.

The competence and commitment of K+S Group's employees are important factors for the successful development of the K+S Group and the successful management of opportunities and risk. In addition, personnel expenses make up a significant portion of K+S Group's costs. At the same time, the future success of the Group depends on the ability to recruit and retain highly qualified staff. There are several risks which might arise from these facts:

- as the Group acts as a global enterprise which encourages the transfer of staff between domestic and foreign sites of K+S Group in order to increase their qualifications and mobility, there is an additional risk that employees might be hired away or otherwise leave the Group;
- it might not be possible to hire qualified new employees;
- the loss of qualified employees or long-lasting difficulties in hiring suitable new employees could cause the Group to have difficulties implementing important decisions and measures or guaranteeing the production level as of today.

K+S Group therefore especially relies on good relations with its employees and their labour unions, as the Group's staff, in particular the German and North America employees, have to a large extent traditionally been unionized in labour unions.

In particular staffing adjustments necessary to increase efficiency might result in labour disputes between the staff or its labour unions and K+S Group. Any future strikes or labour disputes concerning these adjustments as well as the lack of qualified personnel could significantly impact the net assets, financial condition and results of operations of the K+S Group.

K+S Group might have misjudged or may misjudge risks inherent in past or future corporate acquisitions and therefore not attain the objectives aimed for with such acquisitions.

In the past, K+S Group has carried out several takeovers of companies in the relevant industrial area. K+S Group will continue to watch the market environment for suitable acquisition targets in the future. It cannot be ruled out that in past or future takeovers K+S Group has failed or will fail to identify or accurately assess certain risks. For instance, some of its assumptions or expectations with respect to the buyout target may turn out to be partially or fully incorrect or unexpected risks or problems might arise that have not been hedged against in the takeover agreement. K+S Group might also face unexpected antitrust sanctions which could contradict the intended economic rationale of the acquisition. As a result, the expectations K+S Group had with regard to the takeover might not be fulfilled, which might, under certain circumstances, require a value adjustment. In this case, there might be an adverse effect on the K+S Group's net assets, financial condition and results of operations.

The integration of companies acquired in the past or future into the K+S Group may prove more difficult, drawn out or costlier than expected or even fail.

It cannot be guaranteed that the incorporation of acquired companies or any future acquisitions into the K+S Group will be successful, and that growth expectations, economies of scale and cost savings assumed in appraising an acquired company actually do materialise. Key employees and executives of companies that have been or will be acquired

might leave the Group following the takeover, which in light of the importance of qualified employees in the industry could significantly lower the value of the acquired company. These and other developments not foreseen at the time of the acquisition might impair or prevent the integration of acquired companies, hinder the business operations, tie-up management and employee capacities and increase costs, which would overall have an adverse effect on the net assets, financial condition and results of operations of the K+S Group.

Estimates of mineral reserves are based on uncertain assumptions that, if changed, could result in the need to restate mineral reserves.

There are numerous uncertainties inherent in estimating mineral reserves, including subjective judgments and determinations that are based on available geological, technical, contract and economic information. Previously valid assumptions may change significantly with new information, which may result in changes to the economic viability of some reserves and the need for them to be restated.

K+S Group might be unable to effectively manage its own growth or to develop or raise the resources necessary in order to control or support its growth.

K+S Group has steadily expanded its business operations and increased its staff over the past years. In particular, K+S Group acquired companies resulting in an expanded scope of business of K+S Group. Any further expansion of business operations requires it to adapt its organization, human resources planning and funding accordingly and to have sufficient resources available. Expanding business operations tie up resources, both in management and in the technical areas. Qualified personnel must be recruited and trained. In this context, it cannot be assured that the Group will be able to make the necessary adjustments in time and in the required scope. Failure to do so might have an adverse effect on the assets, financial and earnings position of K+S Group.

K+S Group might experience failures of or other malfunctions in its computer systems.

The increasing networking of IT systems and the necessity of their permanent availability impose high demands on the information technology used. K+S Group's IT systems, most of which are outsourced, support almost all Group functions to a high degree. This applies to all business units of the Group. Malfunctions and faults in the computer systems and software, including possible attacks from the outside, for example by criminal hackers or computer viruses, and from materialization of internal risks, such as technical failure or sabotage, might adversely affect the Group's operational business. In such case, K+S Group may have to expend substantial amounts of money and resources on the prevention and fixing of potential or existing security breaches and their consequences. This could have an adverse effect on its business operations and its net assets, financial condition and results of operations.

K+S Group might face liquidity risks.

A liquidity risk consists in the funds needed to meet payment obligations not being procured in time and consequently higher refinancing costs being potentially incurred. External factors could lead to circumstances where K+S Group is unable to replace its credit lines under acceptable commercial conditions. This could have an adverse effect on the net assets and financial conditions of K+S Group.

K+S Group's leverage and debt service obligations could have a material adverse effect on its business.

The Group has incurred substantial indebtedness and is about to incur further indebtedness by the issuance of the New Notes. On top of such indebtedness, the Group is able to borrow additional funds. Increasing K+S Group's level of indebtedness could have important consequences for investors in the New Notes. For example, it could:

- make it more difficult for K+S Group to satisfy its obligations with respect to its indebtedness;
- lead to a downgrade in K+S Group's rating;
- increase its vulnerability to adverse economic and industry conditions;
- require it to dedicate a substantial portion of cash flow from operating activities to payments on existing indebtedness, which could reduce the availability of cash flow to fund capital expenditures, future acquisitions and other general corporate needs;
- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place it at a competitive disadvantage compared to its competitors with less debt; and
- limit its ability to borrow additional funds.

The realization of any of these risks could have a material adverse effect on K+S Group's business, financial condition and results of operations.

K+S Group is subject to counterparty risks.

K+S Group has extensive business relationships with many of its customers. K+S Group might suffer losses in case one or more of its larger customers were unable to fulfil their contractual obligations vis-à-vis K+S Group or become insolvent. This also applies to financial institutions which K+S Group has entered into hedge contracts with or with which credit lines exist as well as to parties to financial investments of K+S Group. This risk has been increased as a result of the financial crisis. Any default of K+S Group's customers, hedge counterparties or parties to financial investments of K+S Group could have an adverse effect on the net assets, financial condition and results of operations of K+S Group.

K+S Group's consolidated statement of financial position includes intangible assets, which could become impaired.

The amount of intangible assets, including goodwill, product rights and tradenames represents a considerable part of the total assets of K+S Group. An impairment test of goodwill and other intangible assets with indefinite useful life is performed at least once a year. There is no guarantee that impairments will not occur, particularly in the event of a substantial deterioration of K+S Group's future prospects or general economic conditions. If assets are considered to be impaired, impairment charges could have a material adverse effect on K+S Group's consolidated statement of financial position and results of operations.

Changes in accounting standards could have a material adverse effect on K+S Group's financial condition and result of operations.

K+S Group's consolidated financial statements are issued in accordance with the International Financial Reporting Standards as adopted in the European Union (IFRS). New

or changed accounting standards may lead to adjustments in the relevant accounting positions of K+S Group, which could have a material adverse effect on K+S Group's financial condition and result of operations.

K+S Group might face an increase of tax burden as a result of ongoing and future tax audits and potential changes in applicable tax regulations.

Any change in legislation concerning corporate income tax and other future changes in tax law, including energy and power tax increases, in Germany or other countries in which K+S Group is subject to taxation and any adverse findings from ongoing or future tax audits could lead to higher tax expenses and therefore have an adverse effect on K+S Group's net assets, financial condition and results of operations.

This would result in additional energy tax burdens and competitive disadvantages for K+S Group's energy-intensive German subsidiaries and would have an adverse effect on K+S Group's assets, financial and earnings position.

K+S Group is exposed to compliance risks.

K+S Group is exposed to a large variety of business and compliance risks. Since K+S Group's domestic and foreign managers retain a certain amount of operational and decision-making flexibility K+S Group cannot guarantee that its domestic and foreign managers will not take actions, or, in particular cases, take fraudulent actions against the Group, or experience problems that could, through damage to K+S Group's reputation or otherwise, be detrimental to the Group's business, financial condition and results of operations. Individual employees of K+S Group could violate applicable laws, for example in the areas of antitrust and competition law as well as anticorruption laws. Serious violations of applicable laws, for example in the areas antitrust and competition law as well as anticorruption laws by individual employees could have an adverse impact on the assets, financial and earnings position of K+S Group.

A rating downgrade could have an adverse effect on K+S Group's financial conditions and results of operations.

At present, K+S AG is rated "non-investment grade" by Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ("**S&P**"). The outlook given by S&P is classified as "negative". A downgrading by S&P could have a negative impact on the possibilities and terms of financing. Downgrades can, for example, require the collateralization of creditors and decrease the readiness of business partners to do business with K+S Group. At the same time, new credit lines and other financing activities could become more expensive. That could have an adverse effect on K+S Group's financial condition and results of operations.

K+S Group is subject to risks from legal and arbitration proceedings.

K+S AG and its subsidiaries are, or might become, involved in a number of legal and arbitration proceedings. These proceedings or potential proceedings could involve substantial claims for damages or other payments, as, for example intended skimming of profits of K+S AG in the amount of up to 325 million Euro, which the Prosecuting Attorney's Office in Meiningen, Germany moves for. Based on a judgment or a settlement agreement, K+S Group could be obligated to pay substantial damages. K+S Group's litigation costs and those of third parties (in relation to which the Group might have to indemnify such third parties) could also be significant.

The realisation of any of these risks could have a material adverse effect on K+S Group's business, cash flows, financial condition and results of operations.

The Issuer is mainly a holding company and its ability to serve its payment obligations depends on the receipt of funds from its subsidiaries and participations.

K+S AG's cash flow and its ability to meet its cash requirements, including its obligations as Issuer of the New Notes is dependent to a significant extent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to it in the form of loans, dividends, fees, or otherwise, as well as upon K+S AG's own credit arrangements.

The ability of K+S AG's subsidiaries to make payments to K+S AG may be restricted by, among other things, applicable corporate and other laws and regulations and by the terms of covenants and restrictions contained in financing agreements to which such subsidiaries are or will be a party. In addition to any limitations on payment to K+S AG contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to K+S AG.

Risk Factors relating to the New Notes

An investment in the New Notes involves certain risks associated with the characteristics, specification and type of the New Notes which could lead to substantial losses that Noteholders would have to bear in the case of selling their New Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the New Notes comprise, inter alia, the following risks:

The New Notes may not be a suitable investment for all investors.

Each potential investor in the New Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant New Notes, the merits and risks of investing in the New Notes and the information contained or incorporated by reference in this Prospectus, the Pricing Notice or any applicable supplement to the Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the New Notes and the impact the investment in the New Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the New Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the New Notes and be familiar with the financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers prior to investing in the New Notes to determine whether and to what extent (i) the New Notes are permitted investments for it, (ii) where relevant, the New Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any New Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the New Notes under any applicable risk-based capital or similar rules. Each investor should also consider the tax consequences of investing in the New Notes and consult its own tax advisers with respect to the acquisition, sale and redemption of the New Notes in light of its personal situation.

The New Notes do not have an established trading market and an active trading market for the Notes may not develop.

The New Notes represent a tap issue to the Original Notes. Until the exchange of the temporary global note for the permanent global note, the New Notes will carry a different

(interim) ISIN, Common Code and WKN from the Original, so that the New Notes will not be fungible with the Original Notes. Therefore, before the New Notes will carry the same ISIN, Common Code and WKN, there can be no assurance that a liquid secondary market will develop for the New Notes or if it does develop, continue or that it will be liquid. In addition, although the Issuer intends to obtain admission of the New Notes to trading on the regulated market of the Luxembourg Stock Exchange where the Original Notes are already admitted to trading, there can be no assurance that a market for the Notes will develop or, if it does develop, continue or that it will be liquid, thereby enabling investors to sell their New Notes when desired, or at all, or at prices they find acceptable.

The development or continued liquidity of any secondary market for the New Notes will be affected by a number of factors including the creditworthiness of the Issuer as well as other factors such as the time remaining to maturity of the New Notes, the outstanding amount of the Notes and the redemption features of the New Notes. Such factors will also affect the market value of the New Notes.

Investors may not be able to sell New Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase New Notes unless the investor understands and is able to bear the risk that the New Notes may not be readily sellable, that the value of the New Notes will fluctuate over time and that such fluctuations may be significant.

The New Notes will be structurally subordinated to indebtedness of the subsidiaries of the Issuer.

The New Notes will not be guaranteed by any of the subsidiaries of the Issuer. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganisation, insolvency, receivership or similar proceeding of any subsidiary of the Issuer, such subsidiary will pay the holders of its own debt (including holders of third-party debt which such subsidiaries have guaranteed) before they would be able to distribute any of their assets to the Issuer. As a result, the Issuer may not have sufficient assets to make payments on the New Notes, respectively.

The New Notes will be effectively subordinated to Issuer's debt to the extent such debt is secured by assets or guarantees by subsidiaries of the Issuer that are not also securing the New Notes.

The New Notes will be effectively subordinated to the Issuer's debt to the extent such debt is secured by assets or by guarantees of subsidiaries of the Issuer that are not also securing the New Notes. Although the Terms and Conditions require the Issuer to secure the New Notes equally if it provides security for the benefit of Capital Market Indebtedness (as defined in the Terms and Conditions), the requirement to provide equal security to the New Notes is subject to a number of significant exceptions and carve-outs as set out in detail in the Terms and Conditions included in this Prospectus. To the extent the Issuer or any of its subsidiaries provides security interest over their assets for the benefit of other debt without also securing the New Notes, the New Notes will be effectively junior to such debt to the extent of such assets. The same applies to debt incurred by the Issuer or any other member of the K+S Group, which is guaranteed by a subsidiary of the Issuer. In each case, holders of (present or future) secured or guaranteed debt of the Issuer may recover disproportionately more on their claims than the Noteholders in an insolvency, bankruptcy or similar proceeding. The Issuer may not have sufficient assets remaining to make payments under the New Notes.

No restriction on the amount of debt which the Issuer may incur in the future

There is no restriction on the amount of debt, which the Issuer may issue, which ranks equal to the New Notes. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer may or shall defer payments of the principal amount or interest under the New Notes.

The New Notes are subject to a risk of early redemption.

The Issuer will have the right to redeem the New Notes early in certain circumstances. If the Issuer redeems the New Notes prior to maturity, a Noteholder is exposed to the risk that due to such early redemption his investment will have a lower than expected yield. Additionally, such Noteholder may only be able to reinvest on less favourable conditions as compared to the original investment.

Although the occurrence of specific change of control events will permit the Noteholders to require redemption or repurchase of the New Notes, the Issuer may not be able to redeem or repurchase such New Notes.

Upon the occurrence of specific change of control events, the Noteholders will have the right to require the redemption or, at the option of the Issuer, repurchase of all of the New Notes at their principal amount, plus accrued and unpaid interest. The Issuer's ability to redeem or repurchase New Notes upon such a change of control event will be limited by its access to funds at the time of the redemption or repurchase. Upon a change of control event, the Issuer may be required to immediately repay the outstanding principal, any accrued interest on and any other amounts owed by it under other debt outstanding. The source of funds for these repayments would be the available cash or cash generated from other sources. However, there can be no assurance that there will be sufficient funds available upon a change of control event to make these repayments and any required redemption or repurchases of the New Notes.

The Terms and Conditions, including the terms of payment of principal and interest, can be amended by a noteholders' resolutions and any such resolution will be binding for all noteholders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.

Since Terms and Conditions provide for meetings of noteholders or the taking of votes without a meeting, the Terms and Conditions may be amended (as proposed or agreed by the Issuer) by majority resolution of the noteholders and any such majority resolution will be binding on all noteholders. Any Noteholder is therefore subject to the risk that its rights against the Issuer under the Terms and Conditions, including the terms of payment of principal and interest, are amended, reduced or even cancelled by a majority resolution of the noteholders of the Notes. Any such majority resolution will even be binding on Noteholders, who have declared their claims arising from the New Notes due and payable based on the occurrence of an event of default, but who have not received payment from the Issuer prior to the amendment taking effect. According to the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz* – “**SchVG**”), the relevant majority for noteholders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of Notes

outstanding. Therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.

Since no Holders' Representative will be appointed as from the Issue Date of the New Notes, it will be more difficult for noteholders to take collective action with respect to the Notes.

No initial holders' representative will be appointed under the Terms and Conditions. Any appointment of a holders' representative for the Notes will, therefore, require a majority resolution of the noteholders of the Notes. If the appointment of a holders' representative is delayed, this will make it more difficult for noteholders of the Notes to take collective action to enforce their rights under the Notes.

It is possible that a Noteholder may be deprived in its individual right to pursue and enforce its rights under the Terms and Conditions if such right was passed on a holders' representative.

If a holders' representative will be appointed by majority decision of the noteholders of the Notes it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, if such right was passed to the holders' representative by majority vote for the Notes who is then exclusively responsible to claim and enforce the rights of all the noteholders of the Notes.

In case of certain events of default, the New Notes will only be redeemable if noteholders of at least 10 per cent. of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration might be rescinded by majority resolution of the Noteholders.

The Terms and Conditions provide that, in case of certain events of default, any notice declaring the Notes due and payable shall become effective only when the Principal Paying Agent has received such default notices from noteholders of the Notes representing at least 10 per cent. of the aggregate principal amount of the Notes then outstanding. Under the SchVG, even if a default notice is given by a sufficient number of noteholders, it could be rescinded by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Noteholders would have to consent to a rescission than have delivered default notices.

Noteholders should be aware that, as a result, they may not be able to accelerate their New Notes upon the occurrence of certain events of default, unless the required quorum of noteholders with respect to the Notes delivers default notices and such acceleration is not rescinded by majority resolution of the noteholders of the Notes.

The market value of the New Notes could decrease if the creditworthiness of the Issuer worsens or is perceived to worsen.

If, for example, because of the materialisation of any of the risks regarding K+S Group, the Issuer is less likely to be in a position to fully perform all obligations under the New Notes when they fall due, the market value of the New Notes will suffer. In addition, even if the Issuer is not actually less likely to be in a position to fully perform all obligations under the New Notes when they fall due, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate

debtors in general or debtors operating in the same business areas as K+S Group could adversely change.

If any of these risks occur, third parties would only be willing to purchase New Notes for a lower price than before the materialisation of the relevant risk. Under these circumstances, the market value of the New Notes would decrease.

Credit ratings may not reflect all risks and are subject to change.

Ratings assigned to the Issuer by rating agencies are an indicator of the Issuer's ability to meet its obligations under the New Notes in a timely manner. The lower the assigned rating is on the respective scale, the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. The market value of the New Notes from time to time is likely to be dependent upon the level of credit rating assigned to the long-term debt of the Issuer. Rating agencies may change, suspend or withdraw their ratings at short notice. A rating's change, suspension or withdrawal may affect the price and the market value of the New Notes. An investor may thus incur financial disadvantages as he may not be able to sell the New Notes at a fair price. The ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed herein, and other factors that may affect the value of the New Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The New Notes bear specific risks typical for fixed rate notes.

The New Notes are fixed rate notes. Therefore, each Noteholder is particularly exposed to the risk that the price of the New Notes falls as a result of changes in market interest rates. While the nominal interest rate of the New Notes as specified in the Terms and Conditions is fixed during the term of the New Notes, the current market interest rates typically change on a daily basis. As the market interest rates changes, the price of fixed rate notes also changes, but in the opposite direction. If the market interest rate increases, the price of fixed rate notes typically decreases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate decreases, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate. However, notwithstanding the factors described above, the Issuer is obliged to redeem the New Notes at their principal amount at maturity.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in Germany and other jurisdictions in which K+S Group is active as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the market price of the New Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which an investor in the New Notes will be able to sell the New Notes prior to maturity may be at a discount, which could be substantial, from the issue price of the New Notes or the purchase price paid by such investor.

No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus.

The Terms and Conditions are based on the laws of the Federal Republic of Germany in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Germany or administrative practice or the official application or interpretation of German law after the date of this Prospectus.

The New Notes are subject to exchange rate risks and exchange controls

The Issuer will pay principal and interest on the New Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the New Notes, (ii) the Investor's Currency equivalent value of the principal payable on the New Notes and (iii) the Investor's Currency-equivalent market value of the New Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Investors are subject to tax risks.

Potential purchasers of the New Notes should be aware that stamp duty and other taxes and/or charges may be levied in accordance with the laws and practices in the countries where the New Notes are transferred and other relevant jurisdictions. The summaries set out under the heading "Taxation" discuss only specific tax considerations, and they do not purport to be a comprehensive description of all tax considerations in any particular jurisdiction which may be relevant to a decision to purchase the New Notes. Potential purchasers of the New Notes should note that the tax treatment of payments in respect of the New Notes may be different (and in some cases significantly different) from that set out in those summaries. Potential purchasers of the New Notes who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment of the New Notes which will apply at any given time.

The New Notes are subject to inflation risks.

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a New Note. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

The New Notes are subject to transaction costs and charges.

When New Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the

New Note. These incidental costs may significantly reduce or eliminate any profit from holding the New Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees). Potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the New Notes before investing in the New Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The New Notes will be represented by one or more Global Notes. Such Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Investors will not be entitled to receive definitive New Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the New Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and the Issuer will discharge its payment obligations under the New Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the New Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in the Global Notes.

USE OF PROCEEDS

In connection with the offering of the New Notes, the Issuer will receive net proceeds of approximately EUR [●]. The Issuer intends to use these proceeds for the repayment of existing debt and for general corporate purposes.

The expenses of the issue of the New Notes are expected to amount to approximately EUR 250,000 plus fees of up to 0.60 per cent. of the aggregate principal amount of the New Notes to be paid in connection with the Offer of the New Notes to the Joint Lead Managers.

The issue proceeds will be included in the Pricing Notice (as defined in “*SUBSCRIPTION, SALE AND OFFER OF THE NEW NOTES*” below) which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the New Notes.

INFORMATION ON K+S AG AS ISSUER

Responsibility Statement

The responsibility statement is set out on page 2 of this Prospectus.

Statutory Auditors

The independent auditor of K+S AG is Deloitte GmbH Wirtschaftsprüfungsgesellschaft (formerly known as “Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft”), Aegidientorplatz 2a, 30159 Hannover, Federal Republic of Germany (“**Deloitte**”), a member of the German Chamber of Public Accountants, Berlin (*Wirtschaftsprüferkammer*). Deloitte has audited the consolidated financial statements of K+S Group for the fiscal years ended on 31 December 2015 and 2016, and has, in each case, issued an unqualified auditor’s report (*Bestätigungsvermerk*). The consolidated financial information as of and for the three-month periods ended March 31, 2016 and 2017 as presented in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2017 have neither been reviewed nor audited by Deloitte.

Selected Financial Information

The following tables set out selected financial information relating to the K+S Group. The information has been extracted from the audited consolidated financial statements of K+S AG for the fiscal years ended 31 December 2015 and 31 December 2016 and from the unaudited and unreviewed consolidated financial information as of and for the three-month periods ended March 31, 2016 and 2017 as presented in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2017 or from the Company’s accounting records. The audited consolidated financial statements of K+S AG for the fiscal years ended 31 December 2015 and 31 December 2016 have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the EU, (“**IFRS**”).

The unaudited and unreviewed consolidated financial information as of and for the three-month periods ended March 31, 2017 and 2016, consisting of a consolidated income statement as of and for the three-month periods ending March 31, 2016 and 2017, a consolidated balance sheet as of March 31, 2016 and 2017 and a consolidated cash flow statement for the three-month periods ending March 31, 2016 and 2017, as presented in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2017 have been prepared on a basis consistent with IFRS but do not contain notes (*Anhang*).

	Fiscal year ended 31 December (audited unless otherwise indicated)	
	(EUR in millions)	
	2016	2015
Revenues	3,456.6	4,175.5
EBITDA (adjusted) ⁽¹⁾	519.1	1,057.5
Operating Earnings (EBIT I) ⁽²⁾	229.3	781.6
Adjusted Free cash flow ⁽³⁾⁽⁶⁾⁽⁷⁾	-776.8	-635.9
	As of 31 December	
	2016	2015
Equity	4,552.2	4,295.6

Total assets	9,645.5	8,273.6
Net debt ⁽⁴⁾⁽⁶⁾⁽⁷⁾	3,583.8	2,399.8
Net debt/EBITDA (adjusted) ⁽⁵⁾⁽⁶⁾⁽⁷⁾	6.9	2.3

	1 January to 31 March (unaudited)	
	(EUR in millions)	
	2017	2016
Revenues	1,126.4	1,095.5
EBITDA (adjusted) ⁽¹⁾	210.9	285.3
Operating Earnings (EBIT I) ⁽²⁾	137.4	218.4
Adjusted Free cash flow ⁽³⁾⁽⁷⁾	55.2	50.4
	As of 31 March	
	2017	2016
Equity	4,609.7	4,473.1
Total assets	9,696.5	8,556.0
Net debt ⁽⁴⁾⁽⁷⁾	3,613.9	2,367.2

- (1) **"EBITDA (adjusted)"** is defined as follows: Operating Earnings (EBIT I) plus write-downs/ less write-ups on intangible assets, property, plant and equipment and financial assets. EBITDA (adjusted) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS. The table below shows the reconciliation for EBITDA (adjusted).

	1 January to 31 March (unaudited)		For the fiscal year ended 31 December (audited unless otherwise indicated)	
	(EUR in millions)			
	2017	2016	2016	2015
Operating Earnings (EBIT I)	137.4	218.4	229.3	781.6
Write-downs (+) write-ups (-) on intangible assets, property, plant and equipment and financial assets	73.5	67.0	289.8	275.9
EBITDA (adjusted)	210.9	285.3 ⁽⁹⁾	519.1	1,057.5

- (2) **"Operating Earnings (EBIT I)"** is defined as follows: Result after operating hedges (EBIT II) less income / plus expenses from market value changes of operating forecast hedges still outstanding minus neutralization of fluctuations in market value recorded in prior periods of realized operating forecast hedges less realized income / plus expenses arising from hedging capital expenditure in Canada. Operating Earnings (EBIT I) is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the income statement and the cash flow statement that were recognized in accordance with IFRS.

- (3) **"Adjusted Free cash flow"** is defined as follows: Proceeds from disposals of fixed assets less disbursements for intangible assets less disbursements for fixed assets less disbursements for financial assets plus cash flow from operating activities. Adjusted Free cash flow is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the cash flow statement that were recognized in accordance with IFRS. The table below shows the reconciliation for Adjusted Free cash flow.

	1 January to 31 March (unaudited)		For the fiscal year ended 31 December (audited unless otherwise indicated)	
	(EUR in millions)			
	2017	2016	2016	2015
Proceeds from disposals of fixed assets	0.6	0.4	3.0	5.3

- Disbursements for intangible assets	0.9	0.6	9.6	5.6
- Disbursements for fixed assets	211.5	243.2	1,202.2	1,303.9
- Disbursements for financial assets	-	-	13.4	1.1
Investing cash flow ⁽⁶⁾⁽⁷⁾⁽⁸⁾	-211.8	-243.4	-1,222.2	-1,305.3
+ Cash flow from operating activities	267.0	293.8	445.4	669.4
Adjusted Free cash flow ⁽⁶⁾⁽⁷⁾	55.2	50.4	-776.8	-635.9

- (4) **"Net debt"** is defined as follows: Cash on hand and balances with banks plus non-current securities and other financial investments plus current securities and other financial investments less non-current financial liabilities less current financial liabilities less liabilities from finance leases plus non-current reimbursement claim (Morton Salt bond) less non-current provisions for pensions and similar obligations less non-current provisions for mining obligations. Net debt is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the balance sheet that were recognized in accordance with IFRS. The table below shows the reconciliation for Net debt.

	1 January to 31 March (unaudited)		For the fiscal year ended 31 December (audited unless otherwise indicated)	
	(EUR in millions)			
	2017	2016	2016	2015
Cash on hand and balances with banks	164.1	276.7	140.2	123.1
+ Non-current securities and other financial investments	7.0	-	7.0	—
+ Current securities and other financial investments	8.9	15.9	14.3	40.0
- Non-current financial liabilities	2,214.8	1,513.8	2,214.7	1,514.9
- Current financial liabilities	278.6	109.4	319.8	28.8
- Liabilities from finance leases	148.6 ⁽⁷⁾	5.1 ⁽⁷⁾	50.7	5.2
+ Non-current reimbursement claim (Morton Salt bond)	22.2 ⁽⁷⁾	21.2 ⁽⁷⁾	22.6	22.2
Net financial liabilities ⁽⁶⁾⁽⁷⁾	2,439.8	1,314.5	2,401.1	1,363.6
- Non-current provisions for pensions and similar obligations	171.8	176.6	186.7	166.1
- Non-current provisions for mining-obligations	1,002.3	876.1	996.0	870.1
Net debt ⁽⁶⁾⁽⁷⁾	3,613.9	2,367.2	3,583.8	2,399.8

- (5) **Net debt/EBITDA (adjusted)** is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the balance sheet, income statement and the cash flow statement that were recognized in accordance with IFRS.

- (6) Unaudited.

- (7) Figures extracted from the Company's accounting records.

- (8) Investing cash flow is not identical with cash flow from investment activities as presented in the consolidated cash flow statement. Investing cash flow is not defined by IFRS. K+S Group is presenting this figure on the basis that investors may find it helpful as a measure of K+S Group's performance. Potential investors should take into consideration that this figure is not applied in a consistent manner or standardized, that its calculation can vary and that this figure by itself is not a basis to compare different companies. Furthermore it does not substitute the financial key figures of the cash flow statement that were recognized in accordance with IFRS.

- (9) Divergences in the presentation of the calculation of EBITDA (adjusted) for the period from 1 January to 31 March 2016 are due to rounding differences.

Financial Information relating to K+S Group's assets and liabilities, financial position and profits and losses

The audited consolidated financial statements of K+S AG for the fiscal year ended on 31 December 2015 contained in K+S AG's Annual Report 2015 and the audited consolidated financial statements of K+S AG for the fiscal year ended on 31 December 2016 contained in K+S AG's Annual Report 2016 are incorporated by reference into this Prospectus.

The unaudited and unreviewed consolidated financial information as of and for the three-month periods ending March 31, 2016 and 2017, consisting of a consolidated income statement as of and for the three-month periods ending March 31, 2016 and 2017, a consolidated balance sheet as of March 31, 2016 and 2017 and a consolidated cash flow statement for the three-month periods ending March 31, 2016 and 2017 contained in K+S AG's Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2017 are incorporated by reference into this Prospectus

Information about K+S AG

General

K+S AG is a stock corporation (*Aktiengesellschaft*) organized under German law. It was incorporated in Goslar, Germany, on 3 October 1889 as "Aktiengesellschaft für Bergbau und Tiefbohrung". Formerly named "Kali und Salz AG", K+S AG used to be part of one of its major shareholders, BASF SE, between 1971 and 1997. In 1999, K+S AG was renamed "K+S Aktiengesellschaft" and as of 2012 operates the two core business units Potash and Magnesium products as well as Salt. Additional complementary activities include recycling activities as well as the disposal and reutilisation of waste at potash and rock salt mines. The shares of K+S AG are listed at all German stock exchanges and are a constituent of Deutscher Aktienindex – MDAX50® sponsored by Frankfurter Wertpapierbörse since 21 March 2016.

K+S AG has its registered office in Kassel, Germany. It is registered as "K+S Aktiengesellschaft" with the commercial register of the Kassel District Court (Amtsgericht) under registration number HRB 2669. "K+S Aktiengesellschaft" is both the legal and the commercial name of K+S AG. The duration of the company is indefinite.

K+S AG's head office is located at Bertha-von-Suttner-Strasse 7, 34131 Kassel; its telephone number is: +49 (0)561 9301 0.

Investments

K+S Canada Holdings Inc., an indirect wholly owned subsidiary of K+S AG, took over control of Potash One located in Vancouver and therefore holds together with K+S Potash Canada several potash exploration licences in the Canadian province of Saskatchewan including the Legacy Project – an advanced greenfield project to set up solution mining-based production near Bethune in the southern part of the Canadian province of Saskatchewan (the "**Legacy Project**"). The acquisition of Potash One in 2011 made it possible to invest in low-cost deposits that are rich in raw materials, to increase own potash capacities and to participate in market growth over the medium to long term.

The plant at the Legacy Project is expected to possess a production capacity of 2.86 million tonnes per year in 2023 and will consequently be a significant expansion to the K+S

Group's German production network, reduce average production costs and extend the average useful life of K+S Group's potash mines. The new potash plant is also expected to increase international competitiveness and to contribute positively to K+S Group's performance as a whole. The new plant opened in the beginning of May 2017 instead of the end of the year 2016, as originally planned. However, K+S Group assumes to achieve its target production capacity of two million tonnes per year at the end of 2017. It is expected that the first tonne of potash will be available by the end of June 2017. K+S Group intends to create more than 300 jobs at the Legacy Project's site. Phase one is expected to be followed by the secondary mining and the gradual expansion of production capacity to 2.86 million tonnes per year in 2023. In the third expansion phase, about ten years later, a further capacity increase is anticipated. The product portfolio is expected to comprise potassium chloride standard, granulated potassium chloride and in particular high-quality industrial products. K+S Group intends to use the products produced at the site of the Legacy Project to supply customers in North America, South America and Asia in the future, and thus to tap into markets in which the company is not adequately present today. Due to the damage of a process vessel in 2016 it is expected that the CAD 4.1 billion budget will be moderately exceeded. However, in view of the favourable development of exchange rates (particularly concerning the CAD against the Euro), K+S Group expects the budget of approximately EUR 3.1 billion planned in 2013 to remain unchanged.

With the Legacy Project, K+S Group is drawing on experience in solution mining gained by several of the K+S Group's subsidiaries: the European salt company GmbH & Co. KG ("**esco**") in Germany and the Netherlands, as well as the know-how of Morton Salt Inc. ("**Morton Salt**"), which operates several plants on the basis of solution mining. The solution mining technique denotes the extraction of soluble (salt) rocks, e.g. sylvinite or rock salt, by discharging water or (salt) solutions in drillings, as a result of which caverns arise. The solution mining technology permits, to the extent that the deposit conditions allow for such a process, a faster commencement of production than conventional mining techniques, a more flexible starting of production and the mining of deeper-lying deposits. Moreover, the ratio of crude salt to solid and liquid production residues is more favourable. By 2023, K+S Group estimates the specific cash cost per tonne to be CAD 90 production costs (such as personal costs, energy costs and maintenance cost) plus logistic costs (such as shipping costs from site to harbour, port handling costs and delivery costs to several destinations), mining taxes and royalties.

The Legacy Project is expected to supplement the existing German production network of K+S Group with an important North American location. It strategically aims at broadening the product portfolio of the Potash and Magnesium Products business unit, extending the average mine life, improving average cash production costs and increasing the share of variable production cost.

In 2016, K+S Group purchased mining licenses for a solar salt project from a local group of investors, and initiated planning for the construction of a solar salt production facility near Onslow in Western Australia (the "**Ashburton Salt Project**"). The annual production capacity of the Ashburton Salt Project is expected to be approximately 3.5 million tonnes of solar salt. For the full realization of the project, preliminary estimates of K+S Group anticipate an approximate capital expenditure of AUD 350 million (EUR 225 million). The approval process is expected to last at least three years, and only once the necessary permissions have been granted K+S Group will make a final decision on whether to build the solar salt production facility, which at the date of this prospectus is expected to be in 2019 at the earliest.

In addition, K+S Group completed the purchase of the operations of Chinese fertilizer producer Huludao Magpower Fertilizers Co., Ltd. ("**Magpower**") in 2016 for a purchase price in the low double digit million euro range. Magpower is one of the largest Chinese producers of synthetic magnesium sulphate (SMS), which is used as a fertilizer for oil palms, soybeans and sugar cane as well as for industrial applications. This strategic acquisition is expected to strengthen K+S Group's competitive position in specialties, to improve access to the growth markets of South-East Asia and China and to provide K+S Group with scalable low cost production assets. Magpower currently has a production capacity of approximately 90,000 tonnes a year, a number that is expected to be doubled to approximately 180,000 tonnes a year in the foreseeable future.

In December 2016, K+S Group acquired a 30% stake in the shares of fertilizer manufacturer Al-Biarq for Fertilizer Plant Co., Ltd. in Saudi Arabia ("**Al-Biarq**") for a high single-digit million US-dollar figure. Al-Biarq is a manufacturer of fully soluble potassium sulphate, which is being used for the liquid fertilization of fruit and vegetables, amongst other applications. Al-Biarq's production facilities on the Red Sea have an annual capacity of approximately 20,000 tonnes (water-soluble potassium sulphate), which is expected to double to an annual 40,000 tonnes in the near future. The worldwide market for potash containing fertigation products (i.e. fertilizers used in irrigation systems) is expected to grow strongly until 2020, with an expected worldwide demand of up to 1,625 kilo-tonnes. Currently, a global growth rate of around 5% *per annum* is expected, with some faster growing regions (such as India) exhibiting higher growth rates of up to 25% *per annum*. K+S Group acquired an option to purchase a further 30% in the shares of Al-Biarq within two years after completion of the transaction, which is scheduled for the second quarter of 2017. This strategic acquisition is expected to help K+S Group to access markets in the Middle East, Africa and South Asia.

No principal investments have been made since December 31, 2016.

Organisational Structure

K+S AG mainly acts as the holding company for the K+S Group and holds shares, directly and indirectly, in its subsidiaries, both in Germany and abroad, which make a significant contribution to its financial development. In addition to K+S AG, all significant holding companies which K+S AG controls have been included in the consolidated financial statements. The possibility of exerting control is based on the majority of voting rights, either directly or indirectly. Subsidiaries of minor importance are not consolidated.

Significant subsidiaries are the directly held K+S KALI GmbH, K+S Salz GmbH, and K+S Finance Belgium BVBA.

K+S Salz GmbH groups esco and K+S Netherlands Holding B.V., which, amongst others, holds subsidiaries in Canada, Brazil and Chile. K+S Finance Belgium BVBA, together with K+S Netherlands Holding B.V., holds shares in Morton Salt through subsidiaries. K+S KALI GmbH and K+S Salz GmbH essentially hold their foreign subsidiaries through their own intermediate holding companies. K+S Entsorgung GmbH, K+S Transport GmbH and Chemische Fabrik Kalk GmbH ("**CFK**") are held directly by K+S AG.

Business Overview

Principal Activities of K+S AG and K+S Group

The K+S Group is one of the world's leading suppliers of specialised and standard fertilizers (source: IFA, Potash Statistic 2015 Detailed Report, K+S Group) with a long history in potash mining. In the salt business, measured by production capacity, K+S Group is the largest producer globally with sites in Europe as well as North and South America (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 15th ed. 2016). K+S Group offers a comprehensive range of products and services for agriculture, industry and private consumers.

Business Units

K+S AG operates business units that are closely interlinked in terms of strategic, technical and economic aspects: Potash and Magnesium Products, Salt Products and the Complementary Activities, in particular Waste Management and Recycling, K+S Transport GmbH, Animal Hygiene Products and CFK (trading).

Potash and Magnesium Products

Most of the products from the Potash and Magnesium Products business unit are used as plant nutrients in agriculture. As natural products, these are largely permitted for ecological farming under EU law as well. Furthermore, the Potash and Magnesium Products business unit offers its customers products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and food industry as well as feed production components.

Potassium chloride, a mineral fertilizer with universal areas of application, is used in particular for important crops, such as cereals, corn, rice and soybeans. Potassium chloride is spread directly on fields as a granulate or mixed with other straight fertilizers (e.g. primary sources of plant nutrients like nitrogen or phosphate) in bulk blenders to produce what is known as "bulk blends" (i.e. a combination of various nutrients). K+S Group also supplies potassium chloride as a fine-grain "standard" product to the fertilizer industry, which processes it along with other nutrients to produce complex fertilizers.

The fertilizer specialties of the business unit differ from traditional potassium chloride, either because they are chloride-free or because of different nutrient formulas with magnesium, sulphur, sodium and trace elements. These products are used for crops which have a greater need for magnesium and sulphur, such as rape or potatoes, as well as for chloride-sensitive special crops, such as citrus fruits, wine or vegetables.

In addition, the Potash and Magnesium Products business unit offers a wide range of high-quality potassium and magnesium products for industrial applications, that are available in different degrees of purity and in specific grain sizes. These are used, for example, in chlorine-alkali electrolysis in the chemical industry, in the production of glass and plastics, in the mineral oil industry, in metallurgical processes, in the textile industry, in biotechnology, in oil and gas exploration, as well as in the recycling of plastics. Furthermore, the Potash and Magnesium Products business unit provides a product range meeting the particularly high requirement of the pharmaceutical, cosmetics, foodstuffs and animal feed industries.

At the date of this prospectus, the Potash and Magnesium Products business unit extracts potash and magnesium crude salts at six mines in Germany and refines them. During the process of mineral extraction at the Neuhoof mine, in a first step, raw salt is mined underground. It contains various minerals, such as Kieserite (19%) and potassium chloride (KCl, 16%), as well as some residues (65%). In a second step at the overground facilities, KCl and Kieserite are further refined separately into marketable products, typically as a powder or a granulated version (potassium chloride (MOP) or Kieserite), or they are blended into a variety of specialty products with different mineral components (e.g. Magnesia-Kainit, Korn-Kali and sulphate of potash (SOP). The annual production capacity of the Potash and Magnesium Products business unit is currently around 7 million tonnes. Following its commissioning, which took place in the beginning of May 2017, the Legacy Project is estimated to reach an additional annual production capacity of at least 2.86 million tonnes in 2023. It is expected that the first tonne of potash will be available by the end of June 2017. K+S Group offers its customers special plant nutrients, products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and foodstuffs industries as well as primary products for the production of animal feed. A broad distribution network and an exclusive outline agreement with Koch Fertilizer LLC, for the supply and sales of potash fertilizers in the US, facilitates sales of the products across the world and is designed to ensure a continuous supply of K+S Group's customers in order to help strengthening and intensifying K+S Group's customer relationships. Regional growth projects in China and South East Asia and a flexible multi-product strategy are expected to contribute to strengthen the Potash and Magnesium Products business unit's global presence. The Potash and Magnesium Products business unit is predominantly reflected in K+S KALI GmbH, its subsidiaries and K+S Potash Canada General Partnership. The Inactive Plants unit also assigned to this business unit oversees the potash and rock salt mines in Germany, whose production has been discontinued.

The Potash and Magnesium business unit's sales volumes in 2016 were mainly generated from potassium chloride (49%) (2015: 46%), fertilizer specialties (39%) (2015: 44%) and industrial products (12%) (2015: 10%). The Operating Earnings (EBIT I) of the Potash and Magnesium business unit in 2016 amounted to EUR 34 million (2015: EUR 546 million). Operating expenses for the Legacy Project amounted to EUR 93 million in 2016 (2015: EUR 68 million). In 2016, K+S Group sold in total 6.06 million tonnes of potash and magnesium products (2015: 6.82 million tonnes). These included 3.0 million tonnes of potassium chloride (2015: 3.2 million tonnes), 2.4 million tonnes of fertilizer specialties (2015: 2.9 million tonnes) and 0.7 million tonnes of industrial products (2015: 0.7 million tonnes). The average selling price in 2016 amounted to 253 EUR/tonne (2015: 307 EUR/tonne). The costs per tonne (excluding operating expenses for the Legacy project) amounted to 232 EUR/tonne in 2016 (2015: 217 EUR/tonne).

K+S Group is the world's fifth-largest and in Western Europe the largest producer of potash products (source: IFA, Potash Statistic 2015 Detailed Report, K+S Group). K+S Group's share of potash products sold in 2016 compared to total industry sales volumes amounted to approx. 8% (source: IFA, Potash Statistic 2015 Detailed Report, K+S Group).

With regard to reducing K+S Group's dependence on the water flow of the Werra river and the corresponding risk of having to limit production at the Werra plant sites, K+S Group commissioned the erection of a kainite crystallization followed by flotation plant (the "**KCF Plant**"). The KCF Plant is supposed to create an additional means for the disposal of saline waste water and is expected to help reducing the volume of saline waste water at the Werra

plant by a further 1.5 million cubic meters to 5.5 million cubic meters annually. The related costs are expected to amount to around EUR 180 million in total. The plant is expected to become operational in 2018. Other measures include the expansion of the Hattorf (Werra) tailings pile capacity. In addition, expansions are planned for the tailings pile capacities at Wintershall (Werra) and Zielitz, along with the prolongation of the Werra river injection permission. Further projects, such as the construction of the so called Oberweserpipeline (which is aimed at reducing injection of saline waste water at the Werra by supplementary long-distance pipeline to the Upper Weser), the coverage of tailings piles and underground storage, which is currently being analysed, are expected to help with the implementation of sustainable solutions for the dependency on water flow of the Werra river.

Salt

The Salt business unit offers its customers food grade salt, industrial salt, salt for chemical use and de-icing salt, which are all based on sodium chloride (common salt). Depending on the particular applications, the products differ primarily in terms of their grain size, degree of purity, the form in which they are supplied and possible additives.

In the consumer salt product segment, K+S Group produces both salt for the foodstuffs industry (e.g. in the food processing or the baking industry and as condiments and preservative agents) as well as table salt for end users, which includes premium products such as kosher or low-sodium salt. Applications in the consumer salt product segment also include products for, inter alia, body care, dishwasher care or pool chlorination.

Industrial salts are used by dyeing works, in the textile industry, in the production of animal feed, for preserving fish, in drilling fluids used for the extraction of oil and natural gas, as well as in many other industrial areas. Pharmaceutical salts are a key element in infusion and dialysis solutions. Products for end users are manufactured in the industrial salt segment too, such as e.g. water softening salts.

Salt for chemical use is one of the most important raw materials for the chemical industry. In electrolysis plants, it is split into chlorine, caustic soda and hydrogen. It reaches the end user e.g. as a component of various plastics.

Winter road maintenance services, public and private road authorities, road maintenance depots and commercial bulk customers procure de-icing agents from K+S Group. Household packages for end users round off the product range in this segment, De-icing salts are also offered, which, through the addition of calcium or magnesium chloride, create more heat on contact with ice and snow than conventional products and therefore work more quickly, especially at very low temperatures.

With an annual production capacity of about 32 million tonnes of salt in 2015, K+S Group is the world's largest producer of salt products (source: Roskill Information Services, Salt: Global Industry Markets and Outlook, 15th ed. 2016). The Salt business unit is represented in Europe as well as North America and South America with its own distribution units and more than 30 assets. Furthermore, the business unit exports salt products to Asia and other regions of the world. The business unit comprises the sub-units esco, whose activities are mainly focused on Europe, K+S Chile with activities in South America and Morton Salt, one of the largest salt producers in North America. In a highly freight-cost sensitive business, the global production network is designed to ensure close proximity to the customers of K+S Group. In addition, the production network is complemented by a strong supply chain structure.

At the date of this prospectus, esco operates three rock salt mines, two brine plants and several evaporated salt plants in Germany, France, the Netherlands, Portugal Spain, one salt processing company in the Czech Republic and has numerous distribution sites in Europe. K+S Chile extracts rock salt in Salar Grande de Tarapacá through open-cast mining, a process that is characterised as being among the most cost-efficient production methods in the industry. Furthermore, the Chilean shipping company Empremar S.A. is also part of the Salt business unit. With a fleet of two own and additional chartered ships it provides maritime logistics for K+S Chile. At the date of this prospectus, K+S Windsor Salt Ltd. ("**Windsor Salt**") and Morton Salt operate six rock salt mines, nine plants processing evaporated salt, three solar salt plants and four salt processing sites in the United States, in Canada and in the Bahamas.

The Salt business unit's sales volumes in 2016 were mainly generated from industrial salt (18%) (2015: 16%), de-icing salt (52%) (2015: 56%), food processing salt (7%) (2015: 6%), consumer salt (8%) (2015: 8%) and salt for chemical use (15%) (2015: 14%). The Operating Earnings (EBIT I) of the Salt business unit amounted to EUR 203.7 million in 2016 (2015: EUR 266.3 million). In 2016, K+S Group sold in total 20.4 million tonnes of salt products (2015: 21.1 million tonnes). These included 10.1 million tonnes of de-icing products (2015: 11.9 million tonnes) and 10.3 million tonnes of non-de-icing products (2015: 9.2 million tonnes). The average selling price in 2016 amounted to 60.4 EUR/tonne for de-icing products (2015: 65.1 EUR/tonne) and to 120.2 EUR/tonne for non-de-icing products (2015: 120.3 EUR/tonne).

Complementary Activities

The Complementary Activities bundle four activities: Waste Management and Recycling business unit, K+S Transport GmbH, Animal Hygiene Products (granulation) and CFK (trading).

Waste Management and Recycling business unit uses the underground chambers created as a result of the extraction of crude salt for the long-range disposal and reutilization of waste. The salt mineral deposits used by K+S Group for this purpose are impervious to gas and liquids and are securely separated from the layers carrying groundwater. At the date of this prospectus, this business unit operates two underground storage sites. The waste stored is isolated permanently from the biosphere. At the date of this prospectus, K+S Group also operates five underground waste reutilization facilities. Officially approved waste is used here to fill underground openings as, for example, flue gas cleaning residues.

K+S Transport GmbH in Hamburg acts as K+S Group's own logistics services provider and offers diverse logistics and other services.

At the Salzdetfurth site, extensive sections of the above ground infrastructure of an inactive potash plant are used to granulate among others the well-known branded animal hygiene product CATSAN® for K+S Group's customer MARS GmbH.

The product range of CFK comprises a selection of basic chemicals and its trading business.

Salt 2020 and Fit for the Future

In order to make sustainable improvements to its organisational and cost structure within its Salt business unit, K+S Group has been working on an array of projects for a descent time

with the aim of increasing growth, efficiency in production, as well as administrative and sales functions ("**Salt 2020**"). With regard to growth, Salt 2020 strives to grow K+S Group's market shares and K+S Group's access to new sales regions and market segments. As a component of Salt 2020, the Ashburton Salt Project is expected to facilitate an expansion into the Asia-Pacific region and aims at potential customers in the chemical industry in Asia. A second priority area of Salt 2020 strives to strengthen K+S Group's efficiency.

K+S Group had already announced a program designed to reduce costs and improve the overall operational efficiency of K+S Group (the "**Fit for the Future Program**"). Further top-down measures beyond the Fit for the Future Program, such as the "Potash 2.0", which was completed in the Potash and Magnesium Products business unit in 2016 and aimed at strengthening competitiveness as well as further developing business processes and which introduced a new structural and procedural organisation along with cost savings, have been initiated and its effects are expected to be seen in 2017 and 2018.

K+S Group also aims at strengthening business and technical processes as well as making improvements to its supply chain and distribution network. A third priority area dealing with the corporate culture within K+S Group seeks to establish a higher degree of transparency and trust among the workforce and looks for ways to reduce silo thinking between the different business units. Together with an emphasis on a "Safety First" way of thinking, these measures are expected to contribute positively to the performance and corporate culture of K+S Group's workforce.

Market Environment and Competition

Potash market

The strong growth of the global economy over recent years has mainly been the result of an upswing in the Asian emerging markets but also in South America. Increasing prosperity in these regions resulted in their populations having greater expectations of their diet and led to changes in traditional eating habits. This was particularly reflected in the increasing consumption of meat. The production of 1 kg of meat requires approximately 8 kg of animal feed, e.g. corn and soybeans, leading to increasing production of soft commodities which in turn boosts demand for fertilizers. In addition, the steadily increasing world population and a decrease in arable farm land intensifies the necessity for efficient farming and therefore the demand for fertilizers. Moreover, developing countries have significant potential to improve the balanced fertilisation of all key nutrients. e.g. potash, phosphate and nitrogen, to achieve optimal yields when compared to Western Europe and North America. An increased awareness in these regions is expected to lead to a considerable increase in demand. The long term expectation is an increase in global potash consumption of 2 to 3% (source: IFA Medium-Term Outlook for World Agriculture and Fertilizer Demand 2015/16 – 2020/21 presented at 84th IFA Annual Conference 30 May – 1 June 2016, Moscow, Russian Federation).

The global potash market size amounted to 65.7 million tons in 2015, with Asia being the largest market in terms of market size (32.2 million tons), followed by North America (9.5 million tons), South America (11.5 million tons), Europe (10.7 million tons) and other regions (1.8 million tons) (source: IFA Potash Statistic 2015 Detailed Report, K+S Group). Thereof, K+S Group held in 2015 a market share of 8.8% in aggregate. Important competitors are the North American companies Potash Corp., Mosaic and Agrium, who jointly operate the export organisation Canpotex with an aggregate market share of 28.4%, the Russian Uralkali with an

aggregate market share of 17.0%, the Belarusian Belaruskali with an aggregate market share of 15.8%, Israel's ICL with an aggregate market share of 7.1%, Jordan's APC with an aggregate market share of 3.3% and Chile's SQM with an aggregate market share of 2.5%. In the third quarter of 2016, an agreement to an all-share merger was announced by Potash Corp. and Agrium. The merger is expected to create the largest crop-nutrient supplier worldwide, with a market value of approximately USD 27 billion.

In 2016, the Potash and Magnesium business unit achieved more than half of its revenues in Europe (62%) (2015: 55%) benefiting from the logistically favourable location of its production sites for European customers. Also in South America (17%) (2015: 20%), particularly in Brazil, as well as in Asia (14%) (2015: 18%), the Potash and Magnesium business unit holds a noteworthy market position, while the revenues in Africa, Oceania (5%) (2015: 5%) and North America (3%) (2015: 3%) were split nearly even (sum does not add up to 100% due to rounding differences).

The fertilizer specialities containing potassium and magnesium distinguish K+S Group from its competitors. In contrast to the deposits of other competitors worldwide, the raw materials found at the German deposits of K+S Group contain a mix of not only potassium, but also magnesium and sulphur. This allows the Potash and Magnesium Products business unit to offer a more diverse range of products than other competitors. This range of products comprises fertilizers with special plant nutrients, products for industrial applications, high-purity potassium and magnesium salts for the pharmaceutical, cosmetics and food industries as well as pre-products for the production of feed. With these fertilizers K+S Group holds one of the leading positions in the world (source: IFA, Potash Statistic 2015 Detailed Report, K+S Group). Also with its products for industrial, technical and pharmaceutical applications, K+S Group is among the most competitive suppliers worldwide, and by far the largest supplier in Europe (source: IFA Potash Statistic 2015 Detailed Report, K+S Group).

In the first half of 2016, the industry situation in the Potash and Magnesium Products business unit was characterised by increasing price pressure overseas on the standard product potassium chloride (MOP). Demand for potassium chloride was cautious and remained below the high level in 2015 mainly due to high inventory levels, continued low agricultural prices, the outstanding contracts with Chinese and Indian customers and the late start of the fertilizer season in some areas. This prompted various potash producers to reduce existing capacities significantly. In the middle of the year 2016, major potash suppliers agreed with Chinese and Indian customers on a price for potassium chloride of USD 219 and 227 per tonne (including shipping) respectively. Sales volumes subsequently recovered significantly in the second half of 2016, in some cases even leading to low product availability towards the end of the year. Initial slight price recoveries were recognisable in almost all regions. Nevertheless, on average the price level in 2016 remained significantly lower than in 2015.

The fertilizer specialties segment was affected by a general trend towards a decline in prices for potash containing plant nutrients. This was mainly due to customers exhibiting a stronger degree of purchasing restraint, resulting from generally high inventory levels and an expectation of declining price levels. However, the decline in prices in this segment was not as significant as expected, since farmers cultivating chloride-sensitive crops (such as vegetables or wine) tend to be less sensitive to the actual cost of fertilizer application in general, due to the attractive earnings potential for these crops.

Salt market

Given that salt remains a necessary mineral with no cost-effective substitute available, market conditions are relatively stable. While the salt market in Western Europe is mature with low growth rates, developing economies and the rise in living standards, population growth, urbanization and infrastructure developments lead to a stronger growth in demand for this product. Apart from that, salt is an indispensable de-icing application and an important component in industrial and chemical use.

Salt deposits are widely dispersed and salt is generally consumed close to where it is produced due to high transportation costs. The salt industry is very capital intensive with high fixed costs such as labour and energy. Over the past few years, the salt supply market has gone through a period of rationalisation and restructuring.

The key sales markets of the Salt business unit in Europe are Germany, the Benelux countries, France, Scandinavia, the Iberian Peninsula, the Czech Republic and Poland. The United States, in particular the Great Lakes and the East Coast, Canada, in particular eastern Canada, Brazil, Peru, and Chile are markets of particular importance on the American continent. The Salt business units' revenues in 2016 were therefore mainly achieved in North America (72%) (2015: 75%), Europe (21%) (2015: 19%), South America (6%) (2015: 6%) and Asia (0%) (2015: 0%).

Regionally, the de-icing salt business is strongly dependent on weather conditions. K+S Group's network of production facilities in Europe, North America and South America and its presence in attractive de-icing markets, such as Eastern Canada, the US East Coast and the Great Lakes area as well as Scandinavia and Central Europe, enables K+S Group to respond more flexibly to fluctuations in demand for de-icing salt than the local competitors. In the other units, owing to the limited possibility for substitution in most applications, the demand situation is relatively stable.

In North American and Europe, the mild winter in 2016 led to a decrease in demand for de-icing salt. Consequently, prices showed a moderate fall in the early fills for the 2016/2017 winter season. A larger number of snowy days in the fourth quarter of 2016 compared to the unusually mild period in the previous year led to a partial decrease in the inventory levels at the end of the year. Especially in Canada a strong demand was exhibited.

The consumer goods business continued to show favourable trends, especially in the premium segment. Continued growth in demand for sea salt and kosher salt was recorded in North America. Sales volumes and prices remained largely stable in Europe.

The general conditions for the sale of industrial and food processing salts remained almost unchanged during the course of 2016, as compared to the previous year. Both, demand and price levels, remained by and large stable in Europe and South America. A slightly higher demand for salts for pharmaceutical applications was witnessed in North America, most likely being linked to a general trend towards an ageing population.

High inventories among European and North American customers led to greater competition in the salt for chemical use segment at the beginning of the year. However, the impact on price levels in Europe remained rather small, due to reduced product availability, especially in the second half of the year. Demand remained muted in South America, due to the sustained economic slowdown. In North America, low gas prices contributed to a continued demand.

The branded consumer business in the Americas continued to show favourable trends and positive developments were recorded in the food processing business in North America. Particularly premium segments (sea salt and kosher salt) have experienced growth. Despite an intensifying competition for food grade salt, K+S Group could maintain its market position.

While demand for industrial salt continued to be stable in South America and Europe, demand in North America rose due to the aging of the population, which positively effects a growing need for pharmaceutical products.

Trend Information and Significant Changes in Financial or Trading Position

There has been no material adverse change in the prospects of K+S AG since 31 December 2016.

There have been no significant changes in the financial or trading position of the Issuer since 31 March 2017.

Administrative, Management and Supervisory Bodies

In accordance with the German Stock Corporation Act (*Aktiengesetz*), K+S AG has both an Executive Board (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Executive Board is responsible for the management of K+S Group's business; the Supervisory Board supervises the Executive Board and appoints its members. The two boards are separate, and no individual may simultaneously be a member of both boards.

Executive Board

As at the date of this Prospectus, the members of the Executive Board of K+S AG are:

Name	Function	Membership on other Supervisory Boards and comparable bodies
Dr. Burkhard Lohr	Chairman of the Executive Board, Chief Executive Officer	Member of the Supervisory Board of the K+S KALI GmbH Member of the Southern Regional Advisory Board of HDI Gerling Industrie Versicherung AG Member of the North West Regional Advisory Board of Commerzbank AG
Dr. Thomas Nöcker	Member of the Executive Board, Personnel Director	Member of the Supervisory Board of K+S KALI GmbH
Thorsten Boeckers	Member of the Executive Board, Chief Financial Officer	Member of the Supervisory Board of K+S KALI GmbH
Dr. Otto Lose	Member of the Executive Board, with responsibility for the Potash and Magnesium Products business unit	Member of the Supervisory Board of K+S KALI GmbH
Mark Roberts	Member of the Executive Board, with responsibility for the Salt business unit	

Supervisory Board

As at the date of this Prospectus, the members of the Supervisory Board of K+S AG are:

Name (Principal occupation)	Function	Membership on other Supervisory Boards and comparable bodies
Dr. rer. nat. Andreas Kreimeyer	Chairman	Member of the Executive Committee of acatech – Deutsche Akademie der Technikwissenschaften e.V. Member of the Advisory Council of C.H. Boehringer Sohn AG & Co. KG Vice-Chairman of the Supervisory Board of Karlsruher Institut für Technologie (KIT)
Michael Vassiliadis ^(*) Chairman of the Executive Board of the Mining, Chemicals and Energy Trade Union	Deputy Chairman	Deputy Chairman of the Supervisory Board of STEAG GmbH Deputy Chairman of the Supervisory Board of RAG Aktiengesellschaft Deputy Chairman of the Supervisory Board of RAG DSK AG Member of the Supervisory Board of BASF SE Member of the Supervisory Board of RAG Stiftung
Ralf Becker ^(*) State District Manager North of the Mining, Chemicals and Energy Trade Union	Member	Deputy Chairman of the Supervisory Board of Continental Reifen Deutschland GmbH Member of the Supervisory Board of Deutsche Shell Holding GmbH Member of the Supervisory Board of Deutsche Shell GmbH Member of the Supervisory Board of Shell Deutschland Oil GmbH
Jella S. Benner-Heinacher Managing Director of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V.	Member	Member of the Supervisory Board of A.S.Création Tapeten AG
Philip Freiherr von dem Bussche Entrepreneur/Farmer	Member	Chairman of the Supervisory Board of Bernard Krone Holding SE & Co. KG Member of the Advisory Board of DF World of Spices GmbH Chairman of the Advisory Board of Grimme GmbH & Co. KG Chairman of the Supervisory Board of DLG e.V.
George Cardona Economist	Member	Non-Executive Chairman of the Board of Wishbone Gold plc.

Wesley Clark Operating Partner of Advent International Private Equity Group, USA	Member	Non-Executive Chairman of the Board of Patriot Supply Holdings, Inc. Member of the Board of ABC Supply Corporation Member of the Board of Clarcor Inc. Non-Executive Chairman of the Board of Distribution International, Inc.
Harald Döll(*) Chairman of the Collective Works Council of the K+S Group Chairman of the Works Council of K+S KALI GmbH's Werra plant	Member	
Axel Hartmann ^(*) Vice-Chairman of the Collective Works Council of the K+S Group Chairman of the Works Council of K+S KALI GmbH's Neuhof- Ellers plant	Member	
Michael Knackmuß ^(*) Chairman of the Works Council of K+S KALI GmbH's Zielitz plant	Member	

Thomas Kölbl Chief Financial Officer of Südzucker AG	Member	Deputy Chairman of the Supervisory Board of CropEnergies AG Member of the Supervisory Board of EUWAX Aktiengesellschaft Chairman of the Supervisory Board of PortionPack Europe Holding B.V. Chairman of the Advisory Board of Südzucker Versicherungs-Vermittlungs-GmbH Member of the Supervisory Board of AGRANA Internationale Verwaltungs- und Asset-Management GmbH Member of the Supervisory Board of AGRANA Stärke GmbH Member of the Supervisory Board of AGRANA Zucker GmbH Member of the Board of Directors of ED&F MAN Holdings Limited Member of the Supervisory Board of Freiberger Holding GmbH Member of the Conseil d'Administration of Raffinerie Tirlemontoise S.A. Member of the Comité de Supervision of Saint Louis Sucre S.A.S. Member of the Supervisory Board of Südzucker Polska S.A. Member of the optional Supervisory Board of Boerse Stuttgart GmbH Member of the Advisory Board of Deutsche Bank AG Member of the Advisory Board Süd of HDI Global SE Member of the Advisory Board of Landesbank Baden-Württemberg Member of the Advisory Board of SV SparkassenVersicherung
Gerd Kübler ^(*) Head of Mining, K+S AG	Member	
Dieter Kuhn ^(*) Chairman of the Works Council of the Bernburg plant of esco GmbH & Co. KG First Vice-Chairman of the Collective Works Council of the K+S Group	Member	
Dr. Annette Messemer Divisional Board Member of Commerzbank AG	Member	Member of the Board of Directors of Essilor International S.A.
Anke Roehr ^(*) Chairman of the Works Council of the headquarters of esco GmbH & Co. KG, Hanover Sales assistant at esco GmbH & Co. KG, Hanover	Member	

Dr. Eckhart Sünner
Self-employed lawyer in
Neustadt a.d. Weinstrasse

Member

Member of the Supervisory Board of Infineon
Technologies AG

(*) Employee Representatives

The Supervisory Board appointed by its resolution (*Beschluss*) dated 24 August 2016 Dr. Burkhard Lohr as K+S AG's new Chairman of the Executive Board. In this function, Dr. Burkhard Lohr, who previously served as K+S AG's Chief Financial Officer, has succeeded K+S AG's former Chairman of the Executive Board, Mr. Norbert Steiner, who retired on 11 May 2017. The role of the Chief Financial Officer has been assumed by Mr. Thorsten Boeckers, who was appointed by a further resolution (*Beschluss*) of the Supervisory Board dated 31 August 2016 as K+S AG's new Chief Financial Officer, beginning on 12 May 2017. Following the changes in the composition of the Executive Board, it is expected that there will also be changes made to the assignment of the individual areas of responsibility among the members of the Executive Board.

After the former Chairman of the Supervisory Board, Dr. Ralf Bethke, resigned from the Supervisory Board upon his retirement in May 2017, the members of the Supervisory Board have elected Dr. Andreas Kreimeyer as new Chairman of the Supervisory Board. In addition, Mr. Thomas Kölbl, Chief Financial Officer of Südzucker AG, has been elected as a new member of the Supervisory Board.

The business address of each member of the Executive Board and the Supervisory Board is K+S AG, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Federal Republic of Germany.

Conflicts of Interest

As of the date of this Prospectus, the above mentioned members of the Executive Board and the Supervisory Board of K+S AG do not have potential conflicts of interests between any duties to K+S AG and their private interests or other duties.

Board Practices

The governing bodies of K+S AG are the Executive Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the Annual Shareholders' Meeting (*Hauptversammlung*). The powers of these bodies are set forth in the German Stock Corporation Act (*Aktiengesetz*), K+S AG's articles of association and the bylaws of the Executive Board and the Supervisory Board and its committees. The Executive Board and Supervisory Board work independently of each other. No person may serve on both boards at the same time.

The Executive Board is responsible for managing K+S Group's day-to-day business and for representing K+S AG in dealings with third parties. The Supervisory Board appoints and may dismiss members of the Executive Board. The Supervisory Board supervises and advises the Executive Board in its management of K+S Group and represents K+S AG in transactions between a member of the Executive Board and K+S AG. In general, the Supervisory Board is not directly involved in the day-to-day management of K+S Group. However, pursuant to K+S AG's articles of association, certain transactions require the consent of the Supervisory Board.

In performing their duties, members of both the Executive Board and Supervisory Board must exercise the duties of care expected of a reasonable business person. Members of the

Executive Board and the Supervisory Board must consider a broad range of interests, including those of K+S AG and its shareholders and employees.

The members of the Executive Board and the Supervisory Board may be held personally liable to K+S AG for breaches of their duties of loyalty and care. K+S AG must bring an action for breach of duty against the Executive Board or Supervisory Board upon a resolution of the stockholders passed at a Shareholders' Meeting by a simple majority of votes cast. Furthermore, minority shareholders representing at least 1 percent of the Issuer's share capital or shares with a nominal value of EUR 100,000 can file an application in court requesting an action to be admitted against members of either of the Issuer's boards on behalf of the company or in their own name.

With the exception of stockholders of companies that (unlike K+S AG) are under the control of another company, individual stockholders of German companies cannot sue directors on behalf of the company in a manner analogous to a stockholder's derivative action under U.S. law. Under German law, directors may be liable to a breach of duty to stockholders (as opposed to a duty to the company itself) only where a breach of duty to the company also constitutes a breach of a statutory provision enacted specifically for the protection of stockholders. As a practical matter, stockholders are able to assert liability against directors for breaches of this sort only in unusual circumstances. The German Securities Trading Law (*Wertpapierhandelsgesetz*) provides for damage claims of stockholders against K+S AG under certain circumstances, if K+S AG violates the provisions on publication of insider information with intent or gross negligence.

Executive Board

The Supervisory Board appoints the members of the Executive Board for a term of up to five years. Extensions of the term of office are permitted. Pursuant to the articles of association, the Executive Board must have at least two members. The Supervisory Board determines the number of members of the Executive Board. Currently, the Executive Board has five members. The Executive Board issued the current version of its bylaws (*Geschäftsordnung des Vorstands*) on 15 December 2016.

Any two members of the Executive Board or any individual Executive Board member together with an authorized signatory with statutory power of attorney (*Prokurist*) may legally represent K+S AG.

The Executive Board must report regularly to the Supervisory Board, particularly on business policy and strategy, on profitability and on the current business of K+S Group, as well as on any exceptional matters that may arise from time to time. If not otherwise required by law, the Executive Board decides with a simple majority of the votes cast. In case of deadlock, the vote of the chairperson is the relevant vote. Under certain circumstances, such as a serious breach of duty or a vote of no confidence by the stockholders in an Annual Stockholders' Meeting, a member of the Executive Board may be removed by the Supervisory Board prior to the expiration of his/her term. A member of the Executive Board may not deal with, or vote on, matters relating to proposals, arrangements or contracts between him/herself and K+S AG.

Individual members of the Executive Board serve as representatives with primary responsibility for K+S AG's various corporate functions.

Supervisory Board

The Supervisory Board consists of 16 members, including eight members elected by the shareholders at the Annual shareholders' meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*) and eight members selected by the K+S AG employees, in accordance with the provisions of the German Co-Determination in Industry Act (*Mitbestimmungsgesetz*). The Supervisory Board issued the current version of its bylaws (*Geschäftsordnung des Aufsichtsrats*) on 10 May 2017.

The Supervisory Board members are usually elected for a fixed term of five years. Each term expires at the end of the Annual Shareholders' Meeting in the fourth financial year after the year in which such Supervisory Board member was elected. Supervisory board members may be re-elected.

Unless otherwise provided by law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. In case of any deadlock, the relevant resolution must be voted on again, with the Chairman of the Supervisory Board being entitled to cast two votes during such second vote.

The Chairman is usually a shareholder representative elected by the members of the Supervisory Board.

The Supervisory Board generally meets once every quarter. Its main functions are:

- to supervise and advise the Executive Board in its management of K+S AG;
- to appoint members of the Executive Board; and
- to consent to matters that are subject to the Supervisory Board's consent under German law or K+S AG articles of association and to matters which the Supervisory Board has made subject to its prior approval.

The Supervisory Board may form committees and establish their duties and powers. To the extent permitted by law, the Supervisory Board may delegate to such committees decision-making powers of the Supervisory Board.

As of the date of this Prospectus, the Supervisory Board has established five committees, an audit committee, a nomination committee, a personnel committee, a strategy committee and a mediation committee (*Vermittlungsausschuss*). Following the changes in the composition of the Supervisory Board, it is expected that there will also be changes made to the assignment of the role of the chairman among the members of the committees of the Supervisory Board.

The Supervisory Board has established an audit committee, consisting of Messrs. Dr. Eckart Sünner (chairman), Ralf Becker, Axel Hartmann, Thomas Kölbl, Michael Vassiliadis and Mrs. Dr. Annette Messemer. The audit committee reviews and discusses the annual accounts of K+S AG prior to each meeting of the Supervisory Board in which the annual accounts are being discussed; the audit committee makes recommendations with respect to the approval of the annual accounts and of the consolidated accounts by the Supervisory Board and with respect to the appropriation of profits. In addition, the audit committee makes proposals to the Supervisory Board with respect to the appointment of K+S Group's statutory auditor. Upon having been so authorized by the Supervisory Board, the audit committee may assign the auditor, thereby stipulating the main focus of the auditing procedure as well as the auditor's compensation. The audit committee regularly discusses the

status of the auditing procedure with the auditor, including, in particular, the results of the investigation and the auditor's opinion. Furthermore, the audit committee deals with the compliance and risk management systems.

The nomination committee is responsible for making recommendations to the Supervisory Board concerning proposals to elect Supervisory Board members representing the shareholders. The nomination committee is exclusively composed of shareholder representatives. The committee consists of Messrs. Dr. Andreas Kreimeyer, Philip Freiherr von dem Bussche George Cardona and Mrs. Jella S. Benner-Heinacher.

The personnel committee is responsible for making preparations connected with the appointment of members of the Executive Board, long-term succession planning and for determining the terms and conditions of their contracts of employment including remuneration. The committee consists of Messrs. Dr. Andreas Kreimeyer, Harald Döll, Michael Vassiliadis and Mrs. Jella S. Benner-Heinacher.

The strategy committee consists of Dr. Andreas Kreimeyer, Philip Freiherr von dem Bussche and Michael Vassiliadis.

The mediation committee (*Vermittlungsausschuss*), which is formed in accordance with the German Co-Determination Act, consists of the Chairman of the Supervisory Board, his representative, and one member chosen from each of the shareholder and employee representatives. It submits proposals to the Supervisory Board concerning the appointment of members of the Executive Board, if the required two-thirds majority should not have been obtained in the first round of voting. The committee consists of Messrs. Dr. Andreas Kreimeyer (chairman), Harald Döll, Dr. Eckart Sünner and Michael Vassiliadis.

Corporate Governance

Since the beginning of 2002, the Executive Board and Supervisory Board have followed the recommendations of the Government Commission's German Corporate Governance Code.

In December 2016 the Executive Board and the Supervisory Board of K+S AG issued the following Declaration on Conformity:

"We declare that the recommendations of the Government Commission German Corporate Governance Code amended on May 05, 2015 and published by the German Ministry of Justice in the official section of the German Federal Gazette were complied with in 2016 and will be complied with in 2017 with the exception of the recommendations of Clause 5.1.2 Paragraph 2 Sentence 3 (Determination of an age limit for the members of the Board of Executive Directors) and 5.4.1 Paragraph 2 Sentence 1 (Determination of an age limit as well as a regular limit of length of membership for the members of the Supervisory Board). We do not believe that it is necessary or practical to establish strict age limits for the members of the Board of Executive Directors and the Supervisory Board as well as a regular limit of length of membership since the ability to carry out the work of the respective corporate responsibility area does not necessarily end by a certain age or a certain length of membership, but depends solely on the respective individual skills. Also in light of the demographic development, particularly age limits are in conflict with the general interest of the company which is to fill the positions in its corporate boards the best possible way."

Major Shareholders

Under K+S AG's articles of association, each of K+S AG's ordinary shares represents one vote. Major shareholders do not have different voting rights. Under the free float definition applied by Deutsche Börse AG, the free float amounts to approximately 100%. According to K+S AG's information as of April 2017, approximately 58% of the Issuer's shares are held by institutional investors and 42% by private investors.

Under the German Securities Trading Act (*Wertpapierhandelsgesetz; WpHG*), holders of voting securities of a listed German company must notify that company of the level of their holding whenever it reaches, exceeds or falls below specified thresholds. Since 20 January 2007 the thresholds have been 3, 5, 10, 15, 20, 25, 30, 50 and 75 percent of the company's outstanding voting securities.

Based on such notifications received from shareholders through the date of this prospectus, no person held, in the aggregate, voting rights of more than 5% in K+S AG.

K+S AG is not aware of any arrangement the effect of which would result in a change of control of K+S AG.

Material Financings

In June 2012, K+S AG issued notes in an aggregate principal amount of EUR 500,000,000. These notes are due for repayment on 20 June 2022 and bear interest at an interest rate of 3.00% *per annum*.

In December 2013, K+S AG issued two series of notes. The first series of notes consists of notes in an aggregate principal amount of EUR 500,000,000. These notes are due for repayment on 6 December 2018 and bear interest at an interest rate of 3.125% *per annum*. The second series of notes consists of notes in an aggregate principal amount of EUR 500,000,000. These notes are due for repayment on 6 December 2021 and bear interest at an interest rate of 4.125% *per annum*.

In addition, K+S AG is party to a EUR 1,000,000,000 syndicated credit facility with a duration until 2020. At the date of this Prospectus, the credit facility has not been utilized.

As of the date of this Prospectus, K+S AG has issued euro-denominated promissory notes (*Schuldscheindarlehen*) in a total notional amount of EUR 700,000,000 consisting of seven different tranches with maturities between 2019 and 2023 whereof promissory notes in an aggregate amount of EUR 325,000,000 will become due in 2019, promissory notes in an aggregate amount of EUR 335,000,000 will become due in 2021 and promissory notes in an aggregate amount of EUR 40,000,000 will become due in 2023.

On 6 April 2017, K+S AG issued notes in an aggregate principal amount of EUR 400,000,000 (the "**Original Notes**"). These Original Notes are due for repayment on 6 April 2023 and bear interest at an interest rate of 2.625% *per annum*. The New Notes will constitute an increase (*Aufstockung*) of the EUR 400,000,000 notes issued on 6 April 2017 and will be consolidated and form a single series (*Gesamtemission*) with such Original Notes.

Legal and arbitration proceedings

For the Werra mine and production sites (*Verbundwerk Werra*) a new injection permission was granted until 31 December 2021. The local municipality of Gerstungen and the "Bund für Umwelt und Naturschutz Deutschland e.V. (BUND) – Friends of the Earth Germany" have

filed claims against the new injection permission at the Administrative Court of Kassel (*Verwaltungsgericht Kassel*). These claims are still pending. Although K+S AG is not aware of any other claims filed against the permission as of the date of this Prospectus, other claimants are not excluded from taking legal action against it and the “Verband für Angeln und Naturschutz Thüringen e.V. (VANT)” has already announced that it will contest the permission in court. In addition, a new discharging permission for the Werra mine and production sites was granted until 2020. That new permission has also been challenged in court by the municipality of Gerstungen as well as the municipalities of Witzenhausen and Herleshausen and the “Fischereigenossenschaft Untere Werra”.

The Neuhoof mine has been granted a new discharging permission until 2020 together with a permission for the pipeline transportation of the saline waste water from Neuhoof to the river Werra. Both permissions have been challenged before the Administrative Court of Kassel (*Verwaltungsgericht Kassel*) by the local municipalities of Gerstungen, Herleshausen and Witzenhausen as well as the the “Verband für Angeln und Naturschutz e.V.”. The Federal Republic of Germany and the State of North Rhine-Westphalia also challenged both permissions but the court dismissed the charges. Both claimants moved to admit appeal proceedings, a decision is still pending. The discharging permission has further been challenged by the “Verband Hessischer Fischer e.V.” before the Administrative Court of Kassel (*Verwaltungsgericht Kassel*). All proceedings are still pending.

On 3 February 2016 the Prosecuting Attorney's Office in Meiningen filed criminal charges with alleging crimes concerning trough injection in the region of Gerstungen against current and former members of the Executive Board and employees of K+S AG with the regional court (*Landgericht*) Meiningen. As part of these charges the Prosecuting Attorney's Office moved for a skimming of profits of K+S AG in the amount of 325 million Euro. The regional court of Meiningen did not allow for criminal proceedings for both, reasons of fact and law. The court saw no sufficient grounds for a suspicion of criminal behaviour and ruled that even if there were sufficient grounds for such suspicions, criminal proceedings would be statute-barred concerning most charges brought forth by the Prosecuting Attorney's Office. The Prosecuting Attorney's Office appealed this decision with the higher regional court (*Oberlandesgericht*) Thuringia on 14 September 2016. A decision of the higher regional court is still pending.

Apart from the above mentioned, there are no, and K+S AG or any of its subsidiaries has or have not been involved in any, governmental, legal or arbitration proceedings during the period of the last twelve months, against or affecting K+S AG or any of its subsidiaries, nor is K+S AG aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability of K+S AG or the K+S Group.

Additional Information

Share Capital

As at 31 March 2017, K+S AG's subscribed capital amounted to EUR 191,400,000.00 and is divided into 191,400,000 registered shares each with a notional value of EUR 1.00 which are fully paid up.

Fiscal Year

K+S AG's fiscal year is the calendar year.

Memorandum and Articles of Association

According to Article 2 of its articles of association, K+S AG's corporate purpose is

- the extraction, processing and sale of potassium salt and rock salt as well as other minerals, including related main and secondary products;
- the use of underground cavities created as a result of mining operations;
- the recycling and removal of waste;
- the production and sale of fertilizer mixtures and various types of chemical products;
- trading in all the aforementioned minerals and products;
- the management and exploitation of real property; and
- the execution of all such transactions and measures that may appear necessary for or conducive to the accomplishment of the Issuer's objects.

Material Contracts

K+S AG has not entered into material contracts outside the ordinary course of its business, which could result in any group member being under an obligation or entitlement that is material to K+S AG's ability to meet its obligations to the Noteholders.

Third Party Information and Statement by Experts and Declaration of any Interest

There are no specific comments or remarks on behalf of K+S Group other than already provided in this Prospectus for K+S AG/K+S Group.

Recent Events and Outlook

Recent Events

On 23 December 2016, the Kassel Regional Council (*Regierungspräsidium Kassel*) approved the continued deep-well injection of saline waste water resulting from the potash production at the Werra plant. The permission is valid from 1 January 2017 until 31 December 2021 and allows for an annual volume of 1.5 million cubic meters of waste water, limited to 5,000 cubic meters per day, to be injected while an annual volume of 2 million cubic meters on average for the years 2016 until 2021 had been originally applied for by K+S AG. The permission is subject to various ancillary provisions. Irrespective of the deep-well injection permission, discharging saline waste water into the Werra river remains subject to prevailing weather conditions. During periods of low water levels, such as in the beginning of 2017, production at full capacity (or at all) at the Werra plant will remain challenging.

Outlook

For 2017, K+S Group expects the global potash demand to be slightly above the level in 2016 (2016: around 64 million tonnes including about 4 million tonnes of potassium sulphate and potash grades with a lower mineral content). While the prices of fertilizer specialties such

as potassium sulphate (SOP) are expected to remain at a good level, the prices for standard potash (MOP) are expected to only recover gradually, especially in some overseas regions.

In K+S Group's Salt business unit, the 2016/2017 winter season started better with respect to de-icing salt than in the weak previous year, however sales remained below the long-term average so far. Only in Europe, the reduction in inventory levels was comparatively high. North America is among the leading sales regions for the consumer products and food processing salt business for which demand is anticipated to remain largely stable in 2017. Consumption at the previous year's level is expected in Europe and South America as well. However, a global trend of increased use of high-quality products such as sea salt or kosher salt as well as low-sodium products is discernible in the long term. Demand in the salt for chemical use and industrial salt segments should remain stable or slightly increase. Moderate growth rates continue to be expected, in particular for pharmaceutical salts in view of the increasingly ageing population. In South America, growing demand for salt for the extraction of copper from the mined raw ore (copper leaching) has been recorded. This development is expected to continue in 2017 as well. Demand in the chemical industry, for instance for plastics production, is expected to increase in the wake of the robust US economy and ongoing low energy costs. However, the economic situation that is still strained in parts of Europe is expected to have a weakening effect.

K+S Group expects EBITDA (adjusted) and EBIT I for 2017 to be tangibly higher than in the previous year. However, the deep-well injection permission for saline wastewater from potash production at the Werra plant, granted in 2016 allows for an annual volume of 1.5 million cubic meters of waste water, limited to 5,000 cubic meters per day, to be injected while an annual volume of 2 million cubic meters on average for the years 2016 until 2021 had been originally applied for and the permission is subject to various ancillary provisions. Further production limitations during periods of low water levels in the Werra river, as it has been the case in the first months of 2017, cannot be ruled out during the course of the year and could lead to substantial negative deviations from the current expectations. It is unlikely that operating earnings in the Salt business unit would offset this in any event. Capital expenditure for 2017 is expected to decrease significantly compared to 2016 in particular due to expected lower capital expenditure for the Legacy Project. The adjusted free cash flow of the K+S Group in 2017 is expected to show a tangible improvement compared with the previous year, however it will remain negative.

INFORMATION ON MINERAL DEPOSITS

Information about mineral deposits

This section contains an overview of the mineral deposits, mineral reserves and mineral resources of the K+S Group for both the Potash and Magnesium Products business unit and the Salt business unit. The deposits are either owned by the K+S Group or there are appropriate mining and exploration rights, licenses or concessions (together the “**Mining Rights**”) in place which secure the potential excavation of the mineral reserves. Where mineral reserves are excavated all operating permissions and necessary approvals are in place.

A mineral resource is a concentration of minerals in such form and quantity and of such a grade or quality that has a reasonable prospect for economic extraction. A mineral reserve is the part of a mineral resource that is economically mineable. International reserve reporting standards classify mineral reserves according to an increasing level of geological knowledge and confidence into the categories probable reserves and proven reserves.

The K+S Group classifies its mineral reserves and resources into categories according to an increasing level of geological knowledge and confidence (A, B, C1 and C2). The A and B categories are comparable to proven mineral reserves as defined in the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) Definition Standards on Mineral Resources and Reserves and the C1 category is comparable to probable mineral reserves as defined in the CIM Definition Standards. The C2 category is comparable with mineral resources as defined in the CIM Definition Standards.

The procedures underlying K+S Group's reserve and resource reporting is in accordance with international guidelines published amongst others by the CIM. Surface/underground drilling and logging as well as sampling techniques are performed in line with state of the art procedures. Sample preparation and chemical analysis for grade calculation are handled in-house by certified K+S Group laboratories and data handling, verification and interpretation is performed by qualified and experienced experts (geologists, miners, engineers, chemists).

The K+S Group explores its deposits continually through the appropriate techniques, such as seismic surveys, surface and underground drilling. All deposits of already operating mine sites are fully accessible. The exploration process and accessibility of the mineral deposits with respect to the Legacy Project are set out under “*Information on K+S AG as Issuer – Information about K+S AG – Investments*”.

Potash and Magnesium Products Business Unit

Germany

Reserves

The specified extractable reserves were last determined on 1 January 2017 and contain proven and probable mineral reserves (A, B and C1 category). The following table shows rounded figures of the reserves of potassium chloride (KCl) and magnesium sulphate/kieserite ($\text{MgSO}_4 \times \text{H}_2\text{O}$), of the volume extracted in 2016 and of the theoretical lifetime of the individual mines in Germany. On the basis of this data, a theoretical lifetime of the mines of about 24 years on average is calculated for the Potash and Magnesium Products

business unit. Volumes actually mined in future that differ from these volumes would result in a change of the theoretical lifetime.

Site	Reserves				Extraction (2016)		Theoretical lifetime
	Crude Salt (t million)	K ₂ O ⁽¹⁾ (t million)	KCl ⁽¹⁾ (t million)	Kieserite ⁽²⁾ (t million)	Crude Salt (t million)	K ₂ O ⁽¹⁾ (t million)	Basis KCl (years) ⁽³⁾
Neuhof-Ellers	79.2	7.9	12.6	15.3	4.01	0.40	20
Sigmundshall	20.8	2.0	3.2	3.1	1.86	0.20	3 ⁽⁴⁾
Verbundwerk Hattorf-Wintershall	488.9	40.3	63.8	65.2	11.49 ⁽⁵⁾	0.94 ⁽⁵⁾	43
Unterebreizbach	56.1	13.3	21.0	5.6	3.77 ⁽⁶⁾	0.73 ⁽⁶⁾	18
Zielitz	410.6	49.4	78.1	-	12.12	1.33	37

⁽¹⁾ Potassium oxide (K₂O) is a customary, chemical unit of conversion for potassium compounds, 100% potassium chloride (KCl) corresponds to 63.17 % K₂O.

⁽²⁾ Kieserite (MgSO₄ x H₂O) is a usable magnesium mineral in potash deposits. Other minerals containing magnesium sulphate are only utilised secondarily for process-related factors.

⁽³⁾ The calculation assumes the granting of approvals (permissions and leases), the economic exploitability of reserves and an annual extraction remaining constant over the lifetime.

⁽⁴⁾ The theoretical lifetime of the Sigmundshall mine is determined by the volume of reserves of sylvinit and the current method of waste disposal.

⁽⁵⁾ Without supplies from Unterebreizbach to Wintershall.

⁽⁶⁾ Including supplies from Unterebreizbach to Wintershall.

Resources

Resources exist for the Potash and Magnesium Products business unit. These are not yet used potash seams or fields to which rights are held, and in which resources can be shown to exist on the basis of geophysical investigations and surface drilling as well as by means of geological analogical inference. These potential extraction fields are predominantly adjacent to existing ones and either belong to the K+S Group or the K+S Group has pre-emptive rights to them.

In Germany, the Potash and Magnesium Products business unit has around 1.3 billion tonnes of crude salt as exploitable resources. This figure already takes into consideration losses by extraction and barren zones. This could result in a prolongation of the lifetime of individual plants.

Canada

With the Legacy Project in the mining lease KLSA 009, K+S Group has built a new potash mine ("**Bethune**") in the Canadian province of Saskatchewan. At the Bethune plant, potassium chloride will be extracted by means of solution mining. The reserves and resources are specified in million tonnes of potassium chloride as a saleable end product, and the corresponding deductions for losses during mining and processing have already been taken into consideration. On the basis of the estimated available reserves and at an expected annual production capacity of 2.86 million tonnes KCl, a theoretical lifetime of about 56 years can be assumed.

Reserves and Resources⁽¹⁾

	KCl ⁽²⁾ (t million)	KCl ⁽²⁾ (%)	K ₂ O ⁽²⁾ (%)	
<u>Reserves</u>				
Proven and probable Reserves	160.3	29.1	18.4	Legacy Project area and KLSA 009
<u>Resources</u>				
Indicated Resources	88.1	27.3	17.3	Legacy Project area
Inferred Resources	893.7	26.9	17.0	and KLSA 009

⁽¹⁾ The Reserves and Resources figures were determined in accordance with the requirements of the Canadian standard NI 43-101 of the "Canadian Securities Regulators".

⁽²⁾ Potassium oxide (K₂O) is a customary, chemical unit of conversion for potassium compounds, 100% potassium chloride (KCl) corresponds to 63.17% K₂O.

Apart from the mining lease KLSA 009, K+S Potash Canada holds one more exploration permissions in Southern Saskatchewan. Due to the limitation of geological data available on the deposit, it cannot yet be classified as resources or reserves.

Fees, extraction charges and Royalties

Delay fees and extraction charges or mining royalties must be paid on some of the fields in the Potash and Magnesium Products business unit on an annual basis. In general, these fees, extraction charges and royalties are based on production amounts. In 2016, they amounted to approximately EUR 1 million, consisting of municipal taxes to the rural municipality of Dufferin (the municipality of the site of the Legacy Project), mineral leases and exploration permissions for all fields in the Potassium and Magnesium Products business unit. Mining royalties and waiting charges at the German production sites Hattorf-Wintershall, Neuhoof and Sigmundshall amounted to EUR 1.1 million in 2016.

Salt Business Unit

Reserves

The specified extractable reserves were last determined on 1 January 2017 and contain proven and probable reserves (A, B, C1 category). The following table shows the salt reserves, the average extraction of the mines, open-cast mining operations and brine fields in the 10 year period from 2007 to 2016 as well as the theoretical lifetime of the individual sites. Rounded figures are reported. On the basis of this data, a theoretical lifetime of the sites of about 52 years on average is calculated (without production of solar evaporation salt). Volumes actually mined in future that differ from these volumes would result in a change of the theoretical lifetime.

Site	Company	Production method	Reserves (t million)	Ø- Extraction	Theoretical lifetime ⁽¹⁾ (years)
				2007 - 2016 (t million)	
Bernburg, Germany	esco	Underground Mining	43.3	1.8	23
Borth, Germany	esco	Underground Mining	37.1	1.4	27
Braunschweig-Lüneburg, Germany	esco	Underground Mining	20.3	0.6	32
Bernburg-Gnatsch, Germany	esco	Solution mining	20.8	0.2	85
Harlingen, The Netherlands	esco	Solution mining	3.3	0.8	4
Fairport, USA	Morton Salt	Underground Mining	38.9	1.0	37
Grand Saline, USA	Morton Salt	Underground Mining	34.8	0.3	129
Mines Seleine, Canada	Windsor Salt	Underground Mining	34.6	1.5	24
Ojibway, Canada	Windsor Salt	Underground Mining	82.2	2.6	32
Pugwash, Canada	Windsor Salt	Underground Mining	25.1	1.1	24
Weeks Island, USA	Morton Salt	Underground Mining	62.9	1.4	47
Glendale, USA	Morton Salt	Solution mining	8.8	0.1	73
Grand Saline, USA	Morton Salt	Solution mining	4.5	0.1	64
Hutchinson, USA	Morton Salt	Solution mining	17.4	0.3	60
Lindbergh, Canada	Windsor Salt	Solution mining	16.3	0.1	136
Manistee, USA	Morton Salt	Solution mining	19.8	0.3	73
Rittman, USA	Morton Salt	Solution mining	15.0	0.5	31
Silver Springs, USA	Morton Salt	Solution mining	15.7	0.3	46
Windsor, Canada	Windsor Salt	Solution mining	4.3	0.2	20
Grantsville, USA	Morton Salt	Solar evaporation (Great Salt Lakes)	∞	0.6	∞
Inagua, Bahamas	Morton Salt	Solar evaporation (Ocean)	∞	0.8	∞
Tarapaca, Chile	K+S Chile	Open cast mining	544.3	7.4	74
Rio Grande do Norte, Brazil	K+S Chile	Solar evaporation (Ocean)	∞	0.5	∞

⁽¹⁾ The calculation assumes the granting of permissions and approvals, the economic exploitability of reserves and an annual extraction remaining constant over the lifetime.

Resources

Resources exist for the Salt business unit. These are fields to which rights are held in which resources can be shown to exist on the basis of geophysical investigations and surface drilling as well as by means of geological analogical inference. These potential extraction fields are in part adjacent to existing ones and belong to the K+S Group or K+S Group holds a Mineral Right for exploration and extraction.

For the Salt business unit, about 1.3 billion tonnes of rock salt in Europe and in North and South America can be disclosed as exploitable resources, taking into consideration losses in extraction and impoverishment. This could result in a prolongation of the lifetime of individual plants.

Fees, extraction charges and Royalties

In the Salt business unit for the US and Canadian operations, extraction charges or mining royalties must be paid based on production. In 2016, those charges and royalties will amount to approximately USD 0.6 million per year for all Mining Rights in the United States and CAD 1.4 million for all Mining Rights in Canada. The extraction charges for Braunschweig-Lüneburg, Germany, will amount to approximately EUR 0.1 million. While not subject to royalties for its Mining Rights, fees having an effect on expenses in 2016 for the use of land due to the pipelines constructed at Harlingen, Netherlands, amounted to approximately EUR 0.1 million.

Mining and exploration rights, licences, concessions, operating permissions and approvals

All deposits used are either owned by the K+S Group or appropriate Mining Rights are in place. Those Mining Rights secure the potential excavation of the mineral reserves shown in the tables over the stated periods.

For its operations, the K+S Group may not mine for mineral resources unless it has obtained, in addition to required Mining Rights, all required operating (and, if needed, environmental and construction) permissions and approvals, which is the case for all mineral reserves currently being excavated. The granting of such operating permissions and approvals is based on the various requirements set out in the respective local legislation.

In general, K+S Group's ability to start, maintain and modify its mining operations highly depends on complex permitting and approval processes with various decisions to be made at various levels of governmental bodies and authorities.

The Legacy Project, so far, has been granted all required permissions and approvals, including the important approval of the "Environmental Impact Statement" according to the Environmental Assessment Act of Saskatchewan, for construction works on the mine site. In October 2016, K+S Potash Canada General Partnership received its "Approval to Operate" from the Saskatchewan Ministry of Environment with an initial term of five years, due for renewal at the end of the initial term. Additional approvals and renewals may be required from time to time and will be obtained during the normal course of business.

The legal requirements applicable to the existing Mining Rights, operating permissions and approvals under public law vary from country to country, from plant to plant and from mine to mine. Typically, they contain regulations on the technical framework conditions of the mining work, for the protection of the environment (in particular of flora, fauna, water, air, soil) and

the neighbourhood (in particular against emissions of dust, noise and vibrations), and requirements for work safety and for the subsequent use of the mining areas once the mining work has ended. Due to the differences in legal framework conditions in the individual countries where K+S Group is active, the content and scope of regulations deviate greatly from each other and cannot be generalized. The same holds true for the time periods for which the Mining Rights, operating permissions and approvals are issued: whereas in some countries Mining Rights, operating permissions and approvals are issued at the longest for the subsequent 1-5 years, in other countries Mining Rights, operating permissions and approvals may be issued for the next 10-20 years or even for an unlimited period, meaning until the mineral reserves within the approved mining area have been exhausted.

TERMS AND CONDITIONS OF THE NEW NOTES

Anleihebedingungen

Die deutsche Version dieser Anleihebedingungen ist bindend. Die englische Übersetzung dient nur Informationszwecken.

Terms and Conditions

The German text of these Terms and Conditions is binding. The English translation is for information purposes only.

§ 1 Form und Nennbetrag

(a) Die von der K+S Aktiengesellschaft, Kassel (die „**Emittentin**“) begebene Anleihe im Gesamtnennbetrag (vorbehaltlich § 1(d)) von EUR [●] ist eingeteilt in auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 1.000 (die „**Neuen Schuldverschreibungen**“). Die Neuen Schuldverschreibungen sind eine Aufstockung der am 6. April 2017 begeben EUR 400.000.000 2,625% Schuldverschreibungen (die „**Original Schuldverschreibungen**“) und zusammen mit den Neuen Schuldverschreibungen, die „**Schuldverschreibungen**“). Die Neuen Schuldverschreibungen haben, abgesehen von ihrem Ausgabepreis und ihrem Ausgabedatum, identische Bedingungen wie die Original Schuldverschreibungen und werden mit den Original Schuldverschreibungen zu einer einheitlichen Gesamtemission (Serie) zusammengeführt.

(b) Die Neuen Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die „**vorläufige Globalurkunde**“) ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Neuen Schuldverschreibungen, die durch eine Dauerglobalurkunde (die „**Dauerglobalurkunde**“) und zusammen mit der vorläufigen Globalurkunde, die „**Globalurkunden**“) ohne Zinsscheine verbrieft sind, ausgetauscht. Die Einzelheiten eines

§ 1 Form and Denomination

(a) The issue by K+S Aktiengesellschaft, Kassel (the „**Issuer**“) in the aggregate principal amount (subject to § 1(d)) of EUR [●] is divided into bonds payable to bearer in the denomination of EUR 1,000 each (the „**New Notes**“). The New Notes constitute an increase (*Aufstockung*) of the EUR 400,000,000 2.625 per cent. notes due 2023 issued on 6 April 2017 (the „**Original Notes**“) and, together with the New Notes, the „**Notes**“). The New Notes shall have the same terms as the Original Notes in all respects (save for the issue price and the date of issue) and will be consolidated and form a single series (*Gesamtemission*) with the Original Notes.

(b) The New Notes are initially represented by a temporary global note (the „**Temporary Global Note**“) without coupons. The Temporary Global Note will be exchangeable for New Notes represented by a permanent global note (the „**Permanent Global Note**“) and together with the Temporary Global Note, the „**Global Notes**“) without coupons. The details of such exchange shall be entered in the records of the ICSDs (as defined below). The Global

solchen Austausches werden in die Aufzeichnungen der ICSDs (wie nachstehend definiert) aufgenommen. Die Globalurkunden tragen jeweils die eigenhändigen Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

- (c) Die vorläufige Globalurkunde wird an einem Tag (der „**Austauschtag**“) gegen die Dauerglobalurkunde ausgetauscht, der nicht weniger als 40 Tage nach dem Tag der Begebung der Neuen Schuldverschreibungen liegt. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der Neuen Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Neuen Schuldverschreibungen über solche Finanzinstitute halten). Solange die Schuldverschreibungen durch eine vorläufige Globalurkunde verbrieft sind, werden Zinszahlungen erst nach Vorlage dieser Bescheinigungen vorgenommen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Begebung der Neuen Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß dieses § 1(c) auszutauschen. Neue Schuldverschreibungen, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 1(f) definiert) geliefert werden.

Notes shall each be signed manually by authorized signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive New Notes and interest coupons will not be issued.

- (c) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the “**Exchange Date**”) not earlier than 40 days after the date of issue of the New Notes. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the New Notes is not a U.S. person (other than certain financial institutions or certain persons holding New Notes through such financial institutions). Payment of interest on New Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the New Notes will be treated as a request to exchange the Temporary Global Note pursuant to this § 1(c). Any New Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 1(f)).

- (d) Jede die Neue Schuldverschreibungen verbriefende Globalurkunde wird so lange von einem oder im Namen eines Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Neuen Schuldverschreibungen erfüllt sind. **Clearingsystem** bezeichnet Clearstream Banking, société anonyme, Luxembourg („**CBL**“) und Euroclear Bank SA/NV („**Euroclear**“) (CBL und Euroclear jeweils ein „**ICSD**“ und zusammen die „**ICSDs**“). Die Neuen Schuldverschreibungen werden in Form einer neuen Globalurkunde (*New Global Note*) („**NGN**“) ausgegeben und von einer gemeinsamen Verwahrstelle im Namen beider ICSDs verwahrt. Der Nennbetrag der durch die Globalurkunde verbrieften Neuen Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Neuen Schuldverschreibungen führt) sind schlüssiger Nachweis über den Nennbetrag der durch die Globalurkunde verbrieften Neuen Schuldverschreibungen, und eine zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Nennbetrag der so verbrieften Neuen Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt. Bei jeder Rückzahlung oder Zinszahlung bezüglich der durch die Globalurkunde verbrieften Neuen Schuldverschreibungen bzw. bei Ankauf und Entwertung der durch die Globalurkunde verbrieften Neuen Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten
- (d) Each Global Note representing the New Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the New Notes have been satisfied. **Clearing System** means each of the following: Clearstream Banking, société anonyme, Luxembourg („**CBL**“) and Euroclear Bank SA/NV („**Euroclear**“) (CBL and Euroclear each an „**ICSD**“ and together the „**ICSDs**“). The New Notes are issued in new global note („**NGN**“) form and are kept in custody by a common safekeeper on behalf of both ICSDs. The principal amount of New Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the New Notes) shall be conclusive evidence of the principal amount of New Notes represented by the Global Note and, for these purposes, a statement issued by a ICSD stating the principal amount of New Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or interest payment being made in respect of, or purchase and cancellation of, any of the New Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the principal amount of the New Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the New Notes so

über die Rückzahlung bzw. die Zahlung bzw. den Ankauf und die Entwertung bezüglich der Globalurkunde anteilig in den Registern der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Nennbetrag der in den Registern der ICSDs verzeichneten und durch die Globalurkunde verbrieften Neuen Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. angekauften und entwerteten Neuen Schuldverschreibungen bzw. der Gesamtbetrag der gezahlten Rückzahlungsrate abgezogen wird. Bei Austausch nur eines Teils der Neuen Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, stellt die Emittentin sicher, dass die Einzelheiten dieses Austauschs anteilig in die Register der ICSDs eintragen werden.

- (e) „**Anleihegläubiger**“ bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Neuen Schuldverschreibungen.

Bei Austausch nur eines Teils von Neuen Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Register der ICSDs aufgenommen werden.

- (f) Für die Zwecke dieser Anleihebedingungen bezeichnet „**Vereinigte Staaten**“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid. On an exchange of a portion only of the New Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

- (e) „**Noteholder**“ means any holder of a proportionate co-ownership or other beneficial interest or right in the New Notes.

On an exchange of a portion only of the New Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

- (f) For the purposes of these Terms and Conditions, „**United States**“ means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

§ 2 Status der Schuldverschreibungen, Negativerklärung

- (a) Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin und stehen im gleichen Rang untereinander und mindestens im gleichen Rang mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin, soweit bestimmte zwingende gesetzliche Bestimmungen nichts anderes vorschreiben.
- (b) Solange Zahlungen aus den Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle auf die Schuldverschreibungen gemäß diesen Anleihebedingungen zu zahlenden Beträge dem Clearingsystem zur Verfügung gestellt worden sind, verpflichtet sich die Emittentin,
- (A) für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen) keine dinglichen Sicherheiten in Bezug auf ihre gesamten gegenwärtigen oder zukünftigen Einkünfte oder ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihrer gegenwärtigen oder zukünftigen Einkünfte oder ihres gegenwärtigen oder zukünftigen Vermögens zu gewähren oder bestehen zu lassen, und
- (B) sicherzustellen, soweit rechtlich möglich, dass keine Gesellschaft der Gruppe für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen)

§ 2 Status of the Notes, Negative Pledge

- (a) The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present or future, save for certain mandatory exceptions provided by law.
- (b) While any amounts remain outstanding under the Notes, but only up to the time all amounts payable to Noteholders under the Notes in accordance with these Terms and Conditions have been placed at the disposal of the Clearing System, the Issuer undertakes that
- (A) it will not create or permit to subsist any security interest *in rem* (*dingliche Sicherheit*) over all or part of its present or future revenues or assets as security for any Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof), and
- (B) it will procure, to the extent legally permissible, that no member of the Group will at any time create or permit to subsist any security interest *in rem* upon all or any of its present or future revenues or assets as security

irgendwelche dinglichen Sicherheiten in Bezug auf ihre gesamten gegenwärtigen oder zukünftigen Einkünfte oder ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihrer gegenwärtigen oder zukünftigen Einkünfte oder ihres gegenwärtigen oder zukünftigen Vermögens gewährt oder bestehen lässt,

sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen gleichrangig und anteilig an einer solchen dinglichen Sicherheit teilhaben, oder diesbezüglich eine dingliche Sicherheit zu im wesentlichen gleichen Bedingungen bestellt wird, und die von einem international angesehenen unabhängigen Sachverständigen als gleichwertige Sicherheit beurteilt wird.

Die Verpflichtung nach diesem Absatz (b) besteht jedoch nicht für solche Sicherheiten, (i) die gesetzlich vorgeschrieben sind, oder (ii) die als Voraussetzung für staatliche Genehmigungen verlangt werden, oder (iii) die zum Ausgabetag der Original Schuldverschreibungen bestehen, oder (iv) die von einer Gesellschaft der Gruppe an Forderungen bestellt werden, die ihr aufgrund der Weiterleitung von aus dem Verkauf von Kapitalmarktverbindlichkeiten in der Form von Wandelschuldverschreibungen erzielten Erlösen gegen Gesellschaften der Gruppe oder sonstige Dritte gegenwärtig oder zukünftig zustehen, sofern solche Sicherheiten der Besicherung von Verpflichtungen aus den jeweiligen Kapitalmarktverbindlichkeiten der Gesellschaft der Gruppe dienen, oder (v) die eine im Zeitpunkt einer zukünftigen Akquisition bestehende Kapitalmarktverbindlichkeit des er-

for any Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof),

unless at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or benefit from a security interest *in rem* in substantially identical terms thereto and as shall be approved by an independent expert of internationally recognised standing as being equivalent security.

The undertaking pursuant to this subsection (b) shall not apply to a security (i) which is mandatory according to applicable laws, or (ii) which is required as a prerequisite for governmental approvals, or (iii) which is existing on the issue date of the Original Notes, or (iv) which is provided by any member of the Group upon any claims of such member against any other member of the Group or any third party, which claims exist now or arise at any time in the future as a result of the passing on of the proceeds from the sale by the Subsidiary of any Capital Market Indebtedness in the form of convertible bonds, provided that any such security serves to secure obligations under such Capital Market Indebtedness of the member of the Group, or (v) which secures a Capital Market Indebtedness of an acquired enterprise existing at the time of any future acquisition that becomes an obligation of the Issuer or any member

worbenen Unternehmens besichern, die infolge der zukünftigen Akquisition eine Verpflichtung der Emittentin oder einer Gesellschaft der Gruppe wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese zukünftige Akquisition begründet wurde, oder (vi) die der Erneuerung, Verlängerung oder dem Austausch irgendeiner Sicherheit gemäß vorstehend (i) bis (v) dienen, oder (vii) solche Sicherheiten, die Kapitalmarktverbindlichkeiten besichern, deren Kapitalbetrag (bei Aufaddierung auf den Kapitalbetrag sonstiger Kapitalmarktverbindlichkeiten, für die andere Sicherheiten als die nach (i) bis (vi) zulässigen bestehen) EUR 50.000.000 (oder deren jeweiligen Gegenwert in anderen Währungen) nicht überschreitet.

Eine nach diesem Absatz (b) zu leistende Sicherheit kann auch zu Gunsten der Person eines Treuhänders der Anleihegläubiger bestellt werden.

„Kapitalmarktverbindlichkeiten“

bezeichnet jede gegenwärtige oder zukünftige Verpflichtung zur Zahlung oder Rückzahlung von Geldern (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für Verbindlichkeiten von Dritten) aus Schuldscheindarlehen oder aus Anleihen, Schuldverschreibungen oder anderen ähnlichen Instrumenten mit einer ursprünglichen Laufzeit von mehr als einem Jahr, sofern sie an einer Börse oder an einem anderen Wertpapiermarkt notiert, zugelassen oder gehandelt werden oder notiert, zugelassen oder gehandelt werden können.

„Gruppe“ bezeichnet die Emittentin und ihre jeweiligen konsolidierten

of the Group as a consequence of such future acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such future acquisition, or (vi) which is provided in connection with the renewal, extension or replacement of any security pursuant to foregoing (i) through (v), or (vii) which secures Capital Market Indebtedness the principal amount of which (when aggregated with the principal amount of any other Capital Market Indebtedness which has the benefit of a security other than any permitted under the sub-paragraphs (i) to (vi) above) does not exceed EUR 50,000,000 (or its equivalent in other currencies at any time).

Any security which is to be provided pursuant to this subsection (b) may also be provided to a person acting as trustee for the Noteholders.

“Capital Market Indebtedness”

means any present or future obligation for the payment or repayment of money (including obligations by reason of any guarantee or other liability agreement for obligations of third parties) that is borrowed either in the form of promissory notes (*Schuldscheindarlehen*) or through the issuance of bonds, debentures, notes or other similar debt securities, with an original maturity of more than one year, which are, or are capable of being, quoted, listed or traded on a stock exchange or other securities market.

“Group” means the Issuer and all of its consolidated subsidiaries from time to

Tochtergesellschaften.

time.

§ 3 Verzinsung

- (a) Die Schuldverschreibungen werden, bezogen auf ihren Nennbetrag, ab dem 6. April 2017 (der „**Zinslaufbeginn**“) (einschließlich) mit 2,625 % jährlich verzinst. Die Zinsen sind jährlich nachträglich am 6. April jeden Jahres (jeweils ein „**Zinszahlungstag**“), beginnend mit dem 6. April 2018, zu zahlen.
- (b) Der Zinslauf der Schuldverschreibungen endet, soweit hierin nicht abweichend geregelt, am Ende des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, fallen vom Fälligkeitstermin (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) Zinsen zum gesetzlichen Verzugszinssatz an. Der gesetzliche Verzugszinssatz entspricht dem von der Deutschen Bundesbank jeweils veröffentlichten Basiszinssatz zuzüglich fünf Prozentpunkten, §§ 288 Abs. 1, 247 Abs. 1 BGB.
- (c) Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich) berechnet, geteilt durch die Anzahl der Tage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages

§ 3 Interest

- (a) The Notes shall bear interest on their principal amount at a rate of 2.625 per cent. *per annum* from and including 6 April 2017 (the „**Interest Commencement Date**“). Interest is payable annually in arrear on 6 April of each year (each an „**Interest Payment Date**“), commencing on 6 April 2018.
- (b) Subject as provided herein, a Note shall cease to bear interest from the end of the day preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue from and including the due date until but excluding the date of the actual redemption of the Notes at the default rate of interest established by statutory law. The default rate of interest established by statutory law is five percentage points above the basis rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*).
- (c) Where interest is to be calculated in respect of a period which is shorter than or equal to an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from and including the first date in the relevant period to but excluding the last date of the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

der betroffenen Zinsperiode).

„**Zinsperiode**“ bezeichnet den Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zu dem ersten Zinszahlungstag (ausschließlich) und danach ab dem jeweiligen Zinszahlungstag (einschließlich) bis zu dem nächstfolgenden Zinszahlungstag (ausschließlich).

“**Interest Period**” means the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each relevant Interest Payment Date to but excluding the next following Interest Payment Date.

§ 4 Fälligkeit und Rückzahlung

(a) Die Schuldverschreibungen werden am 6. April 2023 (der „**Fälligkeitstag**“) zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt, soweit sie nicht vorher zurückgezahlt oder zurückgekauft und entwertet worden sind.

(b) Wenn die Emittentin verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6(b) zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält, dann ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (vollständig, jedoch nicht nur teilweise) durch Bekanntmachung an die Anleihegläubiger gemäß § 9 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen. Im Falle einer solchen Kündigung hat die Emittentin die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Rückzahlungstermin zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückzuzahlen.

Die Kündigungserklärung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge gemäß § 6(b) zu zahlen.

Vor Abgabe einer solchen Kündigungserklärung wird die Emittentin der

§ 4 Maturity and Redemption

(a) The Notes will be redeemed at their principal amount together with accrued interest on 6 April 2023 (the “**Maturity Date**”) to the extent they have not previously been redeemed or purchased and cancelled.

(b) If the Issuer has or will become obliged to pay Additional Amounts pursuant to § 6(b), and that obligation cannot be avoided by the Issuer, taking reasonable measures it (acting in good faith) deems appropriate, the Issuer may, upon giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with § 9, call the Notes (in whole but not in part) at any time. In the case such call notice is given, the Issuer shall redeem the Notes on the date fixed for redemption in the call notice at their principal amount together with accrued interest.

No such call notice may be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay the Additional Amounts pursuant to § 6(b).

Prior to giving any such call notice, the Issuer will deliver to the Principal

Hauptzahlstelle ein Gutachten eines angesehenen unabhängigen Rechtsberaters übergeben, aus dem hervorgeht, dass die Emittentin verpflichtet ist oder verpflichtet sein wird, die betreffenden Zusätzlichen Beträge als Folge der entsprechenden Rechtsänderung zu zahlen.

Paying Agent an opinion of an independent legal advisor of recognised standing to the effect that the Issuer has been obliged or will become obliged to pay the Additional Amounts in question as a result of the relevant change in law.

- | | |
|---|---|
| <p>(c) Wenn 80% oder mehr des Nennbetrags der dann ausstehenden Schuldverschreibungen durch die Emittentin oder eine Tochtergesellschaft der Emittentin zurückgezahlt oder zurückerworben wurde, ist die Emittentin berechtigt, nach ihrer Wahl alle ausstehenden Schuldverschreibungen mit einer Frist von mindestens 30 und höchstens 60 Tagen gegenüber den Anleihegläubigern gemäß § 9 zu kündigen und zum Nennbetrag zuzüglich etwaiger bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurück zu zahlen.</p> <p>(d) Die Emittentin kann, nachdem sie gemäß Absatz (e) gekündigt hat, die Schuldverschreibungen insgesamt oder teilweise innerhalb des Zeitraums vom 6. Januar 2023 (einschließlich) bis 5. April 2023 (einschließlich) zum Nennbetrag, nebst etwaigen bis zum maßgeblichen Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.</p> <p>(e) Die Kündigung ist den Anleihegläubigern der Schuldverschreibungen durch die Emittentin gemäß § 9 bekanntzugeben. Sie muss die folgenden Angaben enthalten:</p> <p style="margin-left: 20px;">(i) eine Erklärung, ob Schuldverschreibungen insgesamt oder teilweise zurückgezahlt werden und im letzteren Fall den</p> | <p>(c) If 80% or more in principal amount of the Notes then outstanding have been redeemed or purchased by the Issuer or any subsidiary of the Issuer, the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders, in accordance with § 9, redeem, at its option, the remaining Notes as a whole at their principal amount, together with interest (if any) accrued to the date fixed for redemption (excluding).</p> <p>(d) The Issuer may, upon notice given in accordance with clause (e), redeem all or some only of the Notes within the period from 6 January 2023 (including) to 5 April 2023 (including) at their principal amount together with accrued interest, if any, to (but excluding) the relevant redemption date.</p> <p>(e) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 9. Such notice shall specify:</p> <p style="margin-left: 20px;">(i) whether the Notes will be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be</p> |
|---|---|

Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen, und	redeemed; and
(ii) den maßgeblichen Rückzahlungstag, der nicht weniger als 20 und nicht mehr als 40 Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Anleiheläufigern liegen darf.	(ii) the relevant redemption date, which shall be not less than 20 nor more than 40 days after the date on which notice is given by the Issuer to the Noteholders.
(f) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den Regeln des betreffenden Clearingsystems ausgewählt. Für das technische Verfahren der ICSDs wird im Fall einer teilweisen Rückzahlung der entstehende Rückzahlungsbetrag entweder als reduzierter Nennbetrag oder als Poolfaktor nach Ermessen der ICSDs in das Register der ICSDs aufgenommen.	(f) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System. For technical procedure of the ICSDs, in the case of a partial redemption the outstanding redemption amount will be reflected in the records of the ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.
(g) Die Emittentin kann, nachdem sie gemäß Absatz (h) gekündigt hat, die Schuldverschreibungen insgesamt oder teilweise nach ihrer Wahl zu einem Rückzahlungsbetrag von 100% des Nennbetrags, nebst etwaigen bis zum maßgeblichen Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen, zuzüglich des Betrages, um den	(g) The Issuer may, upon notice given in accordance with clause (h), redeem all or some only of the Notes at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued interest, if any, to the redemption date, plus the excess of:
(i) die durch die Berechnungsstelle ermittelte Summe der Barwerte der verbleibenden planmäßigen Kapitalrückzahlungen und Zinszahlungen auf die zurückzuzahlenden Schuldverschreibungen (nicht eingerechnet der am Rückzahlungstag aufgelaufene Teil dieser Zinszahlungen) vom Rückzahlungstag bis zum 6. Januar 2023 (ausschließlich), jährlich abgezinst, bei Annahme	(i) as determined by the Calculation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed not including any portion of such payment of interest accrued on the date of redemption, from the redemption date to 6 January 2023 (excluding), discounted to the redemption date on an annual basis, assuming a 365-day year

eines 365-Tage Jahres bzw. eines 366-Tage Jahres und der tatsächlichen Anzahl von Tagen, die in einem solchen Jahr abgelaufen sind, auf den Rückzahlungstag auf Basis der Benchmark-Rendite zuzüglich 0,45%,

- (ii) den Nennbetrag der zurückzuzahlenden Schuldverschreibungen übersteigt,

(der „**Make-Whole Betrag**“) zurückzahlen.

Die „**Benchmark-Rendite**“ ist die am Rückzahlungs-Berechnungstag bestehende Rendite, wie sie etwa um 12.00 Uhr mittags (Ortszeit Frankfurt am Main) auf der Bildschirmseite für die Referenzanleihe, oder, sollte zu diesem Zeitpunkt keine Rendite festgestellt werden können, die vorstehend bestimmte Rendite so wie sie zu einem anderen Zeitpunkt, der von der Berechnungsstelle für angemessen erachtet wird, am Rückzahlungs-Berechnungstag auf der Bildschirmseite angezeigt wird.

„**Bildschirmseite**“ ist Bloomberg HP (Einstellung "Last Yield to Convention" und Verwendung der Preisquelle "FRNK") (oder jede Nachfolgeside oder Nachfolge-Preisquelle) für die Referenzanleihe, oder, falls diese Bloomberg-Seite oder Preisquelle nicht verfügbar ist, eine andere Seite (falls vorhanden) eines Informationsanbieters, die weitgehend ähnliche Daten anzeigt, wie von der Berechnungsstelle für angemessen erachtet.

„**Referenzanleihe**“ ist die Euro 1,50% Referenz-Anleihe der Bundesrepublik Deutschland fällig 2023 mit ISIN DE0001102309 oder, falls diese Anleihe am Rückzahlungs-

or a 366-day year, as the case may be, and the actual number of days elapsed in such year, at the Benchmark Yield plus 0.45%; over

- (ii) the principal amount of the Notes being redeemed

(the "**Make-Whole Amount**").

„**Benchmark Yield**“ means the yield as at the Redemption Calculation Date as appearing at around noon Frankfurt am Main time on the Screen Page in respect of the Benchmark Security, or if such yield cannot be so determined at such time, the yield determined as aforesaid as appearing on the Screen Page at such other time on the Redemption Calculation Date as may be considered to be appropriate by the Calculation Agent.

„**Screen Page**“ means Bloomberg HP (setting "Last Yield To Convention" and using the pricing source "FRNK") (or any successor page or successor pricing source) for the Benchmark Security, or, if such Bloomberg page or pricing source is not available, such other page (if any) from such other information provider displaying substantially similar data as may be considered to be appropriate by the Calculation Agent.

„**Benchmark Security**“ means the 1.50% euro denominated benchmark debt security of the Federal Republic of Germany due 2023, carrying ISIN DE0001102309, or, if such security is

Berechnungstag nicht mehr aussteht, eine ersetzende Referenzanleihe, welche die Berechnungsstelle auswählt, jeweils mit einer Laufzeit, die mit der verbleibenden Restlaufzeit der Schuldverschreibung bis zu deren Fälligkeitstag vergleichbar ist, und die im Zeitpunkt der Auswahlentscheidung und in Übereinstimmung mit der üblichen Finanzmarktpaxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer bis zum Fälligkeitstag der Schuldverschreibung vergleichbaren Laufzeit verwendet würde.

„Rückzahlungs-Berechnungstag“ ist der sechste Geschäftstag vor dem Tag, an dem die Schuldverschreibungen aufgrund eines in diesem § 4(g) genannten Ereignisses zurückgezahlt werden.

(h) Die Kündigung ist den Anleihegläubigern der Schuldverschreibungen durch die Emittentin gemäß § 9 bekanntzugeben. Sie muss die folgenden Angaben enthalten:

(i) eine Erklärung, ob Schuldverschreibungen insgesamt oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen, und

(ii) den maßgeblichen Rückzahlungstag, der nicht weniger als 20 und nicht mehr als 40 Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Anleihegläubigern liegen darf.

(i) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen in Überein-

no longer outstanding on the Redemption Calculation Date, such substitute benchmark security selected by the Calculation Agent, in each case as having a maturity comparable to the remaining term of the Note to the Maturity Date, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

“Redemption Calculation Date” means the sixth Business Day prior to the date on which the Notes are redeemed as a result of any event specified in this § 4(g).

(h) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 9. Such notice shall specify:

(i) whether the Notes will be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed; and

(ii) the relevant redemption date, which shall be not less than 20 nor more than 40 days after the date on which notice is given by the Issuer to the Noteholders.

(i) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System. For

stimmung mit den Regeln des betreffenden Clearingsystems ausgewählt. Für das technische Verfahren der ICSDs wird im Fall einer teilweisen Rückzahlung der entstehende Rückzahlungsbetrag entweder als reduzierter Nennbetrag oder als Poolfaktor nach Ermessen der ICSDs in das Register der ICSDs aufgenommen.

technical procedure of the ICSDs, in the case of a partial redemption the outstanding redemption amount will be reflected in the records of the ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.

§ 5 Zahlungen

- (a) Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt nur nach ordnungsgemäßigem Nachweis gemäß § 1(c).

Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen.

Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt alle Rückzahlungsbeträge sowie den Make-Whole Betrag und jegliche Zusätzlichen Beträge gemäß § 6(b) ein.

- (b) Falls eine Zahlung auf Kapital oder Zinsen einer Schuldverschreibung an einem Tag zu leisten ist, der kein Geschäftstag ist, so erfolgt die Zahlung am nächstfolgenden Geschäftstag. In diesem Fall steht den betreffenden

§ 5 Payments

- (a) Payment of principal and interest on the Notes shall be made, subject to applicable fiscal and other laws and regulations, for on-payment to the Clearing System or to its order for credit to the accounts of the respective account holders in the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made only upon due certification as provided in § 1(c).

Payments to the Clearing System or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Notes.

Any reference in these Terms and Conditions to principal or interest will be deemed to include all redemption amounts and the Make-Whole Amount and any Additional Amounts pursuant to § 6(b).

- (b) If any payment of principal or interest or any other amount with respect to a Note is to be effected on a day which is not a Business Day, payment shall be effected on the next following Business Day. In this case, the relevant

Anleihegläubigern weder ein Zahlungsanspruch noch ein Anspruch auf Zinszahlungen oder eine andere Entschädigung wegen dieser Verzögerung zu.

„**Geschäftstag**“ ist jeder Tag (außer einem Samstag oder Sonntag), an dem (a) das Trans-European Automated Real-time Gross-settlement Express Transfer System 2 (TARGET 2) in Betrieb ist und (b) das Clearingsystem Zahlungen abwickelt.

Noteholders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

“**Business Day**” means a day (other than a Saturday or Sunday) on which (a) the Trans-European Automated Real-time Gross-settlement Express Transfer System 2 (TARGET 2) is operating and (b) the Clearing System settles payments.

§ 6 Besteuerung

- (a) Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art („**Steuern**“) geleistet, die von der Bundesrepublik Deutschland, oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet.
- (b) In einem solchen Falle wird die Emittentin zusätzliche Beträge zahlen (die „**Zusätzlichen Beträge**“), so dass die Anleihegläubiger oder Dritte in deren Namen die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Die Emittentin hat derartige Zusätzliche Beträge jedoch nicht zu zahlen wegen Steuern,
 - (i) die anders als durch Einbehalt oder Abzug durch die Emittentin von Zahlungen, die sie an den Anleihegläubiger leistet, zu entrichten sind; oder
 - (ii) denen ein Anleihegläubiger wegen einer gegenwärtigen oder

§ 6 Taxation

- (a) All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by the Federal Republic of Germany, or any political subdivision or any authority of or in the Federal Republic of Germany that has power to tax, unless the Issuer is required by law to make such withholding or deduction.
- (b) In that event, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Noteholders or a third party on their behalf of the same amounts as they would have received if no such withholding or deduction had been required. However, the Issuer will not be required to pay any such Additional Amounts with respect to such Taxes,
 - (i) that are payable otherwise than by withholding or deduction by the Issuer from payments made by it to the Noteholder; or
 - (ii) to which a Noteholder is liable by reason of having, or having

früheren persönlichen oder geschäftlichen Beziehung zu der Bundesrepublik Deutschland unterliegt und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

(iii) deren Einbehalt oder Abzug auf eine Zahlung an eine natürliche Person erfolgt und zwar auf der Grundlage (x) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (y) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (z) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt; oder

(iv) deren Einbehalt oder Abzug ein Anleihegläubiger oder ein in dessen Namen handelnder Dritter rechtmäßig vermeiden könnte (ihn aber nicht vermieden hat), indem er die gesetzlichen Vorschriften beachtet (insbesondere die einschlägigen Berichts- und Nachweispflichten bezüglich der Staatsangehörigkeit, des Wohnsitzes oder der Identität des Anleihegläubigers, einschließlich alle notwendigen Informationen zur Verfügung zu stellen, die es der Emittentin erlauben, die Zahlungen ohne Einbehalt nach dem U.S.

had, some personal or business relationship with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany; or

(iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to (x) any European Union Directive or Regulation concerning the taxation of interest income, or (y) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (z) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(iv) where a Noteholder or a third party on behalf of a Noteholder could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party acting on its behalf complies with any statutory requirements (in particular, the applicable information and reporting requirements concerning the nationality, residence or identity of the Noteholder, including providing any information necessary to permit the Issuer to make a payment free of withholding under the U.S. "Foreign Account Tax

„Foreign Account Tax Compliance Act“ zu machen) oder sicherstellt, dass jeder im Namen des Anleihegläubigers handelnde Dritte die gesetzlichen Vorschriften beachtet, oder indem er eine Nichtansässigkeitserklärung abgibt oder den Dritten veranlasst, eine solche Erklärung abzugeben oder einen anderen Steuerbefreiungsanspruch gegenüber den Steuerbehörden geltend macht; oder

- (v) aufgrund einer Rechtsänderung, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 9 wirksam wird.

Compliance Act“) or by making or procuring that any such third party makes a declaration of non-residence or other claim for exemption to any tax authority; or

- (v) by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 9, whichever occurs later.

§ 7 Kontrollwechsel, Recht auf vorzeitige Rückzahlung

- (a) Wenn ein Kontrollwechsel (wie nachstehend definiert) eintritt (ein „**Vorzeitiges Rückzahlungsereignis**“), wird die Emittentin sobald wie möglich, nachdem sie Kenntnis davon erhalten hat, einen Zeitpunkt für die Zwecke des § 7(b) (der „**Stichtag**“) bestimmen, und den Eintritt des Vorzeitigen Rückzahlungsereignisses sowie den Stichtag unverzüglich gemäß § 9 bekannt machen. Der Stichtag muss ein Geschäftstag sein und darf nicht weniger als 60 und nicht mehr als 90 Tage nach der Bekanntmachung des Vorzeitigen Rückzahlungsereignisses gemäß § 7(a) liegen.
- (b) Falls die Emittentin gemäß § 7(a) ein Vorzeitiges Rückzahlungsereignis bekannt gemacht hat, ist jeder

§ 7 Change of Control, Right of Early Redemption

- (a) If a Change of Control (as defined below) occurs (an “**Early Redemption Event**”), the Issuer will fix the effective date for the purposes of § 7(b) (the “**Effective Date**”) and give notice in accordance with § 9 of the Early Redemption Event and the Effective Date as soon as practicable after becoming aware thereof. The Effective Date must be a Business Day falling not less than 60 and not more than 90 days after publication of the notice regarding the Early Redemption Event pursuant to § 7(a).
- (b) If the Issuer gives notice in accordance with § 7(a) of an Early Redemption Event, each Noteholder may at his

Anleihegläubiger nach seiner Wahl berechtigt, mit einer Frist von mindestens 15 Tagen mit Wirkung zum Stichtag jede Schuldverschreibung, die noch nicht zurückgezahlt wurde, zu kündigen. In einem solchen Fall hat die Emittentin die betreffende Schuldverschreibung am Stichtag zu ihrem Nennbetrag zuzüglich etwaiger bis zu dem Stichtag (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Eine Kündigungserklärung gemäß § 7(b) ist unwiderruflich und hat schriftlich gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 15(d)(i), dass der entsprechende Anleihegläubiger im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu erfolgen.

(c) Definitionen:

Ein „**Kontrollwechsel**“ liegt vor, wenn

- (i) eine Person oder Personen, die gemeinsam handeln, nach dem Tag der Begebung der Schuldverschreibungen Kontrolle über die Emittentin erwirbt bzw. erwerben; oder
- (ii) die Emittentin sämtliche oder nahezu sämtliche ihrer Vermögenswerte an eine Person (außer eine Tochtergesellschaft) veräußert oder anderweitig abgibt; oder
- (iii) im Falle eines öffentlichen Übernahmeangebotes für Aktien der Emittentin eine Situation eintritt, in der (x) Aktien, die sich bereits direkt oder indirekt in der Kontrolle des Bieters und/oder von Personen, die mit dem Bieter gemeinsam handeln, befinden, und Aktien, die diesen bereits im Rahmen des

option on giving not less than 15 days' notice declare each Note not previously redeemed due on the Effective Date. In such case the Issuer will redeem such Note at its principal amount plus accrued interest to but excluding the Effective Date on the Effective Date.

A notice of termination pursuant to § 7(b) is irrevocable and must be effected by delivering a written notice to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 15(d)(i) that such Noteholder at the time of such written notice is the holder of the relevant Notes.

(c) Definitions:

A „**Change of Control**“ occurs if

- (i) any Person or Persons acting in concert acquires or acquire Control of the Issuer after the issue date of the Notes; or
- (ii) the Issuer sells or otherwise transfers all or substantially all of its assets to any Person (except for any subsidiary); or
- (iii) in the event of a public tender offer for shares of the Issuer a situation arises in which (x) shares already directly or indirectly in Control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer, carry in aggregate more than 50 per

Angebots angedient wurden, zusammen mehr als 50 % der Stimmrechte der Emittentin gewähren und (y) das Angebot unbedingt ist oder unbedingt geworden ist (wobei aufsichtsrechtliche, insbesondere kartellrechtliche Genehmigungen und sonstige Bedingungen, deren Erfüllung nach dem Ende der Annahmefrist nach § 16 Absatz 1 WpÜG aussteht, unbeachtet bleiben).

cent. of the voting rights in the Issuer and (y) the offer is or has become unconditional (other than for conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to § 16(1) of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen - WpÜG*).

„**Kontrolle**“ bedeutet direktes oder indirektes (im Sinne des § 22 WpHG) rechtliches oder wirtschaftliches Eigentum von Aktien, die zusammen mehr als 30 % der Stimmrechte der Emittentin gewähren.

“**Control**” means direct or indirect (within the meaning of § 22 of the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*) legal or beneficial ownership of shares carrying, in the aggregate, more than 30 per cent. of the voting rights in the Issuer.

Eine „**Person**“ bezeichnet jede natürliche Person, Gesellschaft, Vereinigung, Firma, Partnerschaft, Joint Venture, Unternehmung, Zusammenschluss, Organisation, Fonds, Staat oder staatliche Einheit, unabhängig davon, ob es sich um eine selbständige juristische Person handelt oder nicht, aber unter Ausschluss verbundener Tochterunternehmen der Emittentin im Sinne der §§ 15 bis 18 AktG.

A “**Person**” means an individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state, in each case whether or not being a separate legal entity, but excluding affiliated subsidiaries of the Issuer in the meaning of §§ 15 through 18 of the German Stock Corporation Act (*Aktiengesetz – AktG*).

§ 8 Kündigungsrechte der Anleihegläubiger

- (a) Die Anleihegläubiger sind berechtigt, ihre Schuldverschreibungen zur sofortigen Rückzahlung fällig zu stellen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich etwaiger bis zum Tag ihrer Rückzahlung (ausschließlich) aufgelaufener Zinsen durch Abgabe einer Kündigungserklä-

§ 8 Events of Default

- (a) Noteholders shall be entitled to declare the Notes to be immediately due and repayable and to demand their immediate redemption at their principal amount together with accrued interest (if any) to but excluding the date of repayment by giving notice of default to the Issuer and the Principal Paying

rung gegenüber der Emittentin und der Hauptzahlstelle zu verlangen, falls einer der folgenden Kündigungsgründe vorliegt (jeweils ein „**Kündigungsgrund**“):

- (i) die Emittentin zahlt Kapital oder Zinsen oder sonstige auf die Schuldverschreibungen zu zahlende Beträge nicht innerhalb von 20 Tagen nach dem betreffenden Fälligkeitsdatum; oder
- (ii) die Emittentin erfüllt eine oder mehrere ihrer sonstigen Verpflichtungen aus den Schuldverschreibungen nicht und dieser Zustand wird nicht innerhalb von 30 Tagen, nachdem die Hauptzahlstelle eine diesbezügliche Mitteilung durch den Anleihegläubiger in der in § 8(c) festgelegten Art erhalten hat, behoben; oder
- (iii) eine Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft (mit Ausnahme der Schuldverschreibungen) wird bei Fälligkeit oder nach Ablauf einer etwaigen Nachfrist nicht bezahlt, oder eine Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft wird aus einem anderen Grund vor dem vorgesehenen Fälligkeitstermin aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig fällig gestellt oder auf andere Weise vorzeitig fällig, es sei denn, der Gesamtbetrag dieser Finanzverbindlichkeiten ist kleiner als EUR 20.000.000 (oder der entsprechende Gegenwert in einer oder

Agent, if any of the following events (each an “**Event of Default**”) shall occur:

- (i) the Issuer fails to pay any interest or principal or any other amounts under the Notes when due and such failure continues for a period of 20 days after the relevant due date; or
- (ii) the Issuer does not perform or comply with any one or more of its other obligations under the Notes and such default is not remedied within 30 days after the Principal Paying Agent has received notice thereof from the Noteholder, such notice being substantially in the form as specified in § 8(c); or
- (iii) any Financial Indebtedness of the Issuer or any Material Subsidiary incurred otherwise than under the Notes is not paid when due nor within any originally applicable grace period or any Financial Indebtedness of the Issuer or any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined), unless the aggregate amount of all such Financial Indebtedness is less than EUR 20,000,000 (or its equivalent in any other currency or currencies); or

- mehreren anderen
Währung(en)); oder
- (iv) die Emittentin oder eine Wesentliche Tochtergesellschaft stellt ihre Zahlungen allgemein ein oder gibt Zahlungsunfähigkeit bekannt; oder
 - (v) ein zuständiges Gericht eröffnet ein Insolvenzverfahren gegen die Emittentin oder eine Wesentliche Tochtergesellschaft und ein solches Verfahren ist nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt worden, oder die Emittentin beantragt die Einleitung eines solchen Verfahrens, oder ein auf Einleitung eines solchen Verfahrens gestellter Antrag wird von dem zuständigen Gericht mangels Masse abgelehnt; oder
 - (vi) die Emittentin oder eine Wesentliche Tochtergesellschaft tritt in Liquidation (es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, Reorganisation oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, sofern die andere oder neue Gesellschaft oder gegebenenfalls die anderen neuen Gesellschaften im Wesentlichen alle Aktiva und Passiva der Emittentin bzw. der Wesentlichen Tochtergesellschaft übernimmt oder übernehmen); oder
 - (vii) die Emittentin veräußert ihr gesamtes oder nahezu ihr gesamtes Vermögen auf konsolidierter Basis, es sei denn, der Übernehmer übernimmt auch alle Verbindlichkeiten der
- (iv) the Issuer or a Material Subsidiary suspends its payments generally or announces its inability to meet its financial obligations; or
 - (v) any competent court institutes insolvency proceedings against the Issuer or a Material Subsidiary and such proceedings have not been discharged or stayed within 60 days, or the Issuer or a Material Subsidiary applies for the institution of such proceedings or an application for the institution of such proceedings has been filed but rejected by the competent court for lack of assets; or
 - (vi) the Issuer or a Material Subsidiary goes into liquidation (except in connection with a merger or reorganization or other form of combination with another company or in connection with a reconstruction and such other or new company or, as the case may be, companies effectively assume substantially all of the assets and liabilities of the Issuer or the Material Subsidiary, as the case may be); or
 - (vii) the Issuer, on a consolidated basis, transfers all or substantially all of its assets, unless the transferee assumes all obligations of the Issuer to the Noteholders under the

Emittentin gegenüber den
Anleihegläubigern aus den
Schuldverschreibungen.

Notes.

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| <p>(b) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde. Vorbehaltlich anwendbaren zwingenden Rechts berechtigen andere Ereignisse oder Umstände als die in § 8(a) genannten den Anleihegläubiger nicht dazu, seine Schuldverschreibungen vorzeitig zur Rückzahlung fällig zu stellen, es sei denn, dies ist ausdrücklich in diesen Anleihebedingungen bestimmt.</p> <p>(c) Eine Kündigungserklärung gemäß § 8(a) ist unwiderruflich und zumindest in Textform (§ 126b Bürgerliches Gesetzbuch) gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 15(d)(i), dass der jeweilige Anleihegläubiger im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu erfolgen.</p> <p>(d) In den Fällen gemäß § 8(a)(ii) und/oder (iii) wird eine Kündigung, sofern nicht bei deren Eingang zugleich einer der in den § 8(a)(i) und (iv) bis (viii) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Anleihegläubigern im Gesamtbetrag von mindestens einem Zehntel, gemessen am Gesamt-nennbetrag der dann ausstehenden Schuldverschreibungen, eingegangen sind.</p> <p>(e) „Wesentliche Tochtergesellschaft“ im Sinne von § 8 bezeichnet jede direkte oder indirekte Tochtergesellschaft der Emittentin, deren Umsatz oder Bilanzsumme gemäß ihrem geprüften, nicht konsolidierten Jahresabschluss (bzw. wenn die betreffende Tochtergesell-</p> | <p>(b) The right to declare Notes due shall lapse if the Event of Default has been cured before the right is validly exercised. No event or circumstance other than an event specified in § 8(a) shall entitle Noteholders to declare their Notes due and payable prior to their stated maturity, save as expressly provided for in these Terms and Conditions and subject to applicable mandatory law.</p> <p>(c) A notice of default pursuant to § 8(a) is irrevocable and must be effected at least in text form (§ 126b of the German Civil Code, <i>Bürgerliches Gesetzbuch</i>) to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 15(d)(i) that such Noteholder at the time of such written notice is the holder of the relevant Notes.</p> <p>(d) In the events specified in § 8(a)(ii) and/or (iii) any Default Notice shall, unless at the time such notice is received, any of the events specified in § 8(a)(i) and (iv) through (viii) entitling Noteholders to declare their Notes due has occurred, become effective only when the Principal Paying Agent has received notices of default from Noteholders of at least one-tenth in aggregate principal amount of Notes then outstanding.</p> <p>(e) “Material Subsidiary” within the meaning of § 8 means a (direct or indirect) subsidiary of the Issuer whose turnover or total assets as shown in the audited non-consolidated financial statements (or, where such subsidiary itself prepares consolidated financial statements, whose consolidated</p> |
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schaft selbst konsolidierte Jahresabschlüsse erstellt, deren konsolidierter Umsatz oder konsolidierte Bilanzsumme gemäß deren geprüften, konsolidierten Jahresabschluss), der für die Zwecke des letzten geprüften konsolidierten Konzernabschlusses der Emittentin benutzt wurde, mindestens 5 % des konsolidierten Konzernumsatzes oder der konsolidierten Bilanzsumme betragen hat, wie aus dem geprüften, konsolidierten Konzernabschluss der Emittentin ersichtlich, wobei eine neu erworbene Tochtergesellschaft der Emittentin bis zum Ablauf von sechs Monaten ab Durchführung des Erwerbs nicht als Wesentliche Tochtergesellschaft gilt. Ein Bericht der Wirtschaftsprüfer der Emittentin darüber, ob ihrer Meinung nach eine Tochtergesellschaft zu einem bestimmten Zeitpunkt eine Wesentliche Tochtergesellschaft ist oder war bzw. nicht ist oder nicht war, ist, sofern nicht ein offensichtlicher Irrtum vorliegt, für alle Beteiligten endgültig und bindend.

- (f) „**Finanzverbindlichkeit**“ bezeichnet (i) jede Kapitalmarkverbindlichkeit (wie in § 2 definiert) und (ii) die ungetilgten Kapitalbeträge aller Gelder, die als Darlehen von Banken aufgenommen wurden.

§ 9 Bekanntmachungen

- (a) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, außer wie in § 14(h) vorgesehen, werden im Bundesanzeiger und (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind und die Regularien dieser Börse dies verlangen) auf der Internetseite der Luxemburger Börse unter www.bourse.lu veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die

turnover or consolidated total assets as shown in the audited consolidated financial statements) of such subsidiary used for the purposes of the preparation of the Issuer's latest audited consolidated financial statements represents at least 5 per cent. of the consolidated turnover or the consolidated total assets of the Group as shown in the Issuer's latest audited consolidated financial statements, provided that any newly acquired subsidiary of the Issuer shall in no event constitute a Material Subsidiary until expiry of a six-month period from the completion of the relevant acquisition. A certificate issued by the Issuer's auditors stating that a subsidiary is or is not or was or was not at a specified date a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

- (f) „**Financial Indebtedness**“ means (i) any Capital Market Indebtedness (as defined in § 8) and (ii) the outstanding principal amount of all money borrowed from Banks.

§ 9 Notices

- (a) All notices regarding the Notes, except as stipulated in § 14(h), will be published in the Federal Gazette (*Bundesanzeiger*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice will become effective for all purposes on the date of the first such publication.

erste Veröffentlichung maßgeblich.

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| <p>(b) Die Emittentin ist berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln, sofern die Regularien der Börse dies zulassen.</p> | <p>(b) The Issuer shall be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders to the extent that the rules of the stock exchange so permit.</p> |
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§ 10 Weitere Emissionen und Rückkauf

- (a) Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (mit Ausnahme des Ausgabepreises und des Beginns des Zinslaufs) zu begeben in der Weise, dass sie mit den Schuldverschreibungen zusammengefasst werden, eine einheitliche Emission mit ihnen bilden und ihren Gesamtbetrag erhöhen. Der Begriff Schuldverschreibungen umfasst im Falle einer solchen Erhöhung auch solche zusätzlich begebenen Schuldverschreibungen.
- (b) Die Emittentin kann jederzeit im Markt oder auf andere Weise Schuldverschreibungen ankaufen und verkaufen.

§ 10 Further Issues and Purchase

- (a) The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional Notes with identical terms or in all respects (except for the issue price and the interest commencement date), so that the same shall be consolidated, form a single issue with and increase the aggregate principal amount of these Notes. The term Notes shall, in the event of such increase, also comprise such additionally issued Notes.
- (b) The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

§ 11 Zahlstellen und Berechnungsstelle

- (a) Die Deutsche Bank Aktiengesellschaft ist die Hauptzahlstelle (die „**Hauptzahlstelle**“ und gemeinsam mit etwaigen von der Emittentin nach § 11(b) bestellten zusätzlichen Zahlstellen, die „**Zahlstellen**“). Die Geschäftsräume der Hauptzahlstelle befinden sich unter der folgenden Adresse:

Deutsche Bank Aktiengesellschaft
Trust & Security Services
Operations Frankfurt
Taunusanlage 12
60325 Frankfurt am Main

§ 11 Paying Agents and Calculation Agent

- (a) Deutsche Bank Aktiengesellschaft will be the principal paying agent (the „**Principal Paying Agent**“ and, together with any additional paying agent appointed by the Issuer in accordance with § 11(b), the „**Paying Agents**“). The address of the specified office of the Principal Paying Agent is:

Deutsche Bank Aktiengesellschaft
Trust & Security Services
Operations Frankfurt
Taunusanlage 12
60325 Frankfurt am Main

Deutschland

In keinem Fall dürfen sich die Geschäftsräume einer Zahlstelle innerhalb der Vereinigten Staaten von Amerika oder ihrer Besitzungen befinden.

Die anfänglich bestellte Berechnungsstelle (die „**Berechnungsstelle**“) und ihre bezeichnete Geschäftsstelle lautet wie folgt:

Conv-Ex Advisors Limited
30 Crown Place
London EC2A 4EB
Vereinigtes Königreich

- (b) Die Emittentin behält sich das Recht vor, jederzeit zusätzliche oder ersetzende Zahlstellen oder Berechnungsstellen zu beauftragen oder eine solche Beauftragung zu beenden und zusätzliche oder Nachfolge-Zahlstellen oder eine andere Berechnungsstelle zu ernennen. Die Emittentin wird jedoch sicherstellen, dass eine Zahlstelle in einem Mitgliedstaat der Europäischen Union unterhalten wird, die nicht dazu verpflichtet ist, Steuern aufgrund eines Gesetzes zur Umsetzung der Richtlinie 2003/48/EG (oder einer anderen Richtlinie, die diese inhaltlich ändert oder ersetzt) an der Quelle einzubehalten oder abzuziehen, sofern dies in irgendeinem Mitgliedstaat der Europäischen Union möglich ist. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen, die Berechnungsstelle oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß § 9 mitgeteilt.

- (c) Alle Bestimmungen und Berechnungen durch die Berechnungsstellen sind, soweit nicht ein offenkundiger Fehler vorliegt, in jeder Hinsicht endgültig und für die Emittentin und alle

Federal Republic of Germany

In no event will the specified office of a Paying Agent be within the United States of America or its possessions.

The initial calculation agent (the „**Calculation Agent**“) and its initial specified office shall be:

Conv-Ex Advisors Limited
30 Crown Place
London EC2A 4EB
United Kingdom

- (b) The Issuer reserves the right at any time to appoint additional or substitute Paying Agent(s) or Calculation Agents or terminate any such appointment and to appoint successor or additional Paying Agents or a Calculation Agent, provided that the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax at source pursuant to any law implementing the Directive 2003/48/EC (or any other directive amending or replacing it), if this is at all feasible in any Member State of the European Union. Notice of any changes relating to the Paying Agents, the Calculation Agent or to their specified offices will be given without undue delay to the Noteholders in accordance with § 9.

- (c) All determinations and calculations made by the Calculation Agent will, in the absence of manifest error, be conclusive in all respects and binding upon the Issuer and all Noteholders.

Anleihegläubiger bindend.

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| <p>(d) Die Zahlstellen in ihrer jeweiligen Funktion und die Berechnungsstelle sind ausschließlich Beauftragte der Emittentin. Zwischen den Zahlstellen und der Berechnungsstelle einerseits und den Anleihegläubigern andererseits besteht kein Auftrags- oder Treuhandverhältnis.</p> | <p>(d) The Paying Agents acting in such capacity and the Calculation Agent act only as agents of the Issuer. There is no agency or fiduciary relationship between the Paying Agents and the Calculation Agent on the one side and the Noteholders on the other side.</p> |
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§ 12 Ersetzung

- (a) Die Emittentin (oder die Nachfolgeschuldnerin) ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen aus den Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Anleihegläubiger jede andere Gesellschaft, deren stimmberechtigte Gesellschaftsanteile zu mehr als 90 % direkt oder indirekt von der Emittentin gehalten werden, an Stelle der Emittentin als Hauptschuldnerin (die „**Nachfolgeschuldnerin**“) für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (i) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (ii) die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten hat und berechtigt ist, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben

§ 12 Substitution

- (a) The Issuer (or the Substitute Debtor) may, without the consent of the Noteholders, if no payment of principal or of interest on any of the Notes is in default, at any time substitute for the Issuer, any other company of which more than 90 per cent. of the voting shares or other equity interests are directly or indirectly owned by the Issuer as principal debtor in respect of all obligations arising from or in connection with the Notes (the „**Substitute Debtor**“) provided that:

- (i) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (ii) the Substitute Debtor has obtained all necessary authorisations and may transfer to the Principal Paying Agent in Euro and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;

jeder Art abzuziehen oder einzubehalten;

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| <p>(iii) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Anleihegläubiger hinsichtlich solcher Quellensteuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;</p> <p>(iv) die Emittentin unwiderruflich und unbedingt gegenüber den Anleihegläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zu zahlenden Beträge garantiert;</p> <p>(v) aufgrund der Ersetzung kein Ereignis eintreten würde, welches die Nachfolgeschuldnerin dazu berechtigen würde, die Schuldverschreibung gemäß § 4(b) zu kündigen und zurückzuzahlen;</p> <p>(vi) die Nachfolgeschuldnerin, falls sie ihren Sitz in einem anderen Land als der Bundesrepublik Deutschland hat, einen Zustellungsbevollmächtigten mit Sitz in der Bundesrepublik Deutschland für Rechtsstreitigkeiten und andere Verfahren vor deutschen Gerichten bestellt hat; und</p> <p>(vii) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (i), (ii), (iii), (iv) und (v) erfüllt wurden.</p> | <p>(iii) the Substitute Debtor has agreed to indemnify and hold harmless each Noteholder against any withholding tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution;</p> <p>(iv) the Issuer irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes;</p> <p>(v) no event would occur as a result of the substitution that would give rise to the right of the Substitute Debtor to call the Notes for redemption pursuant to § 4(b);</p> <p>(vi) the Substitute Debtor, if a foreign company, has appointed an authorised agent domiciled in the Federal Republic of Germany for accepting services of process for any legal disputes or other proceedings before German courts; and</p> <p>(vii) there shall have been delivered to the Principal Paying Agent an opinion or opinions with respect to the relevant jurisdictions of lawyers of recognised standing to the effect that the provisions of subparagraphs (i), (ii), (iii), (iv) and (v) above have been satisfied.</p> |
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- (b) Im Fall einer Schuldnerersetzung gemäß § 12(a) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Dies gilt nur, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die K+S AG erfolgen soll, oder dass die Bezugnahme auf die Nachfolgeschuldnerin und gleichzeitig auch auf die K+S AG, im Hinblick auf deren Verpflichtungen aus der Garantie gemäß § 12(a)(iv), erfolgen soll.
- (b) In the event of a substitution pursuant to § 12(a), any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. This will apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference will continue to be a reference only to K+S AG, or that the reference will be to the Substitute Debtor and K+S AG, in relation to K+S AG's obligations under the guarantee pursuant to § 12(a)(iv), at the same time.
- (c) Jede Ersetzung ist gemäß § 9 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Falle einer wiederholten Anwendung dieses § 12 jede frühere Nachfolgeschuldnerin von ihren sämtlichen Verbindlichkeiten aus den Schuldverschreibungen frei.
- (c) Notice of any substitution shall be published in accordance with § 9. Upon such publication, the substitution will become effective, and the Issuer and in the event of a repeated application of this § 12, any previous Substitute Debtor will be discharged from any and all obligations under the Notes.

§ 13 Vorlegungsfrist, Verjährung

Die Vorlegungsfrist gemäß § 801 Abs. 1 Satz 1 BGB für die Schuldverschreibungen wird auf zehn Jahre verkürzt. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 13 Presentation Period, Prescription

The presentation period provided for in § 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 14 Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger

- (a) Die Emittentin kann mit den Anleihegläubigern gemäß §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – „**SchVG**“) in seiner jeweils geltenden Fassung Änderungen der Anleihebedingungen durch Mehrheitsbeschluss der Anleihegläubiger vereinbaren. Insbesondere können die Anleihegläubiger durch Beschluss mit der in § 14(b) genannten Mehrheit Änderungen zustimmen, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, einschließlich der in § 5 Abs. 3 SchVG genannten Maßnahmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger gleichermaßen verbindlich.
- (b) Vorbehaltlich der Bestimmungen des folgenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit können die Anleihegläubiger Beschlüsse mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte fassen. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, dürfen nur mit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine „**Qualifizierte Mehrheit**“) gefasst werden.
- (c) Die Anleihegläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und §§ 5 ff. SchVG fassen.

§ 14 Amendments to the Terms and Conditions by resolution of the Noteholders

- (a) The Issuer may agree with the Noteholders on amendments to the Terms and Conditions by virtue of a majority resolution of the Noteholders pursuant to §§ 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – “**SchVG**”), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5 paragraph 3 of the SchVG by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(b) below. A duly passed majority resolution shall be binding equally upon all Noteholders.
- (b) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 paragraph 3 numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a “**Qualified Majority**”).
- (c) The Noteholders may pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with §§ 5 et seqq. of the SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 18

and §§ 5 et seqq. of the SchVG.

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| <p>(d) Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 15(d)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.</p> <p>(e) Falls Beschlüsse der Anleihegläubiger im Wege einer Abstimmung ohne Versammlung gefasst werden, müssen die Anleihegläubiger, zusammen mit der Stimmabgabe, ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 15(d)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Stimmabgabe (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.</p> <p>(f) Wird für die Gläubigerversammlung gemäß § 14(d) oder die Abstimmung ohne Versammlung gemäß § 14(e) die mangelnde Beschlussfähigkeit</p> | <p>(d) Attendance at the meeting (<i>Gläubigerversammlung</i>) and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice (<i>Einberufung</i>) no later than the third day preceding the meeting. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 15(d)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.</p> <p>(e) If resolutions of the Noteholders shall be made by means of a vote without a meeting (<i>Abstimmung ohne Versammlung</i>) Noteholders must, together with casting their votes, demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 15(d)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such votes have been cast until and including the day the voting period ends.</p> <p>(f) If it is ascertained that no quorum exists for the meeting (<i>Gläubigerversammlung</i>) pursuant to § 14(d) or the vote without a meeting</p> |
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festgestellt, kann – im Fall der Gläubigerversammlung – der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und – im Fall der Abstimmung ohne Versammlung – der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Für die Anmeldung der Gläubiger zu einer zweiten Versammlung gilt § 14(d) Satz 3 entsprechend.

- (g) Die Anleihegläubiger können durch Mehrheitsbeschluss einen gemeinsamen Vertreter der Gläubiger (der „**Gemeinsame Vertreter**“) bestellen oder abberufen, und die Pflichten, Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung der Rechte der Anleihegläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters festlegen. Der Beschluss zur Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn der Gemeinsame Vertreter befugt ist, Änderungen des wesentlichen Inhalts der Anleihebedingungen gemäß § 14(b) zuzustimmen.

- (h) Bekanntmachungen betreffend diesen § 14 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

§ 15 Schlussbestimmungen

- (a) Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Emittentin und die Rechte der Anleihegläubiger bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland und

(*Abstimmung ohne Versammlung*) pursuant to § 14(e), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with § 15 paragraph 3 sentence 2 of the SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of § 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Noteholders' registration. The provisions set out in § 14(d) sentence 3 shall apply mutatis mutandis to the Noteholders' registration for a second meeting.

- (g) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative (the “**Noteholders’ Representative**”), the duties and responsibilities and the powers of such Noteholders’ Representative, the transfer of the rights of the Noteholders to the Noteholders’ Representative and a limitation of liability of the Noteholders’ Representative. Appointment of a Noteholders’ Representative may only be passed by a Qualified Majority if such Noteholders’ Representative is to be authorised to consent, in accordance with § 14(b) hereof, to a material change in the substance of the Terms and Conditions.

- (h) Any notices concerning this § 14 shall be made exclusively pursuant to the provisions of the SchVG.

§ 15 Final Clauses

- (a) The form and content of the Notes and the rights and obligations of the Issuer and the rights of the Noteholders shall in all respects be governed by and shall be construed in accordance with the laws of the Federal Republic of

werden in Übereinstimmung damit ausgelegt.

- (b) Erfüllungsort ist Frankfurt am Main.
- (c) Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, unterliegen jegliche aus oder im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder Verfahren der nichtausschließlichen Zuständigkeit des Landgerichts Frankfurt am Main.
- (d) Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin oder in Rechtsstreitigkeiten, an denen der Anleihegläubiger und die Emittentin beteiligt sind, im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen unter Vorlage der folgenden Dokumente geltend machen: (i) einer Bescheinigung seiner Depotbank, die (a) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet (b) den Gesamtnennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Wertpapierdepot dieses Anleihegläubigers gutgeschrieben sind und (c) bestätigt, dass die Depotbank an das Clearingsystem und die Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (a) und (b) enthält und Bestätigungsvermerke von dem Clearingsystem trägt; sowie (ii) einer von einem Vertretungsberechtigten des Clearingsystems beglaubigten Ablichtung der Globalurkunde, ohne das Erfordernis der Vorlage der eigentlichen die Schuldverschreibungen verkörpernden Globalurkunde.

„**Depotbank**“ bezeichnet ein Bank- oder sonstiges Finanzinstitut von

Germany.

- (b) Place of performance is Frankfurt am Main.
- (c) Subject to any mandatory jurisdiction for specific proceedings under the SchVG, non-exclusive place of jurisdiction for all actions or proceedings arising from matters provided for in these Terms and Conditions shall be Frankfurt am Main.
- (d) Any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of the following documents: (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information pursuant to (a) and (b) as well as confirmations by the Clearing System (ii) a copy of the Global Note certified as being a true copy by a duly authorised representative of the Clearing System, without the need for production in such proceedings of the Global Note representing the Notes.

“**Custodian**” means any bank or other financial institution of recognised

international anerkanntem Ruf, das zum Betreiben des Wertpapierdepotgeschäfts berechtigt ist und bei dem der Anleihegläubiger Schuldverschreibungen in einem Wertpapierdepot verwahren lässt.

Jeder Anleihegläubiger kann, unbeschadet des Vorgenannten, seine Rechte aus den Schuldverschreibungen auf jede andere Weise schützen oder durchsetzen, die im Land des Rechtsstreits zulässig ist.

§ 16 Sprache

Die deutsche Version dieser Anleihebedingungen ist bindend. Die englische Übersetzung dient lediglich Informationszwecken.

international standing authorised to engage in the securities custody business with which the Noteholder maintains a securities account in respect of the Notes.

Each Noteholder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the relevant proceedings.

§ 16 Language

The German text of these Terms and Conditions is binding. The English translation is for information purposes only.

TAXATION

The following is a general discussion of certain tax consequences under the tax laws of the Federal Republic of Germany, the Grand-Duchy of Luxembourg, The Netherlands and the Republic of Austria of the acquisition and ownership of New Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase New Notes. The following section only provides some very general information on the possible tax treatment of the New Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the laws of the Federal Republic of Germany, the Grand-Duchy of Luxembourg, The Netherlands and the Republic of Austria currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect.

PROSPECTIVE PURCHASERS OF NEW NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NEW NOTES INCLUDING THE EFFECT OF ANY TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY, THE GRAND DUCHY OF LUXEMBOURG, THE NETHERLANDS AND THE REPUBLIC OF AUSTRIA AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Federal Republic of Germany

Withholding Tax

For German tax residents (e.g., persons whose residence, habitual abode, statutory seat or place of management is located in Germany), interest payments on the New Notes are generally subject to withholding tax, provided that the New Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (the “**Disbursing Agent**”). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions but excluding foreign permanent establishments of German resident institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax). For individuals subject to church tax the Disbursing Agent has to collect the church tax by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will have to file a tax return specifying its investment income and will then be assessed to church tax.

The withholding tax regime should also apply to any gains from the disposition or redemption of New Notes realised by private investors holding the New Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally levied on the difference between the proceeds received upon the disposition or redemption of the New Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. Where custody has changed since the acquisition and the acquisition data is not proved or not permitted to be proved to the Disbursing Agent, the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the New Notes.

Accrued interest (*Stückzinsen*) received by the investor upon disposal of the New Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the New Notes. Accrued interest paid by the investor upon an acquisition of the New Notes after the Issue Date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

According to a decree issued by the German Federal Ministry of Finance in relation to private investors, a disposal of New Notes will be disregarded if the sales proceeds do not exceed the related transaction costs with the consequence that losses resulting from such disposal are treated as non-deductible for German taxation purposes. The same applies where, based on an agreement with the depository institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. Further, losses resulting from a bad debt loss (*Forderungsausfall*) in the case of an Issuer default or from a waiver of a receivable (*Forderungsverzicht*) in relation to the New Notes are not treated as tax-deductible.

German withholding tax should generally not be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, but only to the extent the annual aggregate investment income does not exceed the maximum lump sum deduction amount (*Sparer-Pauschbetrag*) shown on the withholding tax exemption certificate. Currently, the maximum lump sum deduction amount (*Sparer-Pauschbetrag*) is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife or registered partners). Expenses actually incurred are not deductible. Similarly, no withholding tax is levied if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office of the investor.

German tax resident corporate investors and, upon application, other German tax resident business investors holding the New Notes as assets of a domestic business should in essence not be subject to withholding tax on capital gains from the disposition, sale or redemption of the New Notes subject to certain formal requirements (i.e., for these investors only interest payments, but no capital gains from the sale or redemption of the New Notes are subject to the withholding tax regime).

The Issuer of the New Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the New Notes. The Issuer does not assume any responsibility for the deduction of German withholding tax at the source (including solidarity surcharge and, where applicable, church tax thereon).

Private Investors

For German tax resident private investors the withholding tax is – without prejudice to certain exceptions – definitive under a special flat tax regime (*Abgeltungsteuer*). Under the flat tax regime, expenses actually incurred in connection with the investment into the New Notes are not tax-deductible. Private investors can apply to have their income from the investment into the New Notes assessed in accordance with the general rules on determining an individual's tax bracket if this results in a lower tax burden. Also in this case, expenses actually incurred are not deductible. An assessment is mandatory for income from the investment into the New Notes where the New Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the New Notes can only be offset against other investment income. In the event that a set-off is not possible in the assessment period

in which the losses have been realised, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

Business Investors

Interest payments and capital gains from the disposition or redemption of the New Notes held as business assets (*Betriebsvermögen*) by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the New Notes as business assets, church tax). Any withholding tax deducted from interest payments is – subject to certain requirements – creditable to the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is – as a rule - refundable. The interest payments and capital gains are also subject to trade tax if the New Notes are attributable to a trade or business.

Foreign Tax Residents

Investors not tax resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the New Notes, and no German withholding tax should be withheld from such income, even if the New Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the New Notes are held as business assets in a German permanent establishment or by a German permanent representative of the investor.

Substitution of the Issuer

If the Issuer exercises the right to substitute the debtor of the New Notes, the substitution might, for German tax purposes, be treated as an exchange of the New Notes for new notes issued by the Substitute Debtor and subject to similar taxation rules like the New Notes. In particular, such a substitution might result in the recognition of a taxable gain or loss for any Noteholder.

Other taxes

At present, the purchase, sale or other disposal of New Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may opt for a liability to value added tax with regard to the sales of New Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

Grand Duchy of Luxembourg

The comments below are intended as a basic overview of certain tax consequences in relation to the purchase, ownership and disposal of the New Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg

income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu) generally. Corporate taxpayers may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and to a solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

A Noteholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the New Notes, or the execution, performance, delivery and/or enforcement of the New Notes.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the New Notes.

Under the Luxembourg law dated December 23, 2005, as amended, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents to or for the benefit of Luxembourg individual residents are subject to a 20% withholding tax (the “**Withholding Tax**”). Interest which is accrued once a year on savings accounts (short and long term) and which does not exceed € 250 per person and per paying agent is exempted from the withholding tax.

Under the Luxembourg law dated December 23, 2005, as amended, Luxembourg resident individuals who are the beneficial owners pursuant to the aforementioned law, acting in the course of their private wealth, can opt to self-declare and pay a 20% levy (the “**Levy**”) on certain interest payments on savings income made by a paying agent established outside Luxembourg in an EU Member State or the European Economic Area.

Taxation of the Noteholders

Taxation of Luxembourg non-residents

A non-resident Noteholder, not having a permanent establishment or permanent representative in Luxembourg to which/whom such New Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the New Notes. A gain realised by such non-resident holder of New Notes on the sale or disposal, in any form whatsoever, of the New Notes is further not subject to Luxembourg income tax.

A non-resident Noteholder acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom such New Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under

the New Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the New Notes since the non-resident Noteholder has to include such aforementioned income in their taxable income for Luxembourg income tax assessment purposes.

Taxation of Luxembourg residents

Luxembourg resident individuals

Under the Luxembourg law dated December 23, 2005 as amended, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a Levy on interest payments and other similar income, when a paying agent is established outside Luxembourg in an EU Member State or the European Economic Area. The Withholding Tax or the Levy represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of the management of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg. Individual Luxembourg resident Noteholders receiving the interest must include this interest in their taxable basis; if applicable, the Withholding Tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the New Notes, unless the disposal of the New Notes precedes the acquisition of the New Notes or the New Notes are disposed of within six months of the date of acquisition of the New Notes. Upon the sale, redemption or exchange of the New Notes, accrued but unpaid interest will be subject to the Withholding Tax or to the Levy if the Luxembourg resident individual opts for the Levy when the paying agent is established outside Luxembourg in an EU Member State or the European Economic Area. Individual Luxembourg resident Noteholders receiving the interest must include the portion of the price corresponding to this interest in their taxable income; the Withholding Tax levied will be credited against their final income tax liability.

Luxembourg resident companies

Luxembourg resident joint stock companies (*société de capitaux*) and some other entities of a collective nature (*organismes à caractère collectif*) which are Noteholders and which are subject to Luxembourg income tax without the benefit of a special tax regime in Luxembourg or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the New Notes is connected, must include in their taxable income any interest (including accrued but unpaid interest) and in case of sale, repurchase, redemption or exchange, the difference between the sale, repurchase, redemption or exchange price (received or accrued) and the book value of the New Notes sold, repurchased, redeemed or exchanged.

Luxembourg resident companies benefiting from a special tax regime

A corporate Luxembourg resident Noteholder that is governed by the law of May 11, 2007, on family estate management companies, as amended (*société de gestion de patrimoine familial*), or by the law of December 17, 2010, on undertakings for collective investment, as amended (*organismes de placement collectif*), or by the law of February 13, 2007, on specialised investment funds, as amended (*fonds d'investissement spécialisés*), or by the law of July 23, 2016, on reserved alternative investment funds (*fonds d'investissement alternatifs réservés*) treated as a specialized investment funds for Luxembourg tax purposes, is neither

subject to Luxembourg income tax in respect of interest accrued or received, redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the New Notes.

Net Wealth Tax

A Luxembourg resident Noteholder, as well as a non-resident Noteholder who has a permanent establishment or a permanent representative in Luxembourg to which or whom the New Notes are attributable, is subject to Luxembourg net wealth tax on such New Notes, except if the Noteholder is (i) a resident or non-resident individual, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii) a specialized investment fund governed by the amended law of February 13, 2007, or (iv) a family estate management company governed by the amended law of May 11, 2007, or (v) a reserved alternative investment fund governed by the law of July 23, 2016.

A Luxembourg resident securitization company governed by the amended law of March 22, 2004, on securitization (*titrisation*), a Luxembourg resident company governed by the amended law of June 15, 2004, on venture capital vehicles (*société d'investissement en capital à risque*), and a Luxembourg resident reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes governed by the law of July 23, 2016, are only subject to a minimum net wealth tax.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issue of the New Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or exchange of the New Notes, unless the documents relating to the New Notes are registered in Luxembourg (which would be on a voluntary basis).

No Luxembourg estate or inheritance tax is levied on the transfer of the New Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death. Where an individual Noteholder is a Luxembourg resident for inheritance tax purposes at the time of his death, the New Notes are included in his taxable estate for inheritance tax purposes. No Luxembourg gift tax is levied on the transfer of the New Notes by gift, unless the gift is registered in Luxembourg.

The Netherlands

For the purposes of this section, the "Netherlands" shall mean that part of the Kingdom of the Netherlands that is in Europe.

Withholding tax

All payments made by the Issuer under the New Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Republic of Austria

The following is a general overview of certain Austrian tax aspects in connection with the New Notes and contains the information required on taxation by the Commission Regulation (EC) No 809/2004 of 29 April 2004 (as amended). It does not purport to fully describe all

Austrian tax consequences that may be of relevance for the acquisition, ownership, disposition or redemption of the New Notes nor does it take into account the Noteholders' individual circumstances or any special tax treatment applicable to the Noteholder. It is not intended to be, nor should it be construed to be, legal or tax advice. The overview is not a substitute for obtaining individual tax advice from a qualified tax advisor. Prospective investors are therefore advised to consult their own professional advisors as to the particular tax consequences of the acquisition, ownership, disposition or redemption of the New Notes.

The following considerations only illustrate tax implications for investors in Austria and do not address any tax consequences relating to an investment in the New Notes which may arise under the laws of any other jurisdiction. The overview is based on Austrian law as in force as of the date of this Prospectus. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. It cannot be ruled out that the Austrian tax authorities adopt a view different from that outlined below. Future legislative, judicial or administrative changes could modify the tax treatment described below and could affect the tax consequences for investors.

This overview is based on the assumption that the New Notes are legally and actually publicly offered in the form of securities. The tax consequences may substantially differ if the New Notes are not legally or factually publicly offered in the form of securities or if the New Notes are qualified as equity instruments or (in particular if issued by a non-Austrian entity) units in a non-Austrian investment fund within the meaning of § 188 of the Austrian Investment Fund Act (*Investmentfondsgesetz, InvFG*).

Where in this overview English terms and expressions are used to refer to Austrian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Austrian concepts under Austrian tax law.

General Remarks

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria ("**Resident Individuals**") are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria ("**Non-Resident Individuals**") are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria ("**Resident Corporations**") are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria ("**Non-Resident Corporations**") are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability, Austria's right to tax may be restricted by double taxation treaties.

Except for Austrian withholding taxes which have to be withheld at source, the responsibility for adherence to obligations under applicable tax legislation is in general the responsibility of the relevant investor. The Issuer does not assume responsibility for Austrian

withholding tax at source and is not obliged to make additional payments in case of Austrian withholding tax deductions at source.

Resident Individuals

Taxation of Interest Payments

Income from the New Notes derived by Resident Individuals is subject to Austrian income tax pursuant to the provisions of the Austrian Income Tax Act (*Einkommensteuergesetz*, "EStG").

Interest income from the New Notes is subject to a special income tax rate of 27.5%. If the interest is paid out to the Noteholder by an Austrian paying agent (Austrian bank or Austrian branch of foreign bank or investment services provider domiciled in an EU Member State or the issuer paying out the interest to the Resident Individual), the interest income from the New Notes is subject to Austrian withholding tax (*Kapitalertragsteuer*) at a rate of 27.5% which is withheld by the paying agent (*auszahlende Stelle*). For Resident Individuals, the 27.5% Austrian withholding tax fully discharges any further income tax liability on such interest income (final taxation – *Endbesteuerung*), which means that no further income tax is due and the interest payments do not have to be included in the Resident Individual's income tax return (*Einkommensteuererklärung*). This applies irrespective of whether the New Notes are held as private assets (*Privatvermögen*) or as business assets (*Betriebsvermögen*) of the Resident Individual.

The Resident Individual may opt to include the interest payments in his regular annual tax return (*Regelbesteuerungsoption*). However, the option may not be exercised for particular interest payments only (i.e. no cherry picking available). Rather, if this option is exercised, the individual's regular progressive income tax rate will apply to any other income from capital investments which would otherwise be subject to the special 27.5% or 25% tax rate. In this case, the interest payments are taxed at the regular progressive income tax rate applicable to the Resident Individual's total income and any Austrian withholding tax on interest payments under the New Notes will be credited against the Resident Individual's personal income tax liability and will, if exceeding, be refunded.

In the absence of an Austrian paying agent, the Resident Individual must include the interest payments in the income tax return. In this case 27.5% Austrian income tax will be levied by way of assessment which equally has the effect of final taxation.

In case the 27.5% special income tax rate applies (irrespective of whether Austrian withholding tax is levied or not), interest income is not taken into consideration as part of taxable income upon calculating the individual's income tax burden (unless the option to regular taxation outlined above is exercised). Expenses economically directly related to the interest income, e.g., interest expenses from third-party financing or banking fees, are not deductible for income tax purposes (which also applies in case of the exercise of the option to regular taxation).

Taxation of Capital Gains

Realized capital gains (*Einkünfte aus realisierten Wertsteigerungen*) from the New Notes are also subject to Austrian income tax. Realized capital gains mean any income derived from the sale or redemption of the New Notes. The tax base is, in general, the difference between the sale proceeds or the redemption amount and the acquisition costs, in each case including

accrued interest. For the calculation of the acquisition costs of the New Notes held within the same securities account and having the same securities identification number but which are acquired at different points in time, an average price shall apply. For New Notes held as private assets, the acquisition costs do not include ancillary acquisition costs (*Anschaffungsnebenkosten*).

For Resident Individuals holding the New Notes as private assets, capital gains realized upon a sale are subject to a special income tax rate of 27.5% unless the individual taxpayer opts for taxation at the progressive income tax rate. In case the 27.5% special income tax rate applies, capital gains are not taken into consideration (neither as part of taxable revenues nor as part of taxable income) when calculating the Resident Individual's income tax burden.

In the case of capital gains with a nexus relevant for Austrian withholding tax purposes, basically income that is paid by an Austrian custodian agent (*depotführende Stelle*) or, without an Austrian custodian agent, by an Austrian paying agent (*auszahlende Stelle*), provided the non-Austrian custodian agent is a non-Austrian branch or group company of such paying agent and the Austrian paying agent executes the transaction in cooperation with the non-Austrian custodian agent and processes the payment, Austrian withholding tax is levied at a rate of 27.5%. For Resident Individuals holding the New Notes as private assets, the 27.5% Austrian withholding tax on realized capital gains has the effect of final taxation (*Endbesteuerungswirkung*), i.e. the capital gains – except for the option for taxation at the Resident Individual's progressive income tax rate and/or for assessment in order to achieve an offset of losses – do not have to be included in the Resident Individual's annual income tax return. An Austrian custodian or paying agent within the present context may be a credit institution within the meaning of sec. 1 of the Austrian Banking Act (*Bankwesengesetz*), an Austrian branch of a non-Austrian credit institution from another EU Member State within the meaning of sec. 9 of the Austrian Banking Act or an Austrian branch of certain investment services providers.

In the case of income from capital gains without a nexus relevant for Austrian withholding tax purposes (i.e. in the absence of an Austrian custodian or paying agent), the income must be included in the Resident Individual's income tax return and is subject to a flat income tax rate of 27.5% unless a Liechtenstein paying agent withholds 27.5% tax (with the effect of final taxation) under the respective domestic Liechtenstein withholding tax acts implementing the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation ("**Austria-Liechtenstein Tax Treaty**") which final withholding tax discharges the Resident Individual's Austrian income tax liability. However, the Austria-Liechtenstein Tax Treaty (in force since 1 January 2014) has been, in general, repealed as of 1 January 2017. As a consequence, income derived through Liechtenstein bank accounts or securities accounts after 31 December 2016 must be included in the income tax return. However, this does not apply with regard to income derived through bank accounts or securities accounts held by certain investment vehicles (*Vermögensstrukturen*).

The Resident Individual has the option to include the capital gains in his regular annual tax return and apply for taxation at the progressive income tax rate on the Resident Individual's total income, in which case the Austrian withholding tax will be credited against the Resident Individual's personal income tax liability and will, if exceeding, be refunded. Such application for opting into taxation at the regular personal income tax rate does, however, apply for all investment income subject to a special tax rate. A deduction of expenses that are directly

economically connected to income that is subject to the (special) 27.5% tax rate is equally not allowed if the option for taxation at the regular personal income tax rate is exercised.

Losses realized by Resident Individuals upon the disposal of the New Notes held as private assets may generally be offset with certain investment income subject to the 27.5% Austrian income tax rate (including, for example, interest payments made under the New Notes). However, the losses may not be offset, inter alia, with interest income from savings accounts or other non-securitised debt claims against credit institutions (except for cash settlements and lending fees) or distributions effected by private foundations, foreign private law foundations and other comparable legal estates (*Zuwendungen von Privatstiftungen, ausländischen Stiftungen oder sonstigen Vermögensmassen, die jeweils mit einer Privatstiftung vergleichbar sind*). Negative income subject to the special tax rate of 27.5% such as losses from the disposal of the New Notes, may not be offset with income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to be taxed at the regular progressive income tax rate). In addition, losses may not be offset with any other types of the Resident Individual's income. Furthermore, losses from the sale of the New Notes held as private assets may not be carried forward to subsequent years. In case of an Austrian custodian agent, according to sec. 93(6) EStG, the offset of losses has to be effected directly by the Austrian custodian agent taking into account all of a Resident Individual's securities accounts with this custodian agent (subject to certain exemptions). In order to affect such an offset of losses for securities held with different credit institutions, the Resident Individual generally has to exercise the option for the loss offset upon filing the annual income tax return (*Verlustausgleichsoption*).

For Resident Individuals holding the New Notes as business assets, capital gains realized upon a sale (including, inter alia, a redemption or withdrawal of the New Notes from the business) are subject to Austrian income tax. In the case of capital gains with an Austrian nexus relevant for Austrian withholding tax purposes (as described above), such income is subject to Austrian withholding tax at a rate of 27.5% unless generating this type of income constitutes a key area of the respective Resident Individual's business activity. However, the Austrian withholding tax does not discharge of Austrian income tax liability, but may be credited against the income tax liability assessed. Therefore, in contrast to interest income, the capital gains must always be included in the Resident Individual's income tax return (even if Austrian withholding tax is triggered), but are nevertheless taxed at a flat income tax rate of 27.5% with any Austrian withholding tax being credited. In addition, the option exists to include income subject to the tax rate of 27.5% in the income tax return at the progressive income tax rate (for the consequences see already above).

Pursuant to sec. 6(2)(c) EStG, impairment losses as well as losses derived from the sale, redemption or other realization of the New Notes held as business assets are primarily to be offset against positive income from realized increases in value of financial assets and derivatives in the meaning of sec. 27(3) and (4) EStG of the same business unit and appreciations in value of such assets; only 55% of any residual loss may be offset against other types of income (and fully carried forward).

Withdrawals and other transfers of the New Notes from the securities account (*Entnahmen oder sonstiges Ausscheiden aus dem Depot*) will be treated as disposals (sales). As an exception to this general rule withdrawals and other transfers of the New Notes from a Resident Individual's account are not deemed to be a disposal if Austria's taxation right is not being restricted and certain exemptions pursuant to sec. 27(6)(2) EStG are met, such as the

transfer of the New Notes to a securities account owned by the same Resident Individual (i) with the same Austrian custodian agent (bank), (ii) with another Austrian bank if the account holder instructs the transferring bank to disclose the acquisition costs to the receiving bank or (iii) with a non-Austrian bank, if the account holder instructs the transferring bank to transmit within one month the pertaining information to the competent tax authority or, in the case of transfers from a foreign account, notifies himself the competent Austrian tax authority within one month; or (iv) in the case of a transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer is made without consideration is evidenced to the bank or the bank is instructed to inform the Austrian tax authority within one month thereof or if, in case the New Notes are gratuitously transferred to another taxpayer from a non-Austrian bank, the taxpayer notifies himself the competent Austrian tax authority within one month.

Furthermore, the transfer of the Resident Individual's tax residence (*Wegzug*) outside of Austria, the transfer of the New Notes to a Non-Resident Individual or Corporation without consideration (*unentgeltliche Übertragung*) or any other circumstances which lead to a restriction of Austria's existing taxation right with respect to the New Notes are, in general, deemed as a disposal resulting in exit taxation. Upon application of the Resident Individual, the exit taxation of the New Notes held as private assets can be deferred until the actual disposal of the New Notes in case the Resident Individual transfers his or her tax residence outside of Austria to an EU Member State or certain states of the European Economic Area or transfers the New Notes without consideration to another individual resident in an EU Member State or certain states of the European Economic Area. In all other cases leading to a restriction of Austria's taxation right with respect to an EU Member State or certain states of the European Economic Area the Resident Individual may apply for a payment of the triggered income tax in instalments over a period of seven years. In case the New Notes are held as business assets representing current assets (*Umlaufvermögen*), a payment period of two years applies instead.

Income from New Notes which are not legally or actually publicly offered in the form of securities within the meaning of the EStG are not subject to Austrian withholding tax and final taxation but subject to normal progressive personal income tax rates.

Resident Corporations

Income including interest income as well as capital gains from the New Notes (see already section "Resident Individuals" above) derived by Resident Corporations is subject to Austrian corporate income tax pursuant to the provisions of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**"). Such income is generally subject to the 25% corporate income tax rate. Any expenses economically and directly related to the sale are in general deductible. In the case of a nexus relevant for Austrian withholding tax purposes, basically income that is paid by an Austrian custodian agent or, without an Austrian custodian agent, by an Austrian paying agent (see already section "Resident Individuals" above), capital gains or interest payments will be subject to Austrian withholding tax. According to sec. 93(1a) EStG, the Austrian withholding tax may be levied at a rate of 25% (instead of 27.5%). However, Resident Corporations are obliged to include such income in their Austrian corporate income tax return (*Körperschaftsteuererklärung*). In the course of such tax assessment, Austrian withholding tax levied on the interest payments or capital gains will be credited against the corporate income tax liability of the Resident Corporation or will, if exceeding, be refunded. A Resident Corporation deriving business income from the New Notes may avoid the

application of Austrian withholding tax by submitting a declaration of exemption (*Befreiungserklärung*) pursuant to sec. 94(5) EStG to the paying agent and the tax authority.

Deviating therefrom, private foundations pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(3) and (6) KStG and holding the New Notes as private assets are subject to so-called interim taxation at a rate of 25% (which is, however, not levied if and to the extent the private foundation makes distributions to beneficiaries which are subject to Austrian withholding tax in the same period) on interest income, income from realized capital gains and income from derivatives. Under the conditions set forth in sec. 94(12) EStG no Austrian withholding tax is levied. A deduction of expenses that are directly economically connected to the interest or the capital gains is generally not allowed.

Resident Partnerships

An Austrian partnership (e.g., *Offene Gesellschaft* or *Kommanditgesellschaft*) is treated as transparent for income tax purposes and (corporate) income tax is levied at the level of the partners. Nevertheless, if the New Notes are held by an Austrian partnership as business assets, interest payments are included in a separate tax assessment of the partnership's income, which is binding for the proportional income taxation at the level of the partners. Accordingly, if the New Notes have been business assets of the Austrian partnership prior to the sale, capital gains and losses are included in a separate binding tax assessment of the partnership's income, which is binding for the proportional income taxation at the level of the partners.

Non-Resident Individuals and Non-Resident Corporations

Income including capital gains derived from the New Notes by Non-Resident Individuals or Non-Resident Corporations (together "**Non-Residents**") is, in general, only taxable in Austria if the respective income is attributable to a permanent establishment in Austria. Where Non-Residents receive income from the New Notes as part of business income taxable in Austria (e.g. permanent establishment), they are, in principle, subject to the same tax treatment as Resident Individuals or Corporations.

In addition, as of 1 January 2017, interest payments within the meaning of sec. 27(2)(2) EStG and accrued interest within the meaning of sec. 27(6)(5) EStG received by Non-Resident Individuals (i.e. Non-Residents other than corporations) not having a permanent establishment in Austria may be subject to limited tax liability. However, this only applies if (i) the debtor of the interest payments has its domicile, seat or place of management in Austria or is an Austrian branch of a non-Austrian credit institution or (ii) the underlying financial instrument has been issued by an Austrian issuer. Furthermore, said limited tax liability does not apply to individuals being resident in a state with which automatic exchange of information is in place.

An Austrian custodian or paying agent may abstain from levying 27.5% Austrian withholding tax under sec. 94(13) EStG if the respective income from the New Notes is not subject to limited tax liability. This applies, in general, for capital gains from the disposal of the New Notes and for interest payments under the New Notes derived by Non-Residents not having a permanent establishment in Austria. If in case of such a lack of limited tax liability any Austrian withholding tax is deducted by the custodian or paying agent, the tax withheld shall be refunded to the Non-Resident upon his application, which has to be filed with the

competent Austrian tax authority within five calendar years following the end of the year of the imposition of the Austrian withholding tax.

Inheritance and Gift Tax

The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished with effect as of 1 August 2008. As a consequence, at present, Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to a foundation entry tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Entry Tax Act (*Stiftungseingangssteuergesetz*, “**StiftEG**”). Such tax is triggered if, at the time of transfer, the transferor and/or the transferee have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in the event of a transfer mortis causa of financial assets within the meaning of sec. 27(3) and (4) EStG (except for participations in corporations) if income from such financial assets is subject to the special tax rates of 27.5 or 25%. The tax base is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. In general, a tax rate of 2.5% applies, in certain cases, however, a tax rate of 25% applies. Since 1 January 2014, special provisions apply to transfers of assets to non-transparent foundations and similar vehicles (*Vermögensstrukturen*) falling within the scope of the tax treaty between Austria and Liechtenstein.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of management in Austria. Not all gifts are covered by the notification obligation. In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations within the scope of the StiftEG described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Other taxes

There should be no transfer tax, registration tax or similar tax payable in Austria by Noteholders as a consequence of the acquisition, ownership, disposition or redemption of the New Notes.

Currently, the introduction of a financial transaction tax on the transfer of certain financial instruments is discussed and envisaged on an EU level. It is recommended for investors to get in touch with their tax advisors with respect to potential tax consequences caused by an introduction of a financial transaction tax.

Implementation of the EU rules on the automatic exchange of information

The EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (“**EU Savings Directive**”), as amended, aimed at enabling savings income in the form of interest payments made in one EU Member State to beneficial owners

who are individuals resident in another EU Member State to be made subject to effective taxation in accordance with the laws of the latter EU Member State.

On 10 November 2015, the EU Savings Directive was repealed by the Council Directive (EU) 2015/2060 generally with effect as of 1 January 2016 in order to prevent an overlap with the EU Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by EU Council Directive 2014/107/EU dated 9 December 2014; such amended directive referred to as the “**Mutual Assistance Directive**”). As required by the Mutual Assistance Directive, all EU Member States implemented comprehensive measures for an automatic exchange of information on financial accounts, which are applicable with full effect as from 1 January 2017.

In Germany, the Mutual Assistance Directive has been implemented by the act on the exchange of information on financial accounts (*Finanzkonten-Informationsaustauschgesetz*) of 21 December 2015 providing for an extensive exchange of information on financial accounts, but not providing for a tax at source.

Besides, the decree on the taxation of interest income (*Zinsinformationsverordnung*), which was issued to implement the former EU Savings Directive in Germany, continues to be applicable beyond 2016 with an effect limited to interest payments received from or made to certain non-EU states and dependent or associated territories such as Switzerland, the Principality of Liechtenstein, the Principality of Monaco, Jersey, the Cayman Islands and the Netherlands Antilles.

In Austria, the Mutual Assistance Directive has been implemented by the EU Mutual Assistance Act (*EU-Amtshilfegesetz*) and the Act on the Implementation of a Common Reporting Level for the Automatic Exchange of Information on Financial Accounts (*Gemeinsamer Meldestandard-Gesetz*). Consequently, the EU Withholding Tax Act (*EU-Quellensteuergesetz*) implementing the former EU Savings Directive in Austria, has in general been repealed by the EU Tax Amendment Act 2016 (*EU-Abgabenänderungsgesetz 2016*) with effect as of 1 January 2017. However, given the special provision set forth in Art 1 (3) Council Directive (EU) 2015/2060 with regard to Austria, the EU Withholding Tax Act continues to apply with respect to certain obligations established therein, e.g. the obligations of the paying agents and economic operators, until 30 June 2017 or until those obligations have been fulfilled.

The proposed Financial Transaction Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transactions tax (the “**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate. The Commission’s Proposal is currently under review, and a revised proposal is expected to be published in the course of 2017.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Issuer’s securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating

Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective Noteholders of the New Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION, SALE AND OFFER OF THE NEW NOTES

General

Each of Banco Santander, S.A., Barclays Bank PLC, Landesbank Baden-Württemberg and RBC Europe Limited (each a “**Joint Lead Manager**” and together the “**Joint Lead Managers**”) will, pursuant to a subscription agreement to be signed on or about 22 May 2017 (the “**Subscription Agreement**”), agree, subject to certain closing conditions, to subscribe, on a firm commitment basis, or procure subscribers for the New Notes to be issued by the Issuer. The Joint Lead Managers will be entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no New Notes will be delivered to investors. Furthermore, the Issuer will agree to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the New Notes.

The fees payable to the Joint Lead Managers in connection with the offering, placement and subscription of the New Notes will be up to 0.60 per cent. of the aggregate principal amount of the New Notes.

The Joint Lead Managers are lenders under K+S Group's syndicated credit facility.

In addition, the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Furthermore, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the New Notes and the Notes. Any such short positions could adversely affect future trading prices of the New Notes and the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

There are no interests of natural and legal persons other than the Issuer's and Joint Lead Managers' involved in the issue, including conflicting ones that are material to the issue.

Offer of the New Notes

Public offer, offer period and determination of pricing details

The New Notes will be offered to institutional investors and retail investors in compliance with applicable public offer restrictions by the Joint Lead Managers during an offer period which will commence on 17 May 2017 and will be open until and including 24 May 2017 subject to a shortening or extension agreed by the Issuer and the Joint Lead Managers.

Should the Issuer and the Joint Lead Managers determine any shortening or extension of the offer period (e.g. due to changing market conditions), such changes will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, if applicable, a supplement to the Prospectus will be prepared and published in accordance with Article 13 of the Luxembourg Prospectus Law.

The New Notes may be offered to the public in each of Germany, Luxembourg, Austria and The Netherlands following the effectiveness of the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive.

The aggregate principal amount of New Notes to be issued will be determined on the basis of the number and volume of orders received which offer a yield acceptable to the Issuer. The Issue Price will be determined as described in "Method of determination of the pricing details" below on the pricing date which is expected to be on or about 17 May 2017 (the "**Pricing Date**"). Such information as well as the aggregate principal amount of New Notes to be issued, the issue proceeds and the yield of the New Notes will be set out in a notice (the "**Pricing Notice**") which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or after the Pricing Date and prior to the Issue Date. Any sale of the New Notes on the secondary market will be subject to market conditions.

Conditions of the offer

There are no conditions to which the offer is subject.

Subscription rights for the New Notes will not be issued. Therefore, there are no procedures in place for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised. There is no minimum or maximum amount of New Notes to be purchased. Investors may place offers to purchase New Notes in any amount, subject to the principal amount of EUR 1,000 per New Note.

Technical details of the offer

During the offer period investors may submit offers to purchase New Notes to the Joint Lead Managers and using the information system Bloomberg or any other commonly used information systems. In the case of an order prior to the determination of the pricing details, the investors shall specify at which price they would be prepared to purchase which amount of New Notes. Following determination and notification of the pricing details the Joint Lead Managers will offer the New Notes upon request in Germany, Luxembourg, Austria and The Netherlands.

Method of determination of the pricing details

The final issue price per New Note will be determined on the Pricing Date on the basis of the coupon of the Original Notes which is 2.625% and the final yield per New Note plus interest accrued per New Note in an amount equal to the interest accrued per Original Note from 6 April 2017 until the Issue Date (the "**Issue Price**"). The final yield will be fixed on the basis of the orders received and confirmed by the Managers.

Confirmation of offers placed by, and allotments to, investors

Each investor who has submitted an order in relation to the New Notes and whose order is accepted by the Joint Lead Managers will receive a confirmation by electronic mail, fax or through commonly used information systems setting out its respective allotment of New Notes. Before an investor receives a confirmation from the Joint Lead Managers that its offer to purchase New Notes has been accepted, the investor may reduce or withdraw its purchase order.

Delivery of the New Notes to investors

Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the New Notes will generally be made within five business days after the date of pricing of the New Notes and the confirmation of the allotment to investors. The New Notes so purchased will be delivered via book-entry through the Clearing Systems (see “*GENERAL INFORMATION – Clearing and Settlement*”) and their depository banks against payment of the Issue Price.

Costs and expenses relating to the offer

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the New Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

Consent to the use of the Prospectus

Each Joint Lead Manager and each further financial intermediary subsequently reselling or finally placing the New Notes is entitled to use the Prospectus in Luxembourg, Germany, Austria and The Netherlands for the subsequent resale or final placement of the New Notes during the period from and including 17 May 2017 to and including 24 May 2017 during which subsequent resale or final placement of the New Notes can be made, provided however, that the Prospectus is still valid in accordance with Article 11(2) of the Luxembourg Prospectus Law. The Issuer accepts responsibility for the information given in this Prospectus also with respect to such subsequent resale or final placement of the New Notes.

The Prospectus may only be delivered to potential investors together with all supplements published before such delivery in accordance with Article 13 of the Luxembourg Prospectus Law published before such delivery. Any supplement to the Prospectus in accordance with Article 13 of the Luxembourg Prospectus Law will be available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

When using the Prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

In the event of an offer being made by a further financial intermediary, such further financial intermediary shall provide information to investors on the Terms and Conditions at the time of that offer.

Any further financial intermediary using the Prospectus shall state on its website that it uses the Prospectus in accordance with the consent of the Issuer and the conditions attached to this consent.

Selling Restrictions

General

Each Joint Lead Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the New Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Joint Lead Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers New Notes or has in its possession or distributes any offering material relating to them.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of New Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in Luxembourg, Germany, Austria and The Netherlands from the time the Prospectus has been approved by the competent authority in Luxembourg and published and notified to the relevant competent authorities in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such New Notes to the public in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of New Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any New Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe the New Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United States and its Territories

The New Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any New Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the New Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, each Joint Lead Manager has represented, warranted and agreed that, except to the extent permitted under U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D) (the “**D Rules**”):

- (a) it has not offered or sold New Notes, and during the restricted period shall not offer or sell New Notes, directly or indirectly to a United States person or to a person who is within the United States or its possessions, and it has not delivered and shall not deliver within the United States or its possessions New Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling New Notes are aware that the New Notes may not be offered or sold during the restricted period to a United States person or to a person who is within the United States or its possessions, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the New Notes for purposes of resale in connection with their original issuance and not for the purpose of resale directly or indirectly to a United States person or a person within the United States or its possessions and it shall acquire or retain New Notes for its own account only in accordance with the requirements of the D Rules;
- (d) with respect to each affiliate that acquires New Notes from it for the purpose of offering or selling such New Notes during the restricted period, it either (i) repeats and confirms the representations contained in clauses (a), (b) and (c) of this paragraph on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in clauses (a), (b) and (c) of this paragraph; and
- (e) it shall obtain for the benefit of the Issuer the representations and agreements contained in clauses (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in the D Rules, for the offer or sale of New Notes during the restricted period.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury Regulations thereunder, including the D Rules. For the avoidance of doubt, all references to the D Rules above also refer to any successor rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 that are substantially identical to the D Rules in effect at the date of this Prospectus.

In addition, until 40 days after the commencement of the offering, an offer or sale of the New Notes within the United States by any dealer (whether or not participating in the offering) could violate the registration requirements of the Securities Act.

United Kingdom of Great Britain and Northern Ireland

Each Joint Lead Manager has represented and agreed that,

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any New Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any New Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Joint Lead Manager has represented and agreed that it will not make an offer of New Notes which are outside the scope of the approval of this Prospectus, to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive, unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) or (ii) standard exemption wording and a logo are disclosed as required by Section 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of New Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Canada

The New Notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any New Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each Joint Lead Manager also represents and agrees that it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of New Notes in Canada, other than in compliance with applicable securities laws.

GENERAL INFORMATION

Authorisation

The creation and issue of the New Notes has been authorised by a resolution of the Supervisory Board of the Issuer dated 14 March 2017 and by a resolution of the Executive Board of the Issuer dated 22 March 2017.

Clearing and Settlement

Payments and transfers of the New Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("**Euroclear**") and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy L-1855 Luxembourg ("**Clearstream Luxembourg**").

The New Notes are intended upon issue to be deposited with, or on behalf of, Clearstream Luxembourg as common safekeeper which does not necessarily mean that the New Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

The New Notes have been assigned securities codes as follows:

ISIN: initially XS1616925068, then XS1591416679 once the New Notes have been consolidated with the Original Notes;

Common Code: initially 161692506, then 159141667 once the New Notes have been consolidated with the Original Notes; and

WKN: initially A2E4FC, then A2E4U9 once the New Notes have been consolidated with the Original Notes.

Notices to Noteholders

For so long as the New Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, all notices to the Noteholders regarding the New Notes shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) as well as in the German Federal Gazette (*Bundesanzeiger*).

Yield

The yield of the New Notes is [●] per cent. *per annum* from the Issue Date of the New Notes to the Maturity Date. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) method and based on the Issue Price of the New Notes. The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis.

Expenses

The expenses of the issue of the New Notes are expected to amount to approximately EUR 250,000 plus the fees of up to 0.60 per cent. of the aggregate principal amount of the New Notes to be paid in connection with the offer of the New Notes to the Joint Lead Managers.

Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the New Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Rating

Standard & Poor's Credit Market Services Europe Limited (German Branch) ("**S&P**")⁽¹⁾⁽²⁾ has assigned a long-term credit rating of BB+⁽³⁾ (outlook negative) to K+S AG.

The New Notes are expected to be rated BB+⁽⁴⁾ by S&P⁽¹⁾⁽²⁾.

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the New Notes.

Documents on Display

For so long as any New Note is outstanding, copies and, where appropriate, English translations of the following documents may be obtained (and in the case of (b) can be found on the website of the Luxembourg Stock Exchange at www.bourse.lu) free of charge during normal business hours at the specified office of the Issuer, namely:

- (a) The constitutional documents of the Issuer;
- (b) a copy of the Prospectus, any supplement thereto, if any, and any document incorporated by reference therein.

⁽¹⁾ Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 May 2011 and by Regulation (EC) No 462/2013 of the European Parliament and of the Council of 21 May 2013 (the "**CRA Regulation**").

⁽²⁾ The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

⁽³⁾ According to Standard & Poor's: "Obligors rated 'BB' [...] are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation [...]. An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments." "The ratings [...] may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

⁽⁴⁾ According to Standard & Poor's: "Obligations rated 'BB' [...] are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation [...]. An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation." "The ratings [...] may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

INCORPORATION BY REFERENCE

The following documents are incorporated by reference into this Prospectus:

English language translation from the German language audited consolidated financial statements for the fiscal year ended 31 December 2015 of K+S Group as contained in the Annual Report for the year 2015 to which the page numbers refer.

- Income Statement (p. 131)
- Statement of Comprehensive Income (p. 131)
- Operating Earnings (EBIT I) (p. 131)
- Balance Sheet (p. 132)
- Cash Flow Statement (p. 133)
- Statement of Changes in Equity (p. 134 – p. 135)
- Notes (p. 136 – p. 189)
- Auditor's Report⁽¹⁾ (p. 190)

English language translation from the German language audited consolidated financial statements for the fiscal year ended 31 December 2016 of K+S Group as contained in the Annual Report for the year 2016 to which the page numbers refer.

- Income Statement (p. 131)
- Statement of Comprehensive Income (p. 131)
- Operating Earnings (EBIT I) (p. 131)
- Balance Sheet (p. 132)
- Cash Flow Statement (p. 133)
- Statement of Changes in Equity (p. 134 – p. 135)
- Notes (p. 136 – p. 191)
- Auditor's Report⁽¹⁾ (p. 192)

English language translation from the German language unaudited and unreviewed consolidated financial information as of and for the three-month periods ending March 31, 2016 and 2017 of K+S Group as contained in the Quarterly Report (*Quartalsmitteilung*) for the period from 1 January to 31 March 2017 to which the page numbers refer.

- Income Statement (p. 9)
- Operating Earnings (EBIT I) (p. 9)
- Cash Flow Statement (p. 10)

⁽¹⁾ English language translation of the German language auditor's report (*Bestätigungsvermerk*), issued in accordance with German generally accepted auditing standards, in particular Section 322 of the German Commercial Code (*Handelsgesetzbuch*) which refers to the consolidated financial statements and the respective group management report as a whole and not solely to the consolidated statements incorporated by reference into this prospectus.

- Balance Sheet (p. 11)

Any information incorporated by reference that is not included in the above cross-reference list is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004 (as amended).

As long as any New Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange and any applicable laws so require the documents incorporated by reference are available on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu/>) and may be inspected and are available free of charge during normal business hours at the office of the Issuer, Bertha-von-Suttner-Strasse 7, 34131 Kassel, Federal Republic of Germany.

NAMES AND ADDRESSES

Issuer

K+S Aktiengesellschaft
Bertha-von-Suttner Strasse 7
34131 Kassel
Federal Republic of Germany

Principal Paying Agent

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Federal Republic of Germany

Listing Agent in Luxembourg

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
1115 Luxembourg
Luxembourg

Joint Lead Managers

Banco Santander, S.A.
Ciudad Grupo Santander
Edificio Encinar
Avenida de Cantabria s/n
28660, Boadilla del Monte
Madrid
Spain

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

**Landesbank
Baden-Württemberg**
Am Hauptbahnhof 2
70173 Stuttgart
Federal Republic of Germany

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
United Kingdom

Auditors

To the Issuer

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft
Aegidientorplatz 2a
30159 Hannover
Federal Republic of Germany

Legal Advisors

To the Issuer

Freshfields Bruckhaus Deringer LLP
Bockenheimer Anlage 44
60322 Frankfurt am Main
Federal Republic of Germany

To the Joint Lead Managers

Linklaters LLP
Taunusanlage 8
60329 Frankfurt am Main
Federal Republic of Germany