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Q3 2012

QUARTERLY FINANCIAL REPORT OF THE K+S GROUP JULY TO SEPTEMBER

+ Robust business with Potash and Magnesium Products
+ As expected, early stocking-up in salt business weak overall
+ Quarterly revenues up 7 % to € 916.6 million
+ Operating earnings EBIT I at € 156.7 million 14 % below previous year
+ Outlook 2012: At about € 820 million, operating earnings at the lower end of the previously quantified range expected
+ Normalisation in salt business opens up opportunities for a slight increase in operating earnings in 2013

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS) [1]

		Q3/12	Q3/11	%	9M/12	9M/11	%
Revenues	€ million	916.6	853.5	+7.4	2,993.7	2,975.3	+0.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	€ million	213.8	237.2	(9.9)	793.8	864.8	(8.2)
EBITDA margin	%	23.3	27.8	—	26.5	29.1	—
Operating earnings (EBIT I)	€ million	156.7	181.8	(13.8)	625.3	698.4	(10.5)
EBIT margin	%	17.1	21.3	—	20.9	23.5	—
Result after operating hedges (EBIT II)	€ million	178.1	138.8	+28.3	654.2	684.8	(4.5)
Earnings before income taxes	€ million	156.4	124.7	+25.4	593.2	640.3	(7.4)
Earnings before income taxes, adjusted [2]	€ million	135.0	167.7	(19.5)	564.3	653.9	(13.7)
Group earnings from continued operations	€ million	114.2	87.7	+30.2	429.9	465.9	(7.7)
Group earnings from continued operations, adjusted [2]	€ million	98.9	118.6	(16.6)	409.2	475.7	(14.0)
Group earnings after taxes [3]	€ million	180.2	91.0	+98.0	530.5	413.2	+28.4
Group earnings after taxes, adjusted [2,3]	€ million	164.9	121.8	+35.4	509.1	422.9	+20.4
Return on Capital Employed (LTM) [4]	%	—	—	—	21.6	25.9	—
Gross cash flow	€ million	148.4	148.6	(0.1)	625.1	648.3	(3.6)
Net indebtedness as of 30 September	€ million	—	—	—	654.7	674.9	(3.0)
Capital expenditure [5]	€ million	102.5	93.7	+9.4	221.4	169.6	+30.5
Depreciation and amortisation [5]	€ million	57.1	55.4	+3.1	168.5	166.4	+1.3
Working capital as of 30 September	€ million	—	—	—	1,097.0	755.5	+45.2

KEY FIGURES (IFRS) [1] (CONTINUED)

		Q3/12	Q3/11	%	9M/12	9M/11	%
Earnings per share from continued operations, adjusted [2]	€	0.52	0.62	(16.1)	2.14	2.49	(14.1)
Earnings per share, adjusted [2,3]	€	0.86	0.64	+34.4	2.66	2.21	+20.4
Gross cash flow per share	€	0.78	0.78	—	3.27	3.39	(3.6)
Book value per share as of 30 September	€	—	—	—	17.76	14.71	+20.7
Total number of shares as of 30 September	million	—	—	—	191.40	191.40	—
Outstanding shares as of 30 September [6]	million	—	—	—	191.40	191.40	—
Average number of shares [7]	million	191.40	191.40	—	191.40	191.30	—
Employees as of 30 September [8]	number	—	—	—	14,352	14,275	+0.5
Average number of employees [8]	number	14,300	14,185	+0.8	14,316	14,104	+1.5
Personnel expenses [9]	€ million	241.2	228.1	+5.7	732.4	706.2	+3.7
Closing price as of 30 September	XETRA, €	—	—	—	38.27	39.58	(3.3)
Market capitalisation as of 30 September	€ billion	—	—	—	7.3	7.6	(3.3)
Enterprise value as of 30 September	€ billion	—	—	—	8.0	8.3	(3.3)

FINANCIAL CALENDAR

	2013
Report on business in 2012	14 March 2013
Press and analyst conference, Frankfurt am Main	14 March 2013
Annual General Meeting, Kassel	14 May 2013
Quarterly Financial Report 31 March 2013	14 May 2013
Dividend payment	15 May 2013
Half-yearly Financial Report 30 June 2013	13 August 2013
Quarterly Financial Report 30 September 2013	14 November 2013

← Footnotes Key Figures (IFRS)

[1] Unless stated otherwise, information refers to the continued operations of the K+S Group. The income statement and the cash flow statement were adjusted in accordance with IFRS following the divestment of K+S Nitrogen and the COMPO business. The balance sheet and therefore the key figures of working capital, net indebtedness and book value per share as of 30 September 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.
[2] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/12: 28.5% (Q3/11: 28.3%).
[3] Earnings from continued and discontinued operations.
[4] Return on capital employed of the last twelve months as of 30 September.
[5] Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.
[6] Total number of shares less the number of own shares held by K+S as of the balance sheet date.
[7] Total number of shares less the average number of own shares held by K+S.
[8] FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.
[9] Personnel expenses also include expenditures connected with partial and early retirement.

CONTENT

MANAGEMENT REPORT

1

1.1 GROUP STRUCTURE AND BUSINESS OPERATIONS

For a comprehensive description of our Group structure and business operations, including our products and services, please see the relevant passages in our Financial Report 2011 on page 59.
/ **DETAILED INFORMATION REGARDING DISCONTINUED OPERATIONS** can be found in the Notes on page 35.

In line with the strategy of the K+S GROUP, which provides for growth in the Potash and Magnesium Products and Salt business segments in particular and for focusing management resources and financial means on this, on 2 July 2012, we sold K+S NITROGEN to EUROCHEM. In accordance with IFRS, K+S NITROGEN is since the second quarter 2012 disclosed as a "discontinued operation".

Changes in the scope of consolidation are presented in the Notes of this Quarterly Financial Report on page 35. Furthermore, in the third quarter, there were no significant changes in the Group structure and business operations described in the Financial Report 2011.

1.2 CORPORATE STRATEGY AND ENTERPRISE MANAGEMENT

There were no changes in the strategy of the Company and its enterprise management in the third quarter. For a detailed description of the corporate strategy and enterprise management, please see the relevant passages in our Financial Report 2011 on page 70.

1.3 OVERVIEW OF COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

Following the initial slight improvement in overall economic development at the start of 2012, growth in the global economy was again more restrained in the second and third quarters of 2012. / **TAB: 1.3.1**

In Europe, the focus continued to be on the sovereign debt crisis, even after further stimulus measures. The economies of the Southern European countries shrank; also in Germany and France, the economies then became progressively weaker.

In the United States, the upcoming presidential election resulted in more cautious investment decisions of companies and therefore in a more muted economic development.

Economic data for the emerging market countries deteriorated due to a lack of demand from the industrialised countries; China too failed to generate any impetus for boosting readiness to invest. Private consumption was, however, robust.

Monetary policy remained strongly expansionary. The EUROPEAN CENTRAL BANK (ECB) lowered its key interest rate to 0.75 % in July and left it unchanged in the third quarter; the FEDERAL RESERVE BANK (FED) also continued to pursue its low interest rate policy.

The volatility of prices for raw materials once again increased during the course of the third quarter. The oil price (Brent) rose due to the conflict between Syria and Turkey, since important pipelines run through these countries. A barrel cost about US$ 112 on 30 September 2012. Thus, the price was both above the figure at the end of 2011 (31 December 2011: US$ 107) and above the figure of the previous year (30 September 2011: US$ 103). The average price for the third quarter (US$ 110) was slightly below the figure of the same quarter of the previous year (US$ 112). There were significant price fluctuations for agricultural raw materials. Towards the end of the second and at the beginning of the third quarter, prices rose significantly

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.3.1

in %; real	2012e	2011	2010	2009	2008
Germany	+0.7	+3.0	+3.7	(4.7)	+1.3
European Union (EU-27)	(0.3)	+1.6	+1.9	(4.2)	+1.2
World	+3.0	+3.9	+5.1	(0.8)	+3.1

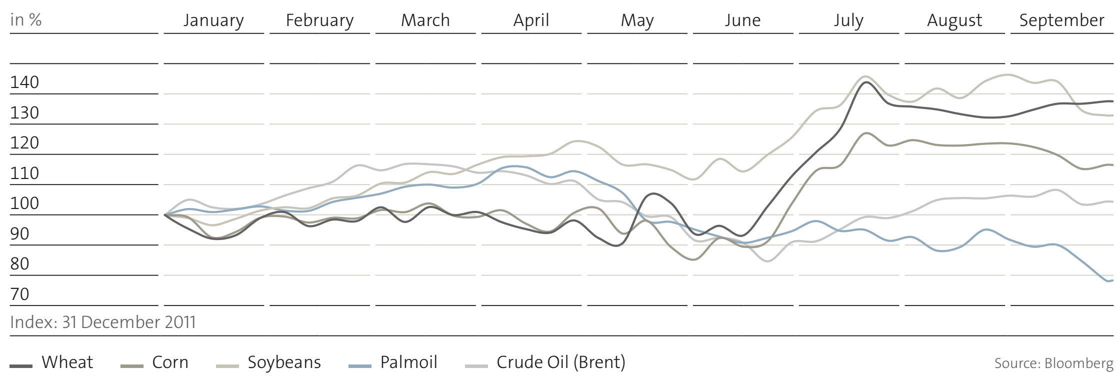
Source: Deka Bank

(with the exception of palm oil) after the persistent dry weather in the Midwest of the United States and in Russia had resulted in tangibly lower harvest estimates.
/ FIG: 1.3.1

Over the course of the third quarter of 2012, the US dollar initially strengthened against the euro, but then weakened again and as of 30 September 2012, the euro exchange rate was 1.29 USD/EUR (31 December 2011: 1.30 USD/EUR; 30 September 2011: 1.35 USD/EUR). The weakness of the euro was chiefly a consequence of the uncertainties arising from the European sovereign debt crisis. At the end of the quarter, the euro profited from the extension of the expansionary low interest rate policy of the USA. In terms of the average for the quarter, at an exchange rate of 1.25 USD/EUR, the US dollar was far stronger than in the same quarter of the previous year (Q3/11: 1.41 USD/EUR). Moreover, apart from the USD/EUR exchange rate, a relative comparison between the euro and the currencies of our competitors (Canadian dollar, Russian rouble) each in relation to the US dollar is of importance for us. A strong US dollar normally has a positive impact on the earnings capacity of most of the world's potash producers in their respective local currency; this is due to the fact that the bulk of worldwide potash output lies outside the US dollar zone while almost all sales, with the exception of the European market, are invoiced in US dollars.

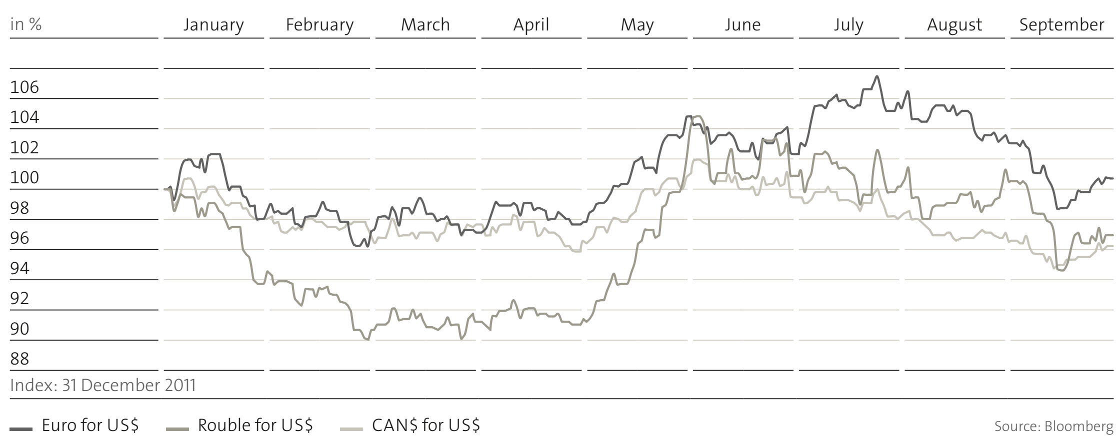
Figure 1.3.2 shows how the US dollar, at the end of the third quarter, has lost in strength against the euro. This also applied to its exchange rate against the currencies of our competitors from Canada and Russia. **/ FIG: 1.3.2**

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS AND CRUDE OIL FIG: 1.3.1



Source: Bloomberg

DEVELOPMENT OF EUR/USD VS. CAD/USD AND RUB/USD FIG: 1.3.2



Source: Bloomberg

IMPACT ON K+S

The changes in the macroeconomic environment had the following main effects on the course of business for K+S in the third quarter:

+ The energy costs of the K+S GROUP are particularly affected by the purchase of gas. As a result of the price clauses agreed to date with our suppliers, changes in the oil price in the energy-intensive Potash and Magnesium Products business segment, for example, have normally been reflected in our cost accounting only with a delay of six to nine months. Against this background, the further increased energy price level experienced in the fourth quarter of 2011 resulted in a significant price-related increase in the K+S GROUP's energy costs in the third quarter of 2012. You can find a description of the energy contracts valid from the fourth quarter of 2012 on page 22.
+ Options and futures are used to hedge expected incoming US dollar payments, which for 2012 define a worst-case scenario of about 1.33 USD/EUR including costs for planned revenues of the Potash and Magnesium Products business segment (exchange rate including hedging costs for 2011: 1.35 USD/EUR). Within the framework of translation hedging in the Salt business segment, hedging transactions also exist, which guarantee a worst-case translation of the hedged net position at 1.36 USD/EUR (exchange rate including hedging costs for 2011: 1.37 USD/EUR). The selected instruments also provide the K+S GROUP with the opportunity to participate to a certain extent in a stronger US dollar.

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

The conditions on important markets and the competitive positions of the individual business segments described in the section 'Group Structure and Business Operations' on page 59 of the Financial Report 2011 essentially remained unchanged.

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

After there was still cautious early stocking-up of fertilizers at the start of the year, the demand for potash and magnesium products developed positively during the second quarter of 2012. In the third quarter, due to the attractive price level for agricultural raw materials, demand was at a good level in the markets relevant for K+S. However, the still outstanding conclusion of contracts by North American and Russian producers with Chinese and Indian customers led to the capacities not being fully utilised particularly in North America and Russia. Against this backdrop, the international prices for potassium chloride came under pressure towards the end of the third quarter, but overall were moderately above those of the same quarter of the previous year.

SALT BUSINESS SEGMENT

DE-ICING SALT – WESTERN EUROPE

As a result of the mild and dry weather conditions at the start of the year, it was not possible to achieve the very high level of the early stocking-up business of the previous year. However, the creation of additional storage capacities on the customer side and the hesitant placement of subsequent orders at the end of the first quarter ensured an average early stocking-up volume. Due to the high supply, prices fell slightly during the early stocking-up season and in the tenders for the winter season 2012/13. By contrast, the contract volumes for the upcoming season stood at a good level.

DE-ICING SALT – NORTH AMERICA

The de-icing salt regions on the East Coast of the United States and in Canada were also characterised by high stocks due to the exceptionally mild winter at the start of the year. Most producers reacted to this situation with cutting back production. In the de-icing salt regions of the United States, both in the early stocking-up business in the third quarter and in the tenders for the winter season 2012/13, there were declines in prices and volumes, particularly in the Midwest.

INDUSTRIAL SALT

Demand for industrial salt was relatively stable both in Europe and South America. In North America, a certain reluctance to purchase could still be observed for water-softening products.

FOOD GRADE SALT

The demand for food grade salt in Europe as well as in South and North America was at a good level in the third quarter too. However, intensified competition was again to be observed in the European market.

SALT FOR CHEMICAL USE

The European market for salt for chemical use was again characterised by oversupply in the third quarter. In the North and South American markets for salt for chemical use too, competitive pressure increased.

K+S ON THE CAPITAL MARKET

COURSE OF THE K+S SHARE PRICE IN THE THIRD QUARTER

/ YOU CAN FIND THE CURRENT SHARE PRICE and further information about the stock at www.k-plus-s.com/en/ks-aktie.

+ Starting from € 36 at the beginning of the third quarter, the price of the K+S share rose in July due to the persistent drought in North America and Russia, the related expectation of harvest shortfalls and the accompanying significant increase in agricultural prices.
+ The figures for the second quarter of 2012 published in advance at the end of July were significantly above analysts' expectations. The figures published in full on 14 August prompted the share to then rise to the quarterly high of almost € 41 in mid-August.
+ Statements by competitors on a more moderate further course of 2012, the announcement of project postponements by VALE and BHP as well as the still outstanding conclusion of contracts with China and India weighed on the K+S share from the end of August.
+ On 30 September, the K+S share closed at about € 38. It was thus 10 % above the closing price of 2011. Disregarding the dividend deduction of € 1.30 per share, this resulted in a plus of 13 %. DAX, MSCI WORLD and STOXX 600 rose over the same period by 22 %, 11 % and 10 % respectively.
/ FIG: 1.3.3, 1.3.4 / TAB: 1.3.2

After weak prices for the shares of international fertilizer producers had been observed in the preceding months, in the third quarter, share prices partly rose significantly in light of the already described development of agricultural prices. Since the start of the year, the share of our competitor YARA rose by 20 %, followed by URALKALI (+15 %), MOSAIC (+14 %), COMPASS (+8 %) and POTASHCORP (+5 %). In the first nine months, the K+S share rose by 10 %, but in comparison to the competitors, the high dividend deduction of 3.7 % must be taken into consideration. **/ FIG: 1.3.5**

In the last of the research surveys (31 October 2012) that we regularly carry out, 15 banks gave us a "buy / accumulate" recommendation, 6 a "hold / neutral" recommendation and 3 a "reduce / sell" recommendation. The average target price was about € 45.

SHAREHOLDER STRUCTURE

On 20 July 2012, BLACKROCK INC. and several subsidiaries informed us that they had fallen below the threshold of 5 % of voting rights in K+S AKTIENGESELLSCHAFT and at that point in time held 4.99 %. Furthermore, there were no changes in the shareholder structure exceeding the 3 % threshold in the third quarter.

PERFORMANCE OF THE K+S SHARE IN RELATION TO DAX, DJ STOXX 600 AND MSCI WORLD FIG: 1.3.3

Index: 31 December 2006; ¹ until 30 September 2012

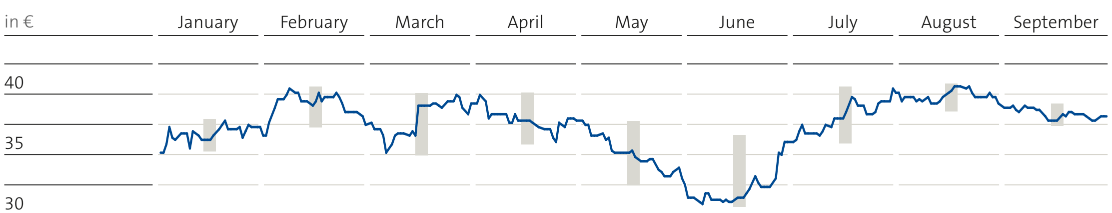
Source: Bloomberg

CAPITAL MARKET KEY DATA TAB: 1.3.2

		Q3/12	Q3/11	%	9M/12	9M/11	%
Closing price as of 30 September	XETRA, €	—	—	—	38.27	39.58	(3.3)
Highest price	XETRA, €	40.86	56.57	(27.8)	40.86	58.60	(30.3)
Lowest price	XETRA, €	36.12	39.58	(8.7)	30.40	39.58	(23.2)
Average price	XETRA, €	38.85	48.52	(19.9)	37.22	52.31	(28.9)
Performance	%	+6.3	(25.3)	—	+9.6	(29.8)	—
Market capitalisation as of 30 September	€ billion	—	—	—	7.3	7.6	(3.3)

Source: Bloomberg

DEVELOPMENT OF THE K+S SHARE INCLUDING MONTHLY HIGHEST AND LOWEST PRICES FIG: 1.3.4

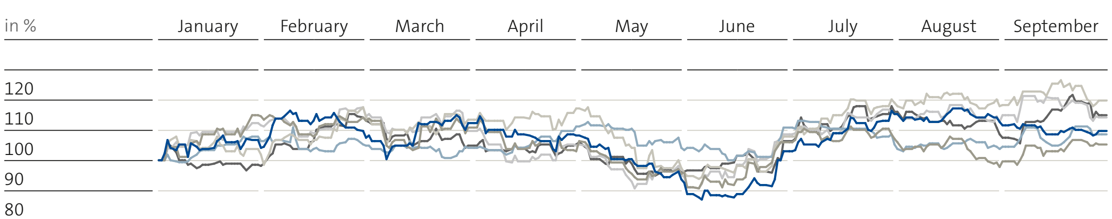


	January	February	March	April	May	June	July	August	September
Highest price	37.74	40.60	40.04	39.98	37.42	36.00	40.56	40.86	39.12
Lowest price	35.34	37.48	35.02	36.01	32.25	30.40	36.12	38.90	37.73

Highest / Lowest price K+S

Source: Bloomberg

PERFORMANCE OF THE K+S SHARE IN RELATION TO PEERS FIG: 1.3.5



Index: 31 December 2011; calculation on the basis of local currencies

K+S PotashCorp Yara Compass Mosaic Uralkali

Source: Bloomberg

Thus, our shareholder structure was as follows as of 30 September:

+ MERITUS TRUST COMPANY LIMITED via EUROCHEM GROUP SE: 9.88 % (notification of 11 July 2011)
+ BLACKROCK: 4.99 % (notifications of 20 July 2012)
+ PRUDENTIAL PLC. via M&G INVESTMENT MANAGEMENT LIMITED: 3.00 % (notification of 2 November 2011 and correction as of 8 February 2012)

Under the free float definition applied by DEUTSCHE BÖRSE AG, the free float remains unchanged at about 90 %.

K+S BONDS

Against the background of the low interest rate level, on 12 June 2012, K+S AKTIENGESELLSCHAFT successfully issued a second corporate bond in the amount of € 500 million. The bond has a ten-year term and an interest coupon of 3.0 % p.a. The proceeds are to be used to refinance the already outstanding corporate bond, due in 2014 (issue volume: € 750 million; interest coupon: 5.00 % p.a.). This, the remaining liquidity and future cash flows serve to finance the Legacy Project in Canada as well as general corporate purposes. Due to the sovereign debt crisis in the eurozone and the high supply of liquidity by the ECB, on the capital market, the bond prices of debtors with good credit ratings rose and yields dropped respectively. The bond, which will mature in June 2022, was quoted at 104.130 % on 30 September 2012 at a yield of 2.515 % p.a. The bond, which will mature in September 2014, was quoted at 107.806 % on 30 September 2012 at a yield of 0.990 % p.a. (31 December 2011: 107.732 % and 2.046 % p.a. respectively).

1.4 EARNINGS, FINANCIAL AND ASSET POSITION

K+S NITROGEN STATED AS DISCONTINUED OPERATION DUE TO ITS DIVESTMENT

The description of the earnings, financial and asset position relates, if not stated otherwise, to the continued operations of the K+S GROUP. Since the reporting about the second quarter of 2011, the COMPO business and, with the Half-yearly Financial Report 2012, also K+S NITROGEN is stated as a "discontinued operation" in line with IFRS. Detailed information can be found in the Notes on page 35. The income statement and the cash flow statement were adjusted accordingly. The balance sheet was not adjusted.

CURRENT AND FUTURE DEVELOPMENT OF ORDERS

Most of the business of the K+S GROUP is not covered by longer-term agreements concerning fixed volumes and prices.

In the Potash and Magnesium Products business segment, the proportion of the backlog of orders in relation to revenues is low, i.e. less than 10 %. This is customary in the industry. The business is characterised by long-term customer relationships as well as revolving framework agreements with non-binding volume and price indications.

In the Salt business segment, de-icing salt contracts for the public sector in Europe, Canada and the United States are issued by means of public invitations to tender. These are executed every second and third quarter for the upcoming winter season, but also, to a certain extent, for the following winter. The contracts include both price and maximum volume agreements. However, as the actual volumes depend on the winter weather conditions and are therefore uncertain in advance, they cannot be classified as backlog of orders as such. This also applies to agreements with minimum purchasing obligations on the part of our customers, since they can normally be prolonged to the following winter in the event of weak demand in a season.

For the above-mentioned reasons, the disclosure of the backlog of orders of the K+S GROUP and its business segments is of no relevance for assessing the short- and medium-term earnings capacity.

REVENUES AND EARNINGS POSITION

THIRD QUARTER REVENUES RISE BY 7 %

At € 916.6 million, third quarter revenues were up € 63.1 million or 7 % in comparison to the previous year. This can be attributed to a currency- and volume-related increase in revenues in the Potash and Magnesium Products business segment as well as a currency-related increase in revenues in the Salt business segment. In the first nine months, revenues of the K+S GROUP rose slightly by 1 % to € 2,993.7 million despite lower revenues in the Salt business segment in the first quarter due to weather conditions. / TAB: 1.4.1

In the first nine months of the year, 60 % of revenues were generated in the Potash and Magnesium Products business segment, followed by Salt (36 %) and Complementary business segments (4 %). In Europe, we generated a share in revenues of approximately 40 %, followed by North America (25 %), South America (19 %) and Asia (13 %). / FIG: 1.4.1, 1.4.2

DEVELOPMENT OF SELECTED COST TYPES

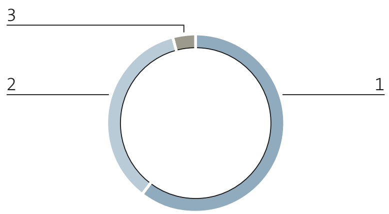
For the quarter under review, total costs rose by about 13 % and thus more strongly than revenues. The most important cost types developed as follows: Personnel expenses amounted to € 241.2 million in the third quarter or about 25 % of revenues and were thus moderately above the level of the same quarter in the previous year (for explanation, see page 20). Freight costs – measured in terms of revenues about 15 % – were moderately lower as compared to the same quarter of the previous year.

VARIANCE ANALYSIS TAB: 1.4.1

in %	Q3/12	9M/12
Change in revenues	**+7.4**	**+0.6**
volume/structure	+1.2	(6.8)
prices/price-related	(0.1)	+3.0
exchange rates	+6.1	+4.2
consolidation	+0.2	+0.2

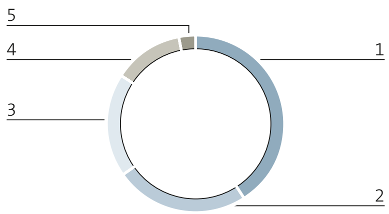
Detailed information on average prices and sales volumes can be found in tables 1.5.3 and 1.5.6.

REVENUES BY BUSINESS SEGMENT JANUARY – SEPTEMBER 2012 FIG: 1.4.1



	in %	9M/12	9M/11
1	Potash and Magnesium Products	60.5	53.5
2	Salt	35.6	42.7
3	Complementary Business Segments	3.9	3.8

REVENUES BY REGION JANUARY – SEPTEMBER 2012 FIG: 1.4.2



	in %	9M/12	9M/11
1	Europe	40.9	44.7
	– of which Germany	14.2	16.3
2	North America	24.5	28.9
3	South America	18.9	14.2
4	Asia	12.8	9.5
5	Africa, Oceania	2.9	2.7

While the material costs were moderately below those of the previous year, energy costs in particular increased significantly due to price factors; both cost types each amounted to about 10 % of revenues.

THIRD QUARTER EBITDA AT € 213.8 MILLION (Q3/11: € 237.2 MILLION)

During the third quarter of 2012, earnings before interest, taxes, depreciation and amortisation (EBITDA) declined by 10 % to € 213.8 million (Q3/11: € 237.2 million). In the first nine months, EBITDA was € 793.8 million, which corresponds to a decrease of 8 % (9M/11: € 864.8 million).

OPERATING EARNINGS EBIT I REACH € 156.7 MILLION (Q3/11: € 181.8 MILLION)

In the third quarter of 2012, operating earnings EBIT I reached € 156.7 million and thus was € 25.1 million or 14 % less than the figure for the corresponding quarter in the previous year. At € 57.1 million, depreciation and amortisation taken into account in EBIT I were slightly above the figure for the previous year (Q3/11: € 55.4 million). In the Potash and Magnesium Products business segment, earnings declined moderately due to increased energy costs attributable to price factors, higher freight costs attributable to currency effects, costs related to the Legacy Project as well as a negative currency result and the effect of a reduction in inventories. In the Salt business segment, a weaker early stocking-up business with de-icing salt led to a decline in operating earnings. In the first nine months of 2012, the K+S GROUP achieved operating earnings of € 625.3 million. This was down on the previous year's figure by 11 % (9M/11: € 698.4 million). At € 168.5 million, depreciation and amortisation taken into account in the first nine months were at about the level of the figure for the same period of the previous year (9M/11: € 166.4 million).

The result from operating forecast hedges included in EBIT I corresponds – due to the elimination of all fluctuations in the market value during the term – to the value of the hedge at the time of realisation (difference between the spot rate and hedged rate) less the premiums paid or plus the premiums received in the case of option transactions. The changes in the market value of the operating forecast hedges still outstanding are, however, only taken into consideration in the result after operating hedges (EBIT II).

RESULT AFTER OPERATING HEDGES (EBIT II)

The result after operating hedges EBIT II in the quarter under review reached € 178.1 million after having been € 138.8 million in the same quarter of the previous year (+ 28 %). In the third quarter, EBIT II was positively affected by earnings effects resulting from operating forecast hedges of € 21.4 million (Q3/11: € (43.0) million) due to a weaker US dollar. EBIT II of € 654.2 million was achieved for the first nine months of 2012. This was about 5 % below the previous year's figure (9M/11: € 684.8 million). The included earnings effects resulting from operating forecast hedges amounted to € +28.9 million (9M/11: € (13.6) million).

Under IFRS, changes in the market value from hedging transactions have to be reported in the income statement. EBIT II includes all earnings arising from operating hedging transactions, i.e. both valuation effects as at the reporting date and earnings from realised operating hedging derivatives. Hedging transactions connected with financing activities are shown in the financial result.

THIRD QUARTER FINANCIAL RESULT ADVERSELY AFFECTED BY EXTRAORDINARY EFFECT

In the third quarter, the financial result was € (21.7) million after having been € (14.1) million in the same period of the previous year. This was particularly due to a non-cash, extraordinary interest expense (€ 9.2 million), mainly for provisions for mining obligations. After the lowering of the average weighted discount factor for provisions for mining obligations of the K+S GROUP from 4.7 % to 4.5 % in the second quarter due to the significant decrease of the long-term interest rate level in recent months, a further lowering to 4.3 % was necessary in the third quarter. In addition to the interest expense for pension provisions (Q3/12: € (2.0) million), the financial result also includes the interest expenses for other non-current provisions, mainly provisions for mining obligations (Q3/12: € (13.9) million); both are non-cash. The financial result was € (61.0) million during the first nine months of the year, after having been € (44.5) million in the same period of the previous year.

/ **FURTHER DETAILS OF THE FINANCIAL RESULT** can be found in the Notes on page 41.

ADJUSTED EARNINGS BEFORE INCOME TAXES BELOW PREVIOUS YEAR

In the quarter under review, earnings before income taxes totalled € 156.4 million (Q3/11: € 124.7 million). If the earnings are adjusted for the effects from operating forecast hedges, which were not yet recorded in operating earnings EBIT I (€ 21.4 million), this results in adjusted earnings before income taxes of € 135.0 million. This was € 32.7 million or almost 20 % down on the same period in the previous year. In the first nine months, earnings before income taxes were € 593.2 million (9M/11: € 640.3 million) and adjusted earnings before income taxes stood at € 564.3 million (9M/11: € 653.9 million).

ADJUSTED GROUP EARNINGS FROM CONTINUED OPERATIONS ALSO LOWER

In the third quarter, Group earnings after taxes from continued operations reached € 114.2 million (Q3/11: € 87.7 million). In the quarter under review, tax expense totalling € 42.0 million were incurred, including a deferred, i.e. non-cash tax income in the amount of € 7.5 million (Q3/11: tax expense of € 36.9 million, of which € 8.1 million was deferred tax income). In the third quarter, adjusted Group earnings from continued operations fell by € 19.7 million or 17 % to € 98.9 million. In the first nine months, Group earnings after taxes from continued operations of € 429.9 million (9M/11: € 465.9 million) were achieved. In the first nine months, tax expense was € 162.8 million, including a deferred, i.e. non-cash tax income in the amount of € 30.2 million (income tax expense 9M/11: € 174.1 million, of which € 2.8 million was deferred tax income). Adjusted Group earnings from continued operations of the first nine months decreased in comparison to the corresponding period of the previous year by € 66.5 million or 14 % to € 409.2 million.

/ **FURTHER DETAILS OF THE TAXES ON INCOME** can be found in the Notes on page 41.

ADJUSTED EARNINGS PER SHARE FROM CONTINUED OPERATIONS IN THE THIRD QUARTER AT € 0.52 (Q3/11: € 0.62)

In the quarter under review, adjusted earnings per share from continued operations reached € 0.52 and were thus about 16 % below the figure for the same period last year of € 0.62. This was computed on the basis of 191.40 million no-par value shares, being the average number of shares outstanding (Q3/11: 191.40 million no-par value shares). In the first nine months of 2012, adjusted earnings per share from continued operations reached € 2.14, a decrease of 14 % after having been € 2.49 in the previous year.

At the end of September, the total number of shares outstanding of the K+S GROUP was 191.40 million no-par value shares. We held no shares of our own as of 30 September 2012.

In the third quarter, the average domestic Group tax rate was 28.5 % (Q3 / 11: 28.3 %), while the adjusted Group tax rate from continued operations in the third quarter of 2012 was 26.7 % after having been 29.3 % in the same quarter of the previous year.

Undiluted, adjusted earnings per share are computed by dividing adjusted Group earnings after taxes and minority interests by the weighted average number of shares outstanding. As none of the conditions resulting in the dilution of earnings per share exist in the case of K+S at the present time, undiluted earnings per share correspond to diluted earnings per share.

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

Adjusted Group earnings (including discontinued operations) in the third quarter reached € 164.9 million (Q3 / 11: € 121.8 million). Of this, income from the divestment of K+S NITROGEN (after taxes) of € 66.0 million were attributable to the discontinued operations. In the first nine months, adjusted Group earnings amounted to € 509.1 million (9M / 11: € 422.9 million), while € 99.9 million was attributable to the discontinued operations of K+S NITROGEN.

Adjusted earnings per share (including discontinued operations) in the quarter under review reached € 0.86 (Q3 / 11: € 0.64). Of this, € 0.34 was attributable to the discontinued operations. Adjusted earnings per share including discontinued operations of the first nine months reached € 2.66 after having been € 2.21 in the same period of the previous year; € 0.52 was attributable to the discontinued operations.

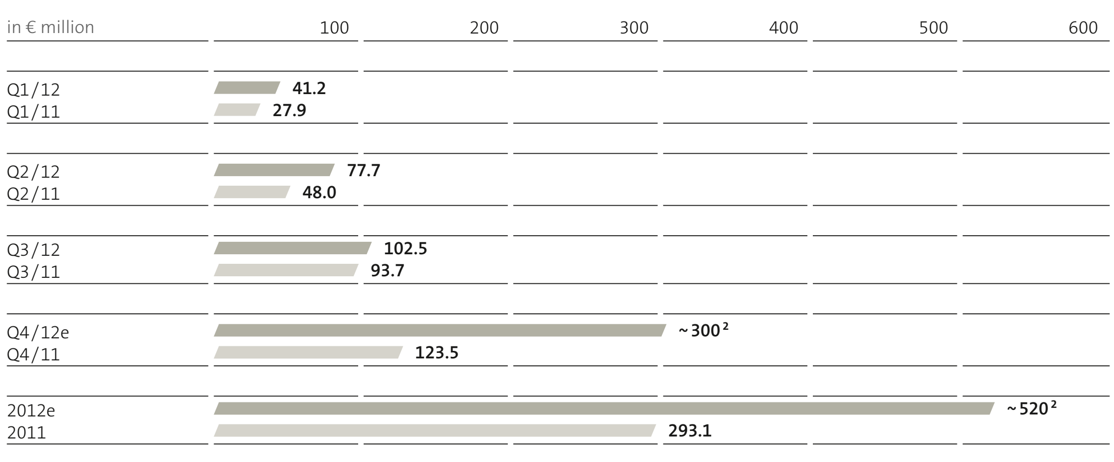
/ **DETAILED INFORMATION REGARDING DISCONTINUED OPERATIONS** can be found in the Notes on page 35.

FINANCIAL POSITION

HIGHER THIRD QUARTER CAPITAL EXPENDITURE

In the third quarter of 2012, the K+S GROUP invested a total of € 102.5 million in the continued operations and thus about 9 % more than in the same quarter of the previous year (Q3 / 11: € 93.7 million). The majority of the capital expenditure was made in the Potash and Magnesium Products business segment. Here, the increase is mainly attributable to capital expenditure related to the package of measures on water protection in the Hesse-Thuringia potash district and for the Legacy Project, there mainly in infrastructure, water supply and engineering works. In the Salt business segment, the volume of capital expenditure has fallen after the replacement of a ship in the previous year's quarter. The renovation of an evaporated salt plant of MORTON SALT in Hutchinson, USA, was one of the most important projects in the quarter under review. Almost 70 % of the capital expenditure undertaken is attributable to measures relating to replacement and ensuring production. This share of about € 70 million was thus higher than the depreciation

CAPITAL EXPENDITURE [1] FIG: 1.4.3



[1] Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.
[2] Further information regarding future capital expenditures can be found on page 25.

of € 57.1 million. In the first nine months, a total of € 221.4 million (9M/11: € 169.6 million) was invested, of which almost two thirds were used for measures relating to replacement and ensuring production. In the first nine months, this share of about € 140 million was therefore less than the depreciation of € 168.5 million. / FIG: 1.4.3

CASH FLOW FROM OPERATING ACTIVITIES CHARACTERISED BY MORE FUNDS BEING TIED UP IN WORKING CAPITAL

Gross cash flow for the first nine months reached € 625.1 million and was by € 23.2 million slightly below the figure for the previous year (9M/11: € 648.3 million). The decrease followed the earnings trend. Lower operating earnings were counteracted by reduced income tax payments. / TAB: 1.4.2

Cash flow from operating activities (without out-financing of pension obligations) reached € 531.6 million during the first nine months, therefore remaining significantly below the figure for the previous year (9M/11: € 685.0 million). This is attributable to a higher tying up of funds in working capital owing to increased receivables in the Potash and Magnesium Products business segment due to price and volume factors. In the Salt business segment, inventories remained at a high level due to the very mild winter, after in the same period of the previous year, the otherwise usual reduction of the salt inventories had taken place. Furthermore, against the backdrop of production cuts, the liabilities in the Salt business segment were significantly lower than in the previous year.

In the first nine months, cash flow for investing activities (without investments in securities) came to € (223.1) million and was thus significantly below the level of the same period in the previous year (9M/11: € (405.0) million), which had been affected by disbursements for the acquisition of POTASH ONE (€ (242.8) million). Free cash flow (without out-financing of pension obligations and investments in securities) reached € 308.5 million (9M/11: € 280.0 million). Adjusted for acquisitions/divestments, free cash flow (without investments in securities) fell by € 210.1 million to € 312.7 million in comparison to the same period in the previous year.

The cash flow from/for financing activities in the first nine months was € 243.8 million (9M/11: € (259.3) million). The change is mainly attributable to the issuance of a second bond (€ 497.1 million). As at 30 September 2012, net cash and cash equivalents amounted to € 385.0 million (30 September 2011: € 643.0 million; 31 December 2011: € 437.3 million). In this context, it should be noted that € 826.7 million was invested in securities and other financial investments in the first nine months, while there was a cash inflow of € 262.4 million from the divestment of mature securities and financial investments. These relate to investments mainly in time deposits and money market instruments with terms of between three and twelve months, which continue to remain available as cash reserves.

As of the reporting date, net indebtedness (including the provisions for pensions and mining obligations) fell further to € 654.7 million, compared to the figure as of 30 September 2011 (€ 674.9 million).

/ FURTHER INFORMATION REGARDING NET INDEBTEDNESS can be found in the Notes on page 42.

CASH FLOW OVERVIEW [1] TAB: 1.4.2

in € million	9M/12	9M/11
Gross cash flow	625.1	648.3
Cash flow from operating activities [2]	531.6	685.0
Cash flow for investing activities [3]	(223.1)	(405.0)
– of which acquisitions/divestments	(4.2)	(242.8)
Free cash flow [2,3]	308.5	280.0
Free cash flow before acquisitions/divestments [2,3]	**312.7**	**522.8**
Cash flow from/for financing activities	243.8	(259.3)
Operational change in cash and cash equivalents [2,3]	+555.1	+16.2

[1] Information refers to the continued operations of the K+S Group.
[2] Without out-financing of pension obligations in the amount of € (10.1) million in 9M/12 (9M/11: € (105.8) million).
[3] Without purchases/disposals of securities and other financial investments in the amount of € (564.3) million net in 9M/12 (9M/11: € (65.7) million).

VERY SOLID FINANCING STRUCTURE

Compared with the end of 2011, the financing structure of the K+S GROUP continues to be very solid: The equity ratio persisted at a high level and on 30 September 2012, it amounted to almost 53 % of the balance sheet total. The share of non-current debt including non-current provisions rose slightly to 39 %, while the share of current debt decreased to 8 %.

/ FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 42.

As of 30 September 2012, the K+S GROUP's debt consisted chiefly of financial liabilities (42 %), provisions (37 %) and accounts payable trade (6 %). As of 30 September 2012, financial liabilities amounted to € 1,267.5 million, of which only € 2.6 million were to be classified as current. The reason for the increase in financial liabilities was the issuance of a second bond (issue volume: € 500 million). The main provisions of the K+S GROUP as of 30 September 2012 concern provisions for mining obligations (€ 648.5 million) as well as for pensions and similar obligations (€ 95.5 million). These have increased by € 67.9 million and € 0.2 million respectively as compared to 31 December 2011. / FIG: 1.4.4

OFF-BALANCE SHEET FINANCING INSTRUMENTS/OFF-BALANCE SHEET ASSETS

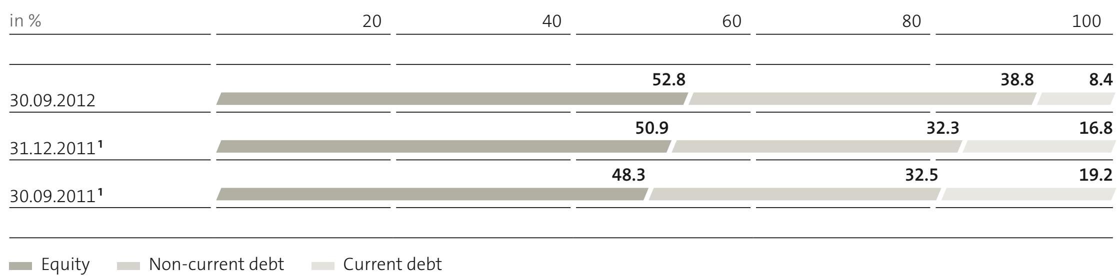
Off-balance sheet financing instruments in the sense of factoring transactions, asset-backed securities, sale and lease back transactions or contingent liabilities to special purpose entities not consolidated only exist to a negligible extent. We primarily use operating leases, for example for vehicles, storage capacity and IT accessories. Due to the chosen contractual structures, these items are not to be carried under fixed assets.

ASSET POSITION

As at 30 September 2012, the balance sheet total of the K+S GROUP amounted to € 6,435.9 million. At 62:38, the ratio of non-current to current assets has shifted slightly, since the funds from the issuance of a second bond were invested temporarily in securities and other financial investments. At the end of the third quarter, cash and cash equivalents, current securities and other financial investments reached € 852.6 million (31 December 2011: € 757.8 million).

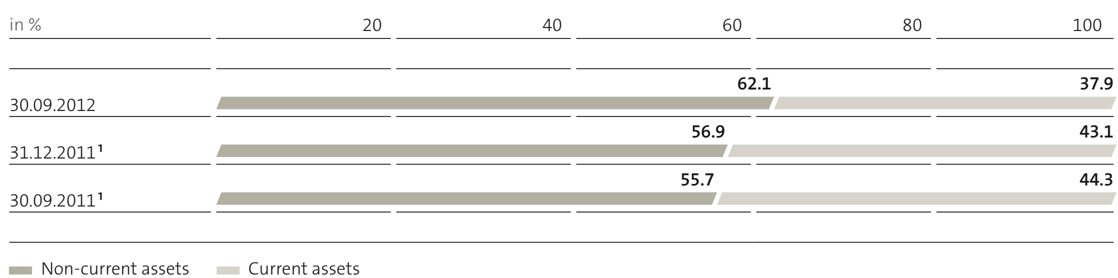
/ FURTHER DETAILS OF THE MAIN CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS can be found in the Notes on page 42.

EQUITY AND LIABILITIES FIG: 1.4.4



[1] Information as of 30 September 2011 and 31 December 2011 has not been adjusted and also includes the discontinued operations of K+S Nitrogen.

ASSETS FIG: 1.4.5



[1] Information as of 30 September 2011 and 31 December 2011 has not been adjusted and also includes the discontinued operations of K+S Nitrogen.

Including cash and cash equivalents (€ 392.7 million), non-current and current securities and other financial investments (€ 944.8 million), provisions for mining obligations and pensions (€ 648.5 million and € 95.5 million respectively) and financial liabilities (€ 1,267.5 million), and after taking into account claims for reimbursement in connection with a bond at MORTON SALT (€ 19.3 million), as of 30 September 2012, this results in net indebtedness of the K+S GROUP of € 654.7 million (31 December 2011: € 610.8 million). It decreased by € 20.2 million as compared to the figure for the previous year (30 September 2011: € 674.9 million). / FIG: 1.4.5

1.5 BUSINESS SEGMENTS OF THE K+S GROUP

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

/ **A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE POTASH AND MAGNESIUM BUSINESS SEGMENT** can be found on page 5 in the 'Industry-specific framework conditions' section.

REVENUES

At € 560.5 million, revenues of the Potash and Magnesium Products business segment in the third quarter were tangibly higher than the figure for the same period last year (€ 508.9 million). In addition to a moderate volume increase, positive foreign currency effects led to this increase. During the quarter under review, revenues for potassium chloride – our most significant product in terms of sales volumes – rose by € 33.2 million to € 292.8 million (Q3/11: € 259.6 million); this is particularly attrib-

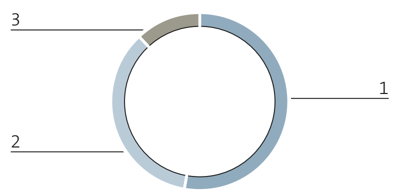
VARIANCE ANALYSIS TAB: 1.5.1

in %	Q3/12	9M/12
Change in revenues	**+10.1**	**+13.9**
volume/structure	+5.3	+3.9
prices/price-related	(0.8)	+6.2
exchange rates	+5.6	+3.8
consolidation	—	—
Potassium chloride	+12.8	+22.9
Fertilizer specialities	+6.8	+6.9
Industrial products	+9.0	+1.0

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT TAB: 1.5.2

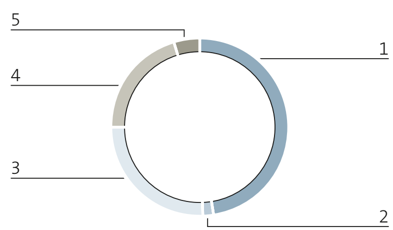
in € million	Q3/12	Q3/11	%	9M/12	9M/11	%
Revenues	560.5	508.9	+10.1	1,811.9	1,590.4	+13.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	182.4	192.8	(5.4)	677.5	622.9	+8.8
Operating earnings (EBIT I)	158.8	171.3	(7.3)	608.0	558.1	+8.9
Capital expenditure	80.8	46.5	+73.8	158.8	94.8	+67.5
Employees as of 30 September (number)	—	—	—	8,374	8,166	+2.5

REVENUES BY PRODUCT GROUP JANUARY – SEPTEMBER 2012 FIG: 1.5.1



	in %	9M/12	9M/11
1	Potassium chloride	52.9	49.1
2	Fertilizer specialities	35.2	37.5
3	Industrial products	11.9	13.4

REVENUES BY REGION JANUARY – SEPTEMBER 2012 FIG: 1.5.2



	in %	9M/12	9M/11
1	Europe	47.5	55.3
	– of which Germany	12.9	15.3
2	North America	2.1	2.3
3	South America	25.4	20.0
4	Asia	20.4	17.7
5	Africa, Oceania	4.6	4.7

utable to positive currency effects and to higher sales volumes overseas. For fertilizer specialities, positive foreign currency effects, slightly higher sales volumes and higher prices resulted in an increase in revenues to € 194.7 million (Q3/11: € 182.3 million). Revenues for industrial products rose by 9 % to € 73.0 million (Q3/11: € 67.0 million). Here, it proved possible to make up for slight price declines through higher volumes and positive foreign currency effects. Sales volumes of potash and magnesium products in the third quarter increased by 5 % to 1.69 million tonnes (Q3/11: 1.61 million tonnes). In the first nine months, revenues for the segment rose by 14 % to € 1,811.9 million, while sales volumes stood at 5.43 million tonnes (9M/11: 5.28 million tonnes) and were thus slightly above the level seen a year before. Sales volumes amounted to 2.68 million tonnes ((8)%) in Europe and to 2.75 million tonnes (+17 %) overseas.
/ TAB: 1.5.1, 1.5.2, 1.5.3 / FIG: 1.5.1, 1.5.2

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES BY REGION [1] TAB: 1.5.3

		Q1/11	Q2/11	Q3/11	9M/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	9M/12
Revenues	**€ million**	**579.1**	**502.4**	**508.9**	**1,590.4**	**543.2**	**2,133.6**	**581.9**	**669.5**	**560.5**	**1,811.9**
Europe	€ million	338.6	276.4	263.6	878.6	261.3	1,139.9	318.7	273.0	268.4	860.1
Overseas	US$ million	329.0	325.6	346.1	1,000.7	380.1	1,380.8	345.0	508.1	365.2	1,218.3
Sales volumes	**t eff. million**	**2.01**	**1.66**	**1.61**	**5.28**	**1.66**	**6.94**	**1.78**	**1.96**	**1.69**	**5.43**
Europe	t eff. million	1.19	0.87	0.86	2.92	0.83	3.75	0.98	0.85	0.85	2.68
Overseas	t eff. million	0.82	0.79	0.75	2.36	0.83	3.19	0.80	1.11	0.84	2.75
Average prices	**€/t eff.**	**287.8**	**302.2**	**316.1**	**301.2**	**327.2**	**307.6**	**327.4**	**340.8**	**332.3**	**333.7**
Europe	€/t eff.	284.7	315.0	310.1	300.9	314.8	304.2	326.1	319.5	315.7	320.7
Overseas	US$/t eff.	399.7	414.9	459.8	423.9	457.9	432.8	431.1	457.7	436.5	443.5

[1] Revenues include prices both inclusive and exclusive of freight costs and, in the case of overseas revenues, are based on the respective USD/EUR spot rates. For most of these revenues, hedging transactions have been concluded. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

DEVELOPMENT OF EARNINGS

During the third quarter, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Potash and Magnesium Products business segment fell by 5 % to € 182.4 million (Q3/11: € 192.8 million). In the first nine months, EBITDA was € 677.5 million (9M/11: € 622.9 million), an increase of 9 %.

Operating earnings EBIT I in the third quarter fell by € 12.5 million or 7 % to € 158.8 million. Currency- and volume-related revenue increases could not completely make up for increased energy costs attributable to price factors, higher freight costs attributable to currency effects, costs related to the Legacy Project as well as a negative currency result and the effect of a reduction in inventories. Operating earnings EBIT I include depreciation and amortisation of € 23.6 million (Q3/11: € 21.5 million). It proved possible to increase operating earnings EBIT I in the first nine months by 9 % to € 608.0 million (9M/11: € 558.1 million); this includes depreciation and amortisation of € 69.5 million (9M/11: € 64.8 million).

OUTLOOK

For 2012, we assume a sales volume of 6.9 million tonnes (2011: 6.9 million tonnes) for the Potash and Magnesium Products business segment. Only a relatively small part of our sales volume is attributable to China and India, and hence to countries that are importing significantly less in 2012 than usual. In line with our customary and technical forecast policy, which maintains the currently achieved potash price level unchanged over the remaining months of 2012, an average price level that is moderately higher than that of the previous year is to be expected. On this basis, revenues of the Potash and Magnesium Products business segment too should increase moderately year on year. On the cost side, a tangible increase is to be reckoned with overall. This is particularly attributable to a strong rise in energy costs, to the costs connected with the Legacy Project and a negative effect from the foreign currency result compared to the previous year. In total, we expect stable operating earnings (previously: slightly rising) in the Potash and Magnesium Products business segment.

In the forecast for 2013, we are cautious overall for the Potash and Magnesium Products business segment against the backdrop of the lack so far observed of contracts to be concluded by North American and Russian producers with Chinese and Indian customers, which are of relevance for the global price level: From the current perspective, we expect a sales volume at about the same level as the previous year (2012e: 6.9 million tonnes). We expect the average price level in euro to be slightly below that of 2012. Here, it should be taken into consideration that the assumption of an average price of 1.30 USD/EUR in 2013, which underlies the forecast, in particular in months with high overseas sales volumes, compares with a stronger US dollar in 2012. Therefore, revenues for the Potash and Magnesium Products business segment should be down slightly on 2012. As far as costs are concerned, savings in energy costs will roughly make up for increases in the remaining cost types. The expenditure connected with the Legacy Project should also remain on the 2012 level, meaning that we expect a largely stable cost level. Overall we assume a slight decline in operating earnings.

SALT BUSINESS SEGMENT

/ A DESCRIPTION OF THE MARKET ENVIRONMENT IN THE SALT BUSINESS SEGMENT can be found on page 5 in the 'Industry-specific framework conditions' section.

REVENUES

In the third quarter, Salt business segment revenues rose to € 318.5 million (Q3/11: € 306.5 million). In particular, a currency-related revenue increase managed to more than make up for volume-related decreases. As far as de-icing salt is concerned, the very mild and partly dry weather conditions at the start of the year in Europe and North America resulted in lower sales volumes also in the early stocking-up business. This led, particularly in comparison to the high figures of the same period of the previous year, to a strong decline in revenues to € 57.4 million (Q3/11: € 74.1 million). Third quarter revenues for food grade salt rose by 15 % to € 91.2 million (Q3/11: € 79.1 million) as positive price and foreign currency effects more than offset slight volume- and structure-related decreases. Revenues of € 126.0 million were achieved with industrial salt. This was above the figure for the same quarter of the previous year (€ 116.7 million) due to price and foreign currency factors. It was possible to increase revenues with salt for chemical use by € 5.9 million to € 28.6 million due to volume and price factors. In the case of Other, revenues rose by € 1.4 million to € 15.3 million. Sales volumes of crystallised salt during the third quarter totalled 3.34 million tonnes and were down 5 % on the previous year's level (Q3/11: 3.52 million tonnes). The business segment's total revenues for the first nine months fell by 16 % to € 1,064.7 million (9M/11: € 1,271.4 million). The sales volumes of crystallised salt in the first nine months fell by 26 % to 12.50 million tonnes against the background of a significantly below-average sales volume of de-icing salt (9M/11: 16.91 million tonnes).

/ TAB: 1.5.4, 1.5.5, 1.5.6 / FIG: 1.5.3, 1.5.4

DEVELOPMENT OF EARNINGS

During the quarter under review, earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Salt business segment fell by 20 % to € 35.1 million. In the first nine months, EBITDA was € 127.5 million (9M/11: € 254.4 million). Compared with earnings for the same period last year, third quarter operating earnings EBIT I fell by € 8.2 million to € 5.1 million. The decrease in earnings is particularly due to a lower de-icing salt business and an expense resulting from the divestment of a ship belonging to the Chilean shipping company EMPREMAR (€ 1.7 million); positive developments in the remaining product groups as well as lower maintenance costs were able to curb the decline somewhat. Operating earnings EBIT I include depreciation and amortisation of € 30.0 million (Q3/11: € 30.3 million). EBIT I of the first nine months amounted to € 39.2 million after having been € 163.4 million in the previous year. This includes depreciation and amortisation of € 88.3 million (9M/11: € 91.0 million).

Compared with the long-term average de-icing salt business, earnings in the first nine months were negatively impacted in the amount of € 45 million to € 55 million due to the very mild and dry winter.

OUTLOOK

As a result of the extraordinarily weak start of the de-icing salt business due to weather conditions, we expect tangibly lower revenues in 2012 for the Salt business segment in comparison to the previous year. Along with a largely stable overall revenue development in the food grade and industrial salt areas as well as the salt for chemical use area, this forecast assumes a somewhat reduced de-icing salt business in the fourth quarter compared to normal. Despite the assumption of a normal winter, the reason for this are the relatively high stocks at the customers. We currently expect sales volumes of 18 to 19 million tonnes of crystallised salt (2011: 22.7 million tonnes), of which a good 9 million tonnes will be accounted for by de-icing salt (2011: 13.3 million tonnes). Against this backdrop and in view of the higher share of fixed costs customary in the mining industry, from today's perspective, a strong decrease in earnings is to be expected. To cope with the weaker demand of de-icing salt, we are reacting with measures like extended production breaks, adjustment of working shifts and the usage of workforce flex accounts.

For 2013, assuming a normalised winter business that follows the long-term average of de-icing salt volumes, we are anticipating tangibly higher revenues and strongly rising earnings in comparison to the probably below-average figures in 2012 (assumption for crystallised salt sales volume 2013: about 22 million tonnes, of which de-icing salt: a good 12 million tonnes).

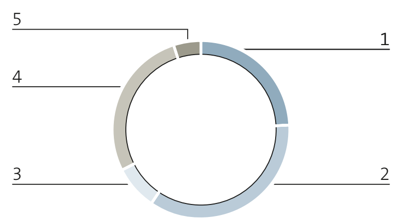
VARIANCE ANALYSIS TAB: 1.5.4

in %	Q3/12	9M/12
Change in revenues	**+3.9**	**(16.3)**
volume/structure	(5.0)	(20.8)
prices/price-related	+0.9	(0.7)
exchange rates	+7.7	+5.0
consolidation	+0.3	+0.2
Food grade salt	+15.3	+10.2
Industrial salt	+8.0	+3.6
Salt for chemical use	+26.0	+20.0
De-icing salt	(22.5)	(46.9)
Other	+10.1	+5.2

SALT BUSINESS SEGMENT TAB: 1.5.5

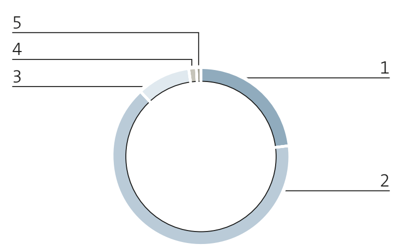
in € million	Q3/12	Q3/11	%	9M/12	9M/11	%
Revenues	318.5	306.5	+3.9	1,064.7	1,271.4	(16.3)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	35.1	43.6	(19.5)	127.5	254.4	(49.9)
Operating earnings (EBIT I)	5.1	13.3	(61.7)	39.2	163.4	(76.0)
Capital expenditure	17.8	43.3	(58.9)	51.2	63.5	(19.4)
Employees as of 30 September (number)	—	—	—	5,033	5,209	(3.4)

REVENUES BY PRODUCT GROUP JANUARY — SEPTEMBER 2012 FIG: 1.5.3



	in %	9M/12	9M/11
1	Food grade salt	24.2	18.4
2	Industrial salt	35.4	28.6
3	Salt for chemical use	8.0	5.6
4	De-icing salt	27.6	43.6
5	Other	4.8	3.8

REVENUES BY REGION JANUARY — SEPTEMBER 2012 FIG: 1.5.4



	in %	9M/12	9M/11
1	Europe	23.3	26.7
	– of which Germany	8.9	11.7
2	North America	65.5	64.6
3	South America	9.8	8.3
4	Asia	1.3	0.1
5	Africa, Oceania	0.1	0.3

DEVELOPMENT OF REVENUES, SALES VOLUMES AND AVERAGE PRICES [1] TAB: 1.5.6

		Q1/11	Q2/11	Q3/11	9M/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	9M/12
De-icing salt											
Revenues	€ million	435.0	45.3	74.1	554.4	185.3	739.7	207.3	29.6	57.4	294.3
Sales volumes	t million	7.94	0.74	1.35	10.03	3.28	13.31	4.02	0.60	1.11	5.73
Average prices	€/t	55.6 [2]	52.2 [2]	55.0	55.3	56.6	55.6	51.5	49.6	51.7	51.3
Industrial salt, salt for chemical use and food grade salt											
Revenues	€ million	226.9	223.2	218.5	668.6	235.1	903.7	228.1	245.7	245.8	719.6
Sales volumes	t million	2.24	2.47	2.17	6.88	2.54	9.42	2.16	2.38	2.23	6.77
Average prices	€/t	101.2	90.3	100.7	97.1	92.6	95.9	105.8	103.2	110.0	106.3
Other											
Revenues	€ million	20.6	13.9	13.9	48.4	18.3	66.7	23.1	12.4	15.3	50.8
Salt business segment											
Revenues	€ million	682.5	282.4	306.5	1,271.4	438.7	1,710.1	458.5	287.7	318.5	1,064.7

[1] Revenues include prices both inclusive and exclusive freight costs. The price information is also affected by changes of the exchange rates and the respective product mix and is therefore to be understood as providing a rough indication only.
[2] Adjusted for additional claims against customers in Europe, which had exceeded their contractually agreed volumes for de-icing salt in Q1/11. Unadjusted, the average price in Q1/11 is € 54.8 per tonne and, in Q2/11, € 61.0 per tonne.

COMPLEMENTARY BUSINESS SEGMENTS

REVENUES

In the third quarter, revenues of the Complementary business segments with third parties stood at € 36.4 million (Q3/11: € 37.7 million). Including intersegment revenues, total revenues amounted to € 46.5 million as compared to € 46.7 million in the same quarter of the previous year. For the first nine months, the Complementary business segments attained revenues with third parties of € 113.6 million (9M/11: € 112.3 million), while total revenues came to € 141.5 million (9M/11: € 142.0 million).

In the third quarter, it proved possible to increase the revenues of the trading business by € 1.3 million to € 4.0 million. The waste management and recycling segment increased its revenues by € 0.2 million to € 21.9 million due to price and structural factors, while the animal hygiene segment achieved stable revenues of € 9.6 million. Due to contractual changes in the logistics segment, where third-party revenues are now classified as internal revenues, revenues fell by € 2.8 million to € 0.9 million. / TAB: 1.5.7, 1.5.8 / FIG: 1.5.5, 1.5.6

DEVELOPMENT OF EARNINGS

The earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Complementary business segments in the third quarter amounted to € 7.7 million and were thus down € 0.5 million or 6 % on the same quarter of the previous year. The EBITDA of € 24.5 million in the first nine months is € 0.4 million or 2 % higher than the figure for the previous year of € 24.1 million.

Operating earnings EBIT I fell in the third quarter by 9 % to € 6.0 million. This includes amortisation and depreciation of € 1.7 million (Q3/11: € 1.6 million). An increase in earnings in the animal hygiene segment was countered by a decrease in earnings in the waste management and recycling as well as logistics segments and in the trading business. It proved possible to slightly increase operating earnings EBIT I in the first nine months to € 19.6 million (9M/11: € 19.3 million); this includes depreciation and amortisation of € 4.9 million (9M/11: € 4.8 million).

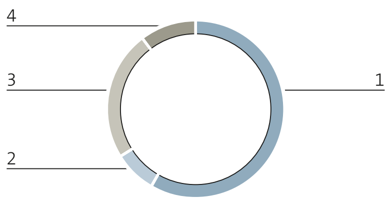
VARIANCE ANALYSIS TAB: 1.5.7

in %	Q3/12	9M/12
Change in revenues	**(3.4)**	**+1.2**
volume/structure	(5.3)	+0.4
prices/price-related	+1.9	+0.8
exchange rates	—	—
consolidation	—	—
Waste Management and Recycling	+0.9	+0.5
Logistics	(75.7)	(15.9)
Animal hygiene products	—	+3.9
Trading	+48.1	+17.3

COMPLEMENTARY BUSINESS SEGMENTS TAB: 1.5.8

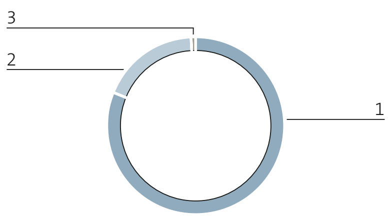
in € million	Q3/12	Q3/11	%	9M/12	9M/11	%
Revenues	36.4	37.7	(3.4)	113.6	112.3	+ 1.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	7.7	8.2	(6.1)	24.5	24.1	+ 1.7
Operating earnings (EBIT I)	6.0	6.6	(9.1)	19.6	19.3	+ 1.6
Capital expenditure	1.1	1.2	(8.3)	3.1	2.2	+ 40.9
Employees as of 30 September (number)	—	—	—	290	288	+ 0.7

REVENUES BY SEGMENT JANUARY — SEPTEMBER 2012 FIG: 1.5.5



	in %	9M/12	9M/11
1	Waste Management and Recycling	58.3	58.7
2	Logistics	7.9	9.5
3	Animal hygiene products	23.7	23.1
4	Trading	10.1	8.7

REVENUES BY REGION JANUARY — SEPTEMBER 2012 FIG: 1.5.6



	in %	9M/12	9M/11
1	Germany	81.7	81.8
2	Rest of Europe	18.0	18.2
3	Asia	0.3	—

OUTLOOK

For 2012 and from today's perspective, we assume stable revenues and moderately higher earnings after last year had been adversely affected by impairments (€ 4.6 million).

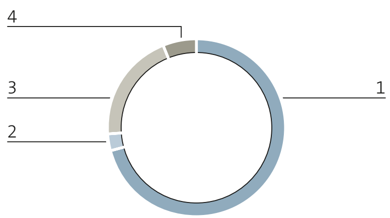
For 2013, we expect a stable development for both revenues and earnings of the Complementary business segments.

1.6 EMPLOYEES

NUMBER OF PERSONNEL SLIGHTLY UP

As of 30 September 2012, the K+S GROUP employed a total of 14,352 people. In comparison to 30 September 2011 (14,275 employees), the number has thus risen by 77 employees or almost 1%. This is primarily attributable to the increase in personnel in the Potash and Magnesium Products business segment in order to maintain the volume of crude salt extracted as well as for increased activities in the area of environmental protection and for the Legacy Project. As a quarterly average, 14,300 people were employed. In comparison to the figure for the previous year, this also represents a slight increase of almost 1% (Q3/11: 14,185). As a result of the increased internationalisation of the K+S GROUP since 2006, almost one third of our employees are now located outside Germany and more than a quarter outside Europe. On 30 September 2012, the number of trainees

EMPLOYEES BY REGION AS OF 30 SEPTEMBER 2012 [1] FIG: 1.6.1



	in %	2012	2011
1	Germany	71	70
2	Rest of Europe	3	3
3	North America	20	21
4	South America	6	6

[1] Information refers to the continued operations of the K+S Group.

in Germany was 610 and thus close to the high level of the previous year (30 September 2011: 629). / **FIG: 1.6.1**

PERSONNEL EXPENSES

Third quarter personnel expenses amounted to € 241.2 million and were thus 6 % up on the level of a year ago (Q3/11: € 228.1 million). In the first nine months of the year, personnel expenses of the continued operations rose by € 26.2 million or 4 % to € 732.4 million. Higher expenses arising from agreement pay increases, an exchange-rate-related cost increase and increased personnel expenses due to a higher average number of employees were partially offset by lower deferral being set for performance-related remuneration.

1.7 RESEARCH AND DEVELOPMENT

Research costs for the continued operations for the quarter under review came to € 3.5 million and thus were slightly lower than the level for the same quarter in the previous year (Q3/11: € 3.8 million). Capitalised development-related capital expenditure amounted to € 8.5 million in the third quarter (Q3/11: € 1.1 million). The increase can be attributed primarily to activities connected with the Legacy Project. In the first nine months of 2012, research costs increased to € 17.2 million (9M/11: € 10.6 million), while capitalised development-related capital expenditure rose to € 8.5 million (9M/11: € 1.4 million). The research and development projects planned for 2012 and described in the Financial Report 2011 on page 137 have been executed according to plan or are being continued. As of 30 September 2012, there were 81 employees in the area of research and development of the K+S GROUP. Compared with the previous year, the number thus increased as intended (30 September 2011: 77).

For a comprehensive description of the research and development activities, please see the relevant passages in our Financial Report 2011 on pages 84 and 137.

1.8 SUBSEQUENT EVENTS

No material changes have occurred in the economic environment or in the position of our industry since the close of the quarter under review. Also, no other events of material importance for the K+S GROUP requiring disclosure have occurred.

1.9 RISK REPORT

For a comprehensive presentation of the risk and opportunity management system as well as possible risks, please refer to the corresponding passages in our Financial Report 2011 on page 118 as well as to the Half-yearly Financial Report H1/12 on page 20. The risks described there remain largely unchanged. The risks to which the K+S GROUP is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

1.10 OPPORTUNITY REPORT

For a comprehensive presentation of possible opportunities, please refer to the relevant passages in our Financial Report 2011 on page 146. There is no offsetting of opportunities and risks or their positive and negative changes.

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT TAB: 1.11.1

in %; real	2013e	2012e	2011	2010	2009	2008
Germany	+1.0	+0.7	+3.0	+3.7	(4.7)	+1.3
European Union (EU-27)	+0.5	(0.3)	+1.6	+1.9	(4.2)	+1.2
World	+3.3	+3.0	+3.9	+5.1	(0.8)	+3.1

Source: Deka Bank

1.11 FORECAST REPORT

FUTURE GROUP DIRECTION

NO CHANGE IN BUSINESS POLICY INTENDED

We do not intend to introduce any fundamental change in our business policy over the coming years. We want to expand our market positions in our business segments, especially by increasing sales of speciality products, enhance our efficiency through the exploitation of synergies, press ahead with the expansion of new potash capacities with the Legacy Project in Canada as well as grow both organically and externally in the Potash and Magnesium as well as Salt business segments.

FUTURE MARKETS

/ **A PRESENTATION OF THE FUTURE SALES MARKETS** can be found in the Financial Report 2011 on pages 136 and 139.

FUTURE MACROECONOMIC SITUATION

The following discussion about the future macroeconomic situation is essentially based on forecasts of the KIEL INSTITUTE FOR THE WORLD ECONOMY (Kiel Discussion Papers: Weltkonjunktur im Herbst 2012, October 2012) as well as those of DEKA BANK (Makro Research, Volkswirtschaft Prognosen of 5 October 2012).

The growth of the global economy weakened tangibly in the course of 2012. It is expected that the economic data will also display a downward trend over the coming months. The further prospects depend mainly on the development of the sovereign debt crisis in the eurozone and the impact it has on demand and the financial markets. For the global economy, DEKA BANK assumes an increase in the gross domestic product of 3.0 % for 2012 (previously: 3.2 %) and of 3.3 % (previously: 3.8 %) for 2013. / **TAB: 1.11.1**

For the European Union, the KIEL INSTITUTE FOR THE WORLD ECONOMY forecasts that the recession will continue this year. Due to the situation of Greece and of the Spanish banking sector, it is likely that attention will remain focussed on the European sovereign debt crisis. Overall, it is to be expected that regional differences will continue to exist. In countries such as Greece, Spain, Portugal and Italy, the economy will probably shrink, in part significantly, while countries such as Germany, Finland or Austria should develop positively. For 2012, for Europe overall, DEKA BANK expects a slight GDP decrease of (0.3) % (previously: (0.2) %). For 2013, the estimates are 0.5 % (previously: 1.2 %).

In 2012, the growth rate in the United States should, according to estimates of DEKA BANK, be 2.2 % (previously: 2.1 %). The economy should slightly slow down in the course of the year, since the upcoming presidential election generally is accompanied by more cautious investment decisions by companies and private households. Growth should amount to 2.0 % in 2013 (previously: 2.5 %).

For the emerging market countries, the INSTITUTE FOR THE WORLD ECONOMY continues to assume robust economic development, which will, however, not be too strong without the demand from the industrialised countries.

After a further reduction in the key interest rate to 0.75 % by the ECB in July 2012, the money market interest rates should remain at a historically very low level. The FED too continues to see the necessity of continuing its low interest rate policy in the United States and has announced that it will now leave key interest rates within the range from 0 % to 0.25 % until mid-2015. Our corporate planning is currently based on an average USD/EUR exchange rate of 1.28 USD/EUR (previously: 1.26 USD/EUR) for 2012 and 1.30 USD/EUR for 2013; for 2012 the assumed oil price level (Brent) is about 112 US$ per barrel (previously: 113 US$ per barrel) and 112 US$ per barrel as well for 2013.

The effects on the course of business of the K+S GROUP described on page 5 should therefore also persist under the forecast macroeconomic conditions. Only in the case of energy costs will the effects of oil price fluctuations be reflected less strongly in our cost accounting. The energy costs of the K+S GROUP are particularly impacted by the purchase of gas. Until now, the energy supply clauses in our contracts concluded for the German sites were predominantly tied to the oil price, and a change in the oil price had normally been reflected in our cost accounting with a delay of six to nine months. These agreements were restructured during the second quarter 2012 such that the dependency on the oil price is reduced significantly in future. The purchase of gas will therefore be split in a relatively equal relation between the following:

+ longer-term contracts for which fixed gas prices were agreed;
+ agreements tied to the oil price, which are reflected in our cost accounting with a delay of now only three to four months;
+ purchase on the spot market for gas.

The purchase of energy will thus be more strongly diversified in future, and we can seize opportunities arising on the energy markets.

Regardless of the impact of the described macroeconomic situation, the prosperity of the emerging market countries will tend to increase further. This should result in higher dietary expectations on the part of their populations. Moreover, the world's population continues to grow. Demand for agricultural products should therefore continue to grow largely independent of the economic situation. In the case of salt products, the impact of the general economic situation on demand is of minor importance, since the business in the de-icing salt sector is dependent on the weather and business with the other salts is largely independent of economic conditions.

FUTURE INDUSTRY SITUATION

The important sales markets and competitive positions of the individual business segments described in the Financial Report 2011 in the section 'Group Structure and Business Operations' on page 59 remain largely valid.

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

The medium- to long-term trends described in the Financial Report 2011 on page 140, which positively influence the demand for our products in the Potash and Magnesium Products business segment, retain their validity.

While caution still marked the early stocking-up of fertilizers at the start of the year, the demand for potash and magnesium products developed positively during the second quarter of 2012. Against the backdrop of the high price level for agricultural raw materials, demand in the markets of relevance for K+S was on a good level in the third quarter. Due to the continuing outstanding conclusion of contracts with Chinese and Indian customers, North American and Russian producers announced further reductions in output in October in order to adjust supply to the reduced demand in these markets. While demand continued to be at a good level on the markets relevant for K+S against the backdrop of an attractive price level for agricultural raw materials, price negotiations in these regions will become increasingly difficult as a result of the continuing absence of contract conclusions with China and India being of relevance for the global price level. On the basis of the described developments, we assume global potash sales of about 54 million tonnes for 2012 as a whole (previously: about 56 million tonnes; 2011: 60.2 million tonnes); this figure includes about 3 million tonnes of potash speciality products and products with lower potash content.

For 2013, we expect a tangible increase in global potash sales volumes. The estimate is based primarily on a price level for agricultural raw materials which is continuously attractive for the earnings prospects of the agricultural sector, and the expectation of a significant increase in demand in China and India after the buying restraint in 2012. Against this background, worldwide capacities should once again be well utilised.

SALT BUSINESS SEGMENT

The future industry situation in the Salt business segment described on page 141 of the Financial Report 2011 remains valid. As a result of the exceptionally mild weather conditions at the start of the year, the demand for de-icing salt both in Europe and North America should decline accordingly in 2012 compared to the above-average year 2011. In the food grade salt area, the demand in the sales markets relevant to K+S should remain largely stable and decline somewhat in the industrial salt area, particularly in North America. While sales volumes of salt for chemical use should decrease moderately due to the economic slowdown in Europe, the demand from the chemical industry for salt for chemical use should remain stable in South America and increase slightly in North America.

For the year 2013, we are assuming sales volumes to be on its multi-year average level both in the North American and European markets. After demand was below average in 2012 both in Europe and North America due to the unusually mild weather conditions at the start of the year, the sales volume of de-icing salt should increase again accordingly. However, prices for the tenders for the winter season 2012/13 are overall slightly below the level of the last season with regional differences. In the food grade and industrial salt areas, demand in the sales markets relevant to K+S should remain largely stable. After the normalisation of the salt harvest situation in Brazil, however, we expect there to be higher competition. While sales volumes of salt for chemical use in Europe should return to a more normal level, the demand from the chemical industry for salt for chemical use in North America should increase slightly and remain stable in South America.

FUTURE EARNINGS, FINANCIAL AND ASSET POSITION

The following forecasts relate to the expected organic revenue and earnings development of the continued operations. The figures for the previous year were adjusted correspondingly due to the divestment of K+S NITROGEN. Only in the case of the adjusted Group earnings and the adjusted earnings per share, the activities of K+S NITROGEN classified as discontinued operations are taken into consideration.

In line with the forecast policy explained on page 142 of the Financial Report, the ranges published in the Half-yearly Financial Report H1/12 for expectations regarding revenues, EBITDA, operating earnings EBIT I, Group earnings and earnings per share are either taken up, adjusted or specified more precisely. Furthermore, a qualitative outlook for 2013 is formulated.

IN 2012, REVENUES SHOULD REACH A GOOD € 3.9 BILLION

In the Half-yearly Financial Report H1/12, we forecast revenues of the K+S GROUP of between € 3.9 billion and € 4.2 billion (previous year: € 4.00 billion). This estimate was based on a US dollar annual average exchange rate of 1.26 USD/EUR. Due to the most recent weakening of the US dollar, for the remaining months we now assume an average US dollar exchange rate of 1.29 USD/EUR. This corresponds to an average annual rate of 1.28 USD/EUR. Consequently and against the backdrop of the above-mentioned changed conditions in the markets relevant for the Potash and Magnesium Products business segment due to the continuing absence of contract conclusions by North American and Russian producers with Chinese and Indian customers, being relevant for the global price level, revenues should now approximately reach a value at the lower end of the range, i.e. a good € 3.9 billion.

COSTS WILL PROBABLY BE AT ABOUT THE LEVEL OF THE PREVIOUS YEAR

The following forecast of the development of costs is structured by cost type: The total costs of the K+S GROUP should remain largely stable year on year (previously: rise moderately). In the case of personnel expenses, lower profit participation cannot completely compensate for the effects of new employees and pay settlement increases under collective bargaining agreements, so that a slight increase is to be expected. Material costs will probably decrease moderately, while energy costs should rise significantly due to price factors. In contrast, we expect tangibly (previously:

moderately) lower freight costs, while depreciation and amortisation should decline slightly. Further, a negative currency result is to be expected after last year had benefited from a positive hedging result.

OPERATING EARNINGS EBIT I SHOULD REACH ABOUT € 820 MILLION (2011: € 906.2 MILLION)

Regarding the EBITDA of the K+S GROUP in 2012, previous expectations were for a figure of between € 1,050 million and € 1,130 million (previous year: € 1,146.1 million) with operating earnings EBIT I expected to be between € 820 million and € 900 million (previous year: € 906.2 million). The reasons discussed in relation to the revenue expectation now lead us here to also assume figures at the lower end of the range, i.e. of about € 1,050 million for EBITDA and about € 820 million for operating earnings EBIT I. In the Potash and Magnesium Products business segment, we expect stable operating earnings (previously: slight rise). Compared with last year, which had benefited from above-average volumes of de-icing salt, operating earnings of the Salt business segment will probably decline strongly.

GROUP EARNINGS ADDITIONALLY BURDENED BY NON-CASH, EXTRAORDINARY INTEREST EXPENSES FOR PROVISIONS FOR MINING OBLIGATIONS

For the adjusted Group earnings after taxes of the continued operations, for 2012, we previously assumed a value of between € 540 million and € 600 million for 2012 (previous year: € 625.6 million). Due to the further burden on the financial result due to non-cash, extraordinary interest expenses for provisions for mining obligations, from today's perspective, the lower value of the range cannot quite be achieved, i.e. we expect a value of about € 530 million. This would correspond to adjusted earnings per share of the continued operations of around € 2.75 (previously: € 2.85 to € 3.15; 2011: € 3.27). Taking into consideration the discontinued operations including the higher than initially expected income from the divestment of K+S NITROGEN, we assume adjusted Group earnings after taxes of around € 630 million, therefore at the lower end of the range to date of € 630 million to € 690 million; previous year: € 581.8 million). This would correspond to adjusted earnings per share of about € 3.30 (previously: € 3.30 to € 3.60; previous year: € 3.04). Our estimate is based not only on the effects described for revenues and operating earnings, but also on:

+ the expectation of consistently attractive agricultural prices;
+ our customary and technical forecast policy, which maintains the currently achieved potash price level unchanged for the remaining months of 2012;
+ a sales volume of 6.9 million tonnes (2011: 6.9 million tonnes) in the Potash and Magnesium Products business segment;
+ a crystallised salt sales volume of 18 to 19 million tonnes; (2011: 22.7 million tonnes), of which a good 9 million tonnes of de-icing salt (2011: 13.3 million tonnes). For the fourth quarter, a somewhat reduced de-icing salt business compared to normal is assumed. Despite the assumption of a normal winter, the reason for this are the relatively high stocks at the customers;
+ a significantly (previously: tangibly) weaker financial result in particular due to non-cash, extraordinary interest expenses for provisions for mining obligations resulting from the lowering of the average weighted discount factor;
+ a slightly higher adjusted Group tax rate of 27 % to 28 % (2011: 25.7 %). / TAB: 1.11.3

FORECAST FOR 2013

In 2013, revenues of the K+S GROUP should increase slightly in comparison to 2012. In the Salt business segment, we expect tangibly higher revenues. In the Potash and Magnesium Products business segment, in the forecast for 2013 and against the backdrop of the currently outstanding conclusion of contracts by North American and Russian producers with Chinese and Indian customers that are relevant for the global market price level, we are cautious overall: For K+S, we assume a sales volume on about the same level as the previous year (2012e: 6.9 million tonnes) and a slightly lower average price level. Against this backdrop, revenues for the Potash and Magnesium Products business segment should be down slightly on 2012. As regards the costs of the K+S GROUP, a slight increase is expected. While in the Potash and Magnesium Products business segment, savings in energy costs will roughly make up for increases in the remaining cost types, costs in the Salt business segment will probably again rise moderately due to volume factors. As far as the EBITDA and the operating earnings EBIT I of the K+S GROUP are concerned, from today's perspective, we see opportunities for the coming year to increase the figures slightly in comparison with 2012. In the Potash and Magnesium Products business segment, we assume slightly weaker operating earnings EBIT I. In the Salt business segment, on the basis of an again normal winter business that follows the long-term average of de-icing salt volumes, we are anticipating strongly increasing earnings in comparison to the probably below-average figure in 2012. As regards adjusted Group earnings after taxes of the continued operations of the K+S GROUP, assuming a tangible improvement in the financial result, a moderate increase would even be possible. Our outlook for the coming year is based on a number of factors including the following:

+ consistently attractive agricultural prices;
+ a sales volume at about the same level as the previous year (2012e: 6.9 million tonnes) and, compared with 2012, slightly lower average prices in the Potash and Magnesium Products business segment. It should be taken into consideration that the assumption of an average exchange rate of 1.30 USD/EUR in 2013, which underlies the forecast, in particular in months with high overseas volumes, compares with a stronger US dollar in 2012;
+ in comparison to the lower than average sales volume of the previous year (2012e: 18–19 million tonnes) significantly higher, average sales volumes of crystallised salt of about 22 million tonnes (of which de-icing salt: a good 12 million tonnes, 2012e: a good 9 million tonnes);
+ a tangibly improved financial result after 2012 was adversely impacted by a non-cash, extraordinary interest expense for provisions for mining obligations resulting from the lowering of the average weighted discount factor;
+ a stable adjusted Group tax rate of 27 % to 28 %.

/ TAB: 1.11.3

FUTURE CAPITAL EXPENDITURE

The expected volume of capital expenditure for 2012 (previously: € 600 million) is reduced to about € 520 million especially due to postponements in the implementation of the package of measures for water protection as well as in connection with the construction of the saltwater pipeline from the Neuhof site to the Werra plant. The capital expenditure forecast includes about CAD 200 million (about € 160 million; previously: CAD 230 million or € 170 million) for the Legacy Project. The remaining increase in the volume of capital expenditure in comparison to the previous year (2011: € 293.1 million) can be attributed to the execution of the package of measures on water protection in the Hesse-Thuringia potash district (approx. € 50 million; previously: € 100 million) and the construction of the saltwater pipeline from the Neuhof site to the Werra plant (approx. € 20 million; previously: approx. € 40 million). In the Salt business segment, the volume of capital expenditure will rise especially due to the modernisation of an evaporated salt plant of MORTON SALT in Hutchinson, USA. Additionally, the expansion of the sifting capacity at SPL, the replacement of a ship at our Chilean shipping company EMPREMAR and measures to optimally use shaft capacities at the Borth salt site in Germany should also be mentioned. / TAB: 1.11.2

Measures relating to replacement and ensuring production will account in total for a good half of the volume of capital expenditure. Depreciation and amortisation is expected to total approximately € 230 million in 2012.

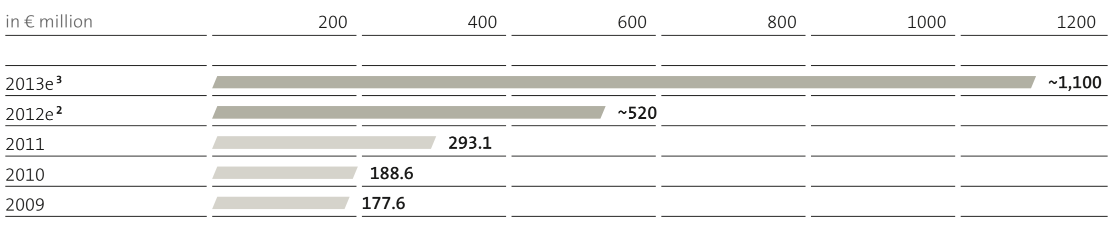
In the Financial Report 2011, we stated the volume of capital expenditure for the K+S GROUP at about € 1.0 billion for 2013. Due to postponements in relation to the package of measures for water protection as well as in connection with the construction of the saltwater pipeline from the Neuhof site to the Werra plant in 2012, we now assume capital expenditure of almost € 1.1 billion, of which an unchanged amount of a good CAD 830 million (€ 640 million) can be attributed to the Legacy Project; the allocation of the budgeted total expenditure to the individual years, however, may still result in considerable shifts. Measures relating to replacement and ensuring production will account for almost 40 %. Depreciation and amortisation is expected to total between € 240 million and € 250 million in 2013. / FIG: 1.11.1

CAPITAL EXPENDITURE BY BUSINESS SEGMENT [1] TAB: 1.11.2

in € million	2012e	2011
Potash and Magnesium Products	360	162.1
Salt	140	112.3
Complementary Business Segments	5	4.3
Reconciliation	15	14.4
K+S Group	**~520**	**293.1**

[1] Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations.

CAPITAL EXPENDITURE [1] FIG: 1.11.1



[1] Capital expenditure in property, plant and equipment, intangible and financial assets of the continued operations. The years 2009 and 2010 still include the discontinued operations (2009: COMPO and K+S Nitrogen; 2010: K+S Nitrogen).
[2] In 2012, CAD 200 million (about € 160 million; previously CAD 230 million or € 170 million) should be accounted for by the Legacy Project.
[3] In 2013, CAD 830 million (about € 640 million; previously CAD 830 million or € 600 million) should be accounted for by the Legacy Project; the allocation of the budgeted total expenditure to the individual years may, however, still result in shifts.

EXPECTED DEVELOPMENT OF LIQUIDITY

The earnings development forecast for 2012 should also have a positive impact on the cash flow from operating activities. In 2012, despite significantly higher capital expenditure, we should be able to generate a positive free cash flow.

The earnings development forecast for 2013 should also have a slightly positive impact on the cash flow from operating activities, while the free cash flow, however, should probably be negative due to the significantly increasing capital expenditure on the Legacy Project.

NET INDEBTEDNESS SHOULD INCREASE SOMEWHAT IN 2012

The K+S GROUP has a strong financial base, with net indebtedness of € 654.7 million (including non-current provisions) as of 30 September 2012 and a level of indebtedness of 19.3 %. This and an expectedly high operating cash flow mean that we are able to respond flexibly to investment and acquisition opportunities. Our net indebtedness should rise somewhat in comparison to the previous year, due to higher provisions for mining obligations following the lowering of the average weighted discount factor. This assumption takes into consideration the expected capital expenditure budget, including for the Legacy Project, as well as the total dividend paid in May 2012. For 2013, we expect, against the backdrop of rising capital expenditure on the Legacy Project, a significant increase in net indebtedness. Nonetheless, in 2012 and 2013, we should report an equity ratio of at least 50 % and a level of indebtedness of under 30 %.

FUTURE DIVIDEND POLICY

We pursue an essentially earnings-based dividend policy. According to this, a dividend payout ratio of between 40 and 50 % of adjusted Group earnings after taxes (including discontinued operations) forms the basis for the amount of future dividend recommendations to be determined by the Board of Executive Directors and the Supervisory Board. For 2012, on the basis of the described earnings expectations, there is still a chance for a higher dividend (previous year: € 1.30), since the income from the divestment of K+S NITROGEN and the cessation of the adverse effects from the divestment of the COMPO business should have a positive impact on Group earnings.

In 2013, Group earnings will then no longer benefit from the effects of the divestment of K+S NITROGEN.

FUTURE NUMBER OF EMPLOYEES, FUTURE PERSONNEL EXPENSES

K+S increasingly has to compete for qualified employees. We want to bring younger as well as older and experienced people into the Company in order to respond to the demographic change.

K+S regards vocational training as an important investment into the future and continues to strive for a training ratio of about 6 % for the German companies. Advanced education will also continue to be given special emphasis. Also in the years to come, we want to fill specialist and managerial positions with personnel from our own ranks as far as possible.

As for the end of 2012, we are still expecting the number of employees to be slightly higher than in the previous year (31 December 2011: 14,338). The average number of employees of the continued operations should also increase slightly this year to reach about 14,400 (previously: 14,450; 2011: 14,155). The reasons for the increase are in particular an increase in the number of personnel for the implementation of the Legacy Project, for increased activities in the area of environmental protection and to maintain the volumes of crude salt mined in the Potash and Magnesium Products business segment. For personnel expenses (2011: € 962.0 million), we expect a slight increase, since lower performance-related remuneration cannot completely compensate for the effects of new employees and pay settlements increases under collective bargaining agreements.

In 2013, the average number of employees should increase slightly due to the reasons also set out for 2012. As a consequence of this, personnel expenses should increase slightly in the coming year.

DEVELOPMENT OF FORECASTS FOR 2012 AS A WHOLE TAB: 1.11.3

			Development of forecasts for 2012 as a whole				
		Actual 2011	Forecast Financial Report 2011[1]	Forecast Q1/12[1]	Forecast H1/12	Forecast Q3/12	Forecasts for 2013
K+S Group							
Revenues	€ billion	4.00	stable	stable	3.9 to 4.2	good 3.9	slight increase
EBITDA	€ million	1,146.1	moderate decrease	moderate decrease	1,050 to 1,130	about 1,050	slight increase
Operating earnings (EBIT I)	€ million	906.2	moderate decrease	moderate decrease	820 to 900	about 820	slight increase
Financial result	€ million	(64.2)	stable	stable	tangible decrease	significant decrease	tangible improvement
Group tax rate, adjusted	%	25.7	27 to 28	27 to 28	27 to 28	27 to 28	27 to 28
Group earnings from continued operations, adjusted	€ million	625.6	moderate decrease	moderate decrease	540 to 600	about 530	moderate increase
Earnings per share from continued operations, adjusted	€	3.27	moderate decrease	moderate decrease	2.85 to 3.15	about 2.75	moderate increase
Group earnings after taxes, adjusted[2]	€ million	581.8	moderate decrease	moderate decrease	630 to 690	about 630	–
Earnings per share, adjusted[2]	€	3.04	moderate decrease	moderate decrease	3.30 to 3.60	about 3.30	–
Dividend	€	1.30	at least stable	at least stable	chance to increase	chance to increase	decrease
Capital expenditure	€ million	293.1	a good 600	a good 600	a good 600	about 520[3]	about 1,100[4]
Depreciation and amortisation	€ million	239.9	240	230	230	230	240 to 250
Energy costs	€ million	277.0	significant increase	significant increase	significant increase	significant increase	savings
Personnel expenses	€ million	962.0	slight increase	stable	slight increase	slight increase	slight increase
Freight costs	€ million	742.1	moderate decrease	moderate decrease	moderate decrease	tangible decrease	moderate increase
Potash and Magnesium Products business segment							
Sales volume	t million	6.94	at the level of 2011	at the level of 2011	at the level of 2011	6.9 million tonnes	at the level of 2012
Salt business segment							
Sales volume crystallised salt	t million	22.73	a good 19	less than 19	18 to 19	18 to 19	about 22
– of which de-icing salt	t million	13.31	about 10	less than 10	a good 9	a good 9	a good 12

[1] Forecast still includes the discontinued operations of K+S Nitrogen.
[2] Earnings from continued and discontinued operations.
[3] In 2012, CAD 200 million (about € 160 million; previously CAD 230 million or € 170 million) should be accounted for by the Legacy Project.
[4] In 2013, CAD 830 million (about € 640 million; previously CAD 830 million or € 600 million) should be accounted for by the Legacy Project.

FUTURE RESEARCH AND DEVELOPMENT

In the future too, we will consequently continue to pursue our research and development goals laid out in our Financial Report 2011 on page 84. In 2012, the total of research costs as well as capitalised development-related capital expenditure of the continued operations should be strongly (previously: significantly) above the level of the previous year. The increase can be mainly attributed to expenditure for the brining out of the first cavern of the Legacy Project in Saskatchewan, Canada. The number of employees working in research should increase until the end of 2012, in order to particularly meet the challenges in the environmental area as well as to support the development in the area of solution mining; with this as a background, we expect to employ 89 people in research and development of the K+S GROUP (31 December 2011: 77 employees). **/ TAB: 1.11.4**

For 2013, we expect a further increase in the number of employees working in research in comparison to this year. The total of research costs and capitalised development-related capital expenditure should, after the conclusion of works on the first cavern of the Legacy Project, again decrease in 2013, however, it should remain above the level of 2011. We will have as the main focus of our research and development activities in the Potash and Magnesium Products business segment improvements in extraction and production processes in order to enhance efficiency and reduce solid and liquid production residues in potash production. In the Salt business segment, mobile mining machinery will be further developed in order to achieve optimisation. At MORTON SALT, the further development of product alternatives to reduce the content of sodium in food, product innovations in the area of de-icing salt as well as the further development of the product range in the area of water softening products will be the primary area of focus.

RESEARCH KEY FIGURES [1] TAB: 1.11.4

in € million	2012e	2011
Research costs	22	17.0
Capitalised development-related capital expenditure	14	1.6
Employees as of 31 Dec. (number)	89	77

[1] Information refers to the continued operations of the K+S Group.

FUTURE PRODUCTS AND SERVICES

/ A PRESENTATION OF THE FUTURE PRODUCTS AND SERVICES can be found in the Financial Report 2011 on page 137.

1.12 GUARANTEE OF THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Kassel, 6 November 2012
K+S AKTIENGESELLSCHAFT
THE BOARD OF EXECUTIVE DIRECTORS

FORWARD-LOOKING STATEMENTS

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

FINANCIAL SECTION

2

INCOME STATEMENT [1]

TAB: 2.1.1

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[6]/12	12M/11
Revenues	**916.6**	**853.5**	**2,993.7**	**2,975.3**	**4,015.2**	**3,996.8**
Cost of sales	521.0	492.6	1,634.4	1,628.5	2,189.6	2,183.7
Gross profit	**395.6**	**360.9**	**1,359.3**	**1,346.8**	**1,825.6**	**1,813.1**
Selling expenses	167.8	159.5	543.5	536.1	749.8	742.4
General and administrative expenses	47.5	40.4	140.7	126.0	193.0	178.3
Research and development costs	3.5	3.8	17.2	10.6	23.6	17.0
Other operating income	29.6	34.5	103.4	71.7	195.7	164.0
Other operating expenses	40.9	23.1	114.6	74.2	199.4	159.0
Income from investments, net	0.7	2.5	4.1	4.6	9.1	9.6
Result from operating forecast hedges	11.9	(32.3)	3.4	8.6	(12.4)	(7.2)
Result after operating hedges (EBIT II) [2]	**178.1**	**138.8**	**654.2**	**684.8**	**852.2**	**882.8**
Interest income	6.0	2.4	14.1	8.7	18.9	13.5
Interest expenses	(32.8)	(17.1)	(80.7)	(53.6)	(105.8)	(78.7)
Other financial result	5.1	0.6	5.6	0.4	6.2	1.0
Financial result	**(21.7)**	**(14.1)**	**(61.0)**	**(44.5)**	**(80.7)**	**(64.2)**
Earnings before income taxes	**156.4**	**124.7**	**593.2**	**640.3**	**771.5**	**818.6**
Taxes on income	42.0	36.9	162.8	174.1	198.0	209.3
– of which deferred taxes	(7.5)	(8.1)	(30.2)	(2.8)	(32.7)	(5.3)
Earnings after taxes from continued operations	**114.4**	**87.8**	**430.4**	**466.2**	**573.5**	**609.3**
Earnings after taxes from discontinued operations	66.0	3.3	100.6	(52.7)	108.8	(44.5)
Net income	**180.4**	**91.1**	**531.0**	**413.5**	**682.3**	**564.8**
Minority interests in earnings	0.2	0.1	0.5	0.3	0.7	0.5
Group earnings after taxes and minority interests	**180.2**	**91.0**	**530.5**	**413.2**	**681.6**	**564.3**
– thereof continued operations	114.2	87.7	429.9	465.9	572.8	608.8
– thereof discontinued operations	66.0	3.3	100.6	(52.7)	108.8	(44.5)
Earnings per share in € (undiluted ≙ diluted)	0.94	0.48	2.77	2.16	3.56	2.95
– thereof continued operations	0.60	0.47	2.25	2.44	2.99	3.18
– thereof discontinued operations	0.34	0.02	0.52	(0.28)	0.57	(0.23)
Average number of shares in million	191.40	191.40	191.40	191.30	191.40	191.33
Operating earnings (EBIT I) [2]	**156.7**	**181.8**	**625.3**	**698.4**	**833.1**	**906.2**
Earnings before income taxes from continued operations, adjusted [3]	**135.0**	**167.7**	**564.3**	**653.9**	**752.4**	**842.0**

INCOME STATEMENT [1] (CONTINUED)

TAB: 2.1.1

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[6]/12	12M/11
Group earnings from continued operations, adjusted [3]	**98.9**	**118.6**	**409.2**	**475.7**	**559.1**	**625.6**
Earnings per share from continued operations in €, adjusted [3]	**0.52**	**0.62**	**2.14**	**2.49**	**2.92**	**3.27**
Group earnings after taxes, adjusted [3,4]	**164.9**	**121.8**	**509.1**	**422.9**	**668.0**	**581.8**
Earnings per share in €, adjusted [3,4]	**0.86**	**0.64**	**2.66**	**2.21**	**3.49**	**3.04**

STATEMENT OF COMPREHENSIVE INCOME [4]

TAB: 2.1.2

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[6]/12	12M/11
Net income	**180.4**	**91.1**	**531.0**	**413.5**	**682.3**	**564.8**
Financial assets available for sale	1.8	–	1.8	–	1.8	–
Difference resulting from foreign currency translation	(31.6)	97.8	32.9	(52.4)	148.0	62.7
Other earnings after taxes	**(29.8)**	**97.8**	**34.7**	**(52.4)**	**149.8**	**62.7**
Comprehensive income of the period	**150.6**	**188.9**	**565.7**	**361.1**	**832.1**	**627.5**
Minority interests in comprehensive income	0.2	0.1	0.5	0.3	0.7	0.5
Group comprehensive income after taxes and minority interests	**150.4**	**188.8**	**565.2**	**360.8**	**831.4**	**627.0**

OPERATING EARNINGS (EBIT I) [5]

TAB: 2.1.3

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[6]/12	12M/11
Result after operating hedges (EBIT II)	**178.1**	**138.8**	**654.2**	**684.8**	**852.2**	**882.8**
Income (–)/expenses (+) from market value changes of operating forecast hedges still outstanding	(15.2)	40.6	(4.2)	13.6	7.4	25.2
Neutralising of market value changes of realised operating forecast hedges, recognised in earlier periods	(6.2)	2.4	(24.7)	–	(26.5)	(1.8)
Operating earnings (EBIT I)	**156.7**	**181.8**	**625.3**	**698.4**	**833.1**	**906.2**

[1] The income statement was adjusted according to IFRS following the divestment of K+S Nitrogen and the COMPO business. Detailed information on the discontinued operations can be found in the Notes on page 35.
[2] Management of the K+S Group is handled, amongst others, on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded in table 2.1.3.
[3] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/12: 28.5% (Q3/11: 28.3%).
[4] Earnings from continued and discontinued operations.
[5] Information on operating earnings refers to continued operations.
[6] LTM = last twelve months (Q4/11 + Q1/12 + Q2/12 + Q3/12).

BALANCE SHEET — ASSETS [1] TAB: 2.2.1

in € million	30.9.2012	30.9.2011	31.12.2011
Intangible assets	1,019.3	978.5	1,020.9
– of which goodwill from acquisitions	657.8	620.7	651.4
Property, plant and equipment	2,335.9	2,086.2	2,227.0
Investment properties	7.7	7.7	7.8
Financial assets	15.8	23.1	15.9
Receivables and other assets	61.7	64.9	62.7
– of which derivative financial instruments	2.0	5.0	3.0
Securities and other financial investments	484.9	40.9	58.5
Deferred taxes	69.7	43.8	55.3
Reimbursement claims of income taxes	0.1	1.8	0.4
Non-current assets	**3,995.1**	**3,246.9**	**3,448.5**
Inventories	660.0	627.7	730.0
Accounts receivable – trade	732.0	813.1	928.8
Other receivables and assets	174.5	235.3	150.6
– of which derivative financial instruments	26.6	26.7	12.1
Reimbursement claims of income taxes	21.7	17.4	41.2
Securities and other financial investments	459.9	25.2	315.0
Cash on hand and balances with banks	392.7	643.0	442.8
Assets classified as held for sale	—	216.0	—
Current assets	**2,440.8**	**2,577.7**	**2,608.4**
ASSETS	6,435.9	5,824.6	6,056.9

BALANCE SHEET — EQUITY AND LIABILITIES [1] TAB: 2.2.1

in € million	30.9.2012	30.9.2011	31.12.2011
Subscribed capital	191.4	191.4	191.4
Additional paid-in capital	646.0	646.4	648.1
Other reserves and accumulated profit	2,558.3	1,974.7	2,242.0
Minority interests	3.6	2.9	3.1
Equity	**3,399.3**	**2,815.4**	**3,084.6**
Bank loans and overdrafts	1,264.9	768.8	769.8
Other liabilities	16.7	22.1	20.1
– of which derivative financial instruments	0.7	5.4	3.5
Provisions for pensions and similar obligations	95.5	91.4	95.3
Provisions for mining obligations	648.5	540.1	580.6
Other provisions	137.9	150.6	145.5
Deferred taxes	335.8	320.7	342.3
Non-current debt	**2,499.3**	**1,893.7**	**1,953.6**
Bank loans and overdrafts	2.6	2.4	0.8
Accounts payable – trade	192.9	521.8	613.8
Other liabilities	57.3	101.5	96.2
– of which derivative financial instruments	8.2	28.8	32.6
Income tax liabilities	56.1	50.0	23.2
Provisions	228.4	259.4	284.7
Liabilities directly associated with assets classified as held for sale	—	180.4	—
Current debt	**537.3**	**1,115.5**	**1,018.7**
EQUITY AND LIABILITIES	6,435.9	5,824.6	6,056.9

[1] Information refers to the continued operations of the K+S Group. Due to the divestment of K+S Nitrogen and the COMPO business, these are in accordance with IFRS disclosed as "discontinued operations". The balance sheets as of 30 September 2011 and 31 December 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

CASH FLOW STATEMENT[1] TAB: 2.3.1

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[2]/12	12M/11
Result after operating hedges (EBIT II)	**178.1**	**138.8**	**654.2**	**684.8**	**852.2**	**882.8**
Income (–)/expenses (+) from market value changes of operating forecast hedges still outstanding	(15.2)	40.6	(4.2)	13.6	7.4	25.2
Neutralisation of market value changes of realised operating forecast hedges, recognised in earlier periods	(6.2)	2.4	(24.7)	–	(26.5)	(1.8)
Operating earnings (EBIT I)	**156.7**	**181.8**	**625.3**	**698.4**	**833.1**	**906.2**
Depreciation (+)/write-ups (–) on intangible assets, property, plant and equipment and financial assets	57.1	55.4	168.5	166.4	241.9	239.8
Increase (+)/decrease (–) in non-current provisions (without interest rate effects)	9.8	0.3	(0.7)	8.8	18.1	27.6
Interests and dividends received and similar income	6.9	2.9	13.5	8.1	16.8	11.4
Gains (+)/losses (–) from the realisation of financial assets/liabilities	(1.5)	4.2	0.8	1.6	(0.4)	0.4
Interest paid (–)	(38.5)	(39.0)	(41.8)	(42.5)	(42.5)	(43.2)
Income taxes paid (–)	(45.3)	(69.5)	(140.9)	(201.9)	(221.4)	(282.4)
Other non-cash expenses (+)/income (–)	3.2	12.5	0.4	9.4	(9.8)	(0.8)
Gross cash flow from continued operations	**148.4**	**148.6**	**625.1**	**648.3**	**835.8**	**859.0**
Gross cash flow from discontinued operations	(11.6)	7.5	29.1	67.5	30.7	69.1
Gross cash flow	**136.8**	**156.1**	**654.2**	**715.8**	**866.5**	**928.1**

CASH FLOW STATEMENT[1] (CONTINUED) TAB: 2.3.1

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[2]/12	12M/11
Gross cash flow	**136.8**	**156.1**	**654.2**	**715.8**	**866.5**	**928.1**
Gain (–)/loss (+) on the disposal of fixed assets and securities	(5.0)	(3.3)	(5.5)	(1.6)	(7.7)	(3.8)
Increase (–)/decrease (+) in inventories	(9.7)	(57.1)	(4.6)	(22.5)	(90.9)	(108.8)
Increase (–)/decrease (+) in receivables and other assets from operating activities	(0.6)	(8.6)	(53.6)	23.5	(160.3)	(83.2)
– of which premium volume for derivatives	5.9	(10.1)	18.3	2.2	18.3	2.2
Increase (+)/decrease (–) in liabilities from operating activities	(19.3)	74.7	(141.7)	39.4	(62.6)	118.5
– of which premium volume for derivatives	(3.4)	5.2	(10.4)	2.8	(8.4)	4.8
Increase (+)/decrease (–) in current provisions	25.5	19.7	(25.8)	(3.1)	(24.0)	(1.3)
Out-financing of plan assets	(3.2)	(5.9)	(10.1)	(105.8)	(14.3)	(110.0)
Cash flow from operating activities	**124.5**	**175.6**	**412.9**	**645.7**	**506.7**	**739.5**
– thereof continued operations	**136.1**	**68.3**	**521.5**	**579.2**	**608.6**	**666.3**
– thereof discontinued operations	(11.6)	107.3	(108.6)	66.5	(101.9)	73.2
Proceeds from disposals of fixed assets	9.4	9.1	15.1	10.7	20.9	16.5
Disbursements for intangible assets	(10.2)	(2.4)	(14.3)	(12.9)	(17.5)	(16.1)
Disbursements for property, plant and equipment	(92.4)	(94.1)	(218.8)	(163.0)	(311.2)	(255.4)
Disbursements for financial assets	(0.3)	(0.1)	(0.3)	(3.1)	(0.4)	(3.2)
Proceeds from the disposal of consolidated companies	75.0	–	75.0	–	165.6	90.6
Disbursements for the acquisition of consolidated companies	–	–	(4.2)	(242.8)	(4.2)	(242.8)
Proceeds from the disposal of securities and other financial investments	87.8	–	262.4	–	262.4	–
Disbursements for the purchase of securities and other financial investments	(448.1)	–	(826.7)	(65.7)	(1,133.4)	(372.4)
Cash flow for investing activities	**(378.8)**	**(87.5)**	**(711.8)**	**(476.8)**	**(1,017.8)**	**(782.8)**

CASH FLOW STATEMENT[1] (CONTINUED) TAB: 2.3.1

in € million	Q3/12	Q3/11	9M/12	9M/11	LTM[2]/12	12M/11
Cash flow for investing activities	**(378.8)**	**(87.5)**	**(711.8)**	**(476.8)**	**(1,017.8)**	**(782.8)**
– thereof continued operations	**(454.1)**	**(84.2)**	**(787.4)**	**(470.7)**	**(1,183.8)**	**(867.1)**
– thereof discontinued operations	75.3	(3.3)	75.6	(6.1)	166.0	84.3
Free cash flow	**(254.3)**	**88.1**	**(298.9)**	**168.9**	**(511.1)**	**(43.3)**
– thereof continued operations	**(318.0)**	**(15.9)**	**(265.9)**	**108.5**	**(575.2)**	**(200.8)**
– thereof discontinued operations	63.7	104.0	(33.0)	60.4	64.1	157.5
Dividends paid	—	—	(248.8)	(191.4)		
Disbursements for the acquisition of non-controlling interests	—	—	—	(59.3)		
Payments from other allocations to equity	—	—	5.1	4.8		
Purchase of own shares	—	—	(6.5)	(13.8)		
Sale of own shares	—	—	—	7.9		
Increase (+)/decrease (–) in liabilities from finance lease	(0.6)	0.1	(1.5)	(1.2)		
Taking out (+)/repayment of (–) loans	(2.9)	(2.6)	(1.6)	(9.0)		
Incoming payments (+)/repayments (–) from the issuing of bonds	—	—	497.1	—		
Cash flow from/for financing activities	**(3.5)**	**(2.5)**	**243.8**	**(262.0)**		
– thereof continued operations	**(3.5)**	**(2.0)**	**243.8**	**(259.3)**		
– thereof discontinued operations	—	(0.5)	—	(2.7)		
Change in cash and cash equivalents affecting cash flow	**(257.8)**	**85.6**	**(55.1)**	**(93.1)**		
– thereof continued operations	**(321.5)**	**(17.9)**	**(22.1)**	**(150.8)**		
– thereof discontinued operations	63.7	103.5	(33.0)	57.7		
Change in cash and cash equivalents resulting from exchange rates	(1.9)	4.0	2.8	(4.5)		
Change in cash and cash equivalents	**(259.7)**	**89.6**	**(52.3)**	**(97.6)**		

[1] The cash flow statement was adjusted according to IFRS following the divestment of K+S Nitrogen and the COMPO business. Detailed information on the discontinued operations can be found in the Notes on page 35.
[2] LTM = last twelve months (Q4/11 + Q1/12 + Q2/12 + Q3/12).

NET CASH AND CASH EQUIVALENTS TAB: 2.3.2

in € million	Q3/12	Q3/11	9M/12	9M/11
Net cash and cash equivalents as of 1 January	**—**	**—**	**437.3**	**740.6**
Net cash and cash equivalents as of 30 September	**—**	**—**	**385.0**	**643.0**
– thereof cash on hand and balances with banks	—	—	392.7	643.0
– thereof cash invested with affiliated companies	—	—	0.1	65.0
– thereof account overdrafts	—	—	(1.1)	(0.4)
– thereof cash received from affiliated companies	—	—	(6.7)	(22.6)
– thereof net cash and cash equivalents from discontinued operations	—	—	—	(42.0)

Explanations to the cash flow statement can be found on page 12.

STATEMENT OF CHANGES IN EQUITY [1]

TAB: 2.4.1

in € million	Subscribed capital	Additional paid-in capital	Accumulated profit / revenue reserves	Differences from foreign currency translation	Financial assets available for sale	Total K+S AG shareholders' equity	Minority interests	Equity
Balances as of 1 January 2012	191.4	648.1	2,041.0	201.1	(0.1)	3,081.5	3.1	3,084.6
Net income	—	—	530.5	—	—	530.5	0.5	531.0
Other comprehensive income (after taxes)	—	—	—	32.9	1.8	34.7	—	34.7
Comprehensive income of the period	**—**	**—**	**530.5**	**32.9**	**1.8**	**565.2**	**0.5**	**565.7**
Dividend for the previous year	—	—	(248.8)	—	—	(248.8)	—	(248.8)
Issuance of shares to employees	—	(2.1)	—	—	—	(2.1)	—	(2.1)
Other changes in equity	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Balances as of 30 September 2012	**191.4**	**646.0**	**2,322.6**	**234.0**	**1.7**	**3,395.7**	**3.6**	**3,399.3**
Balances as of 1 January 2011	191.4	647.5	1,671.8	138.4	(0.1)	2,649.0	2.6	2,651.6
Net income	—	—	413.2	—	—	413.2	0.3	413.5
Other comprehensive income (after taxes)	—	—	—	(52.4)	—	(52.4)	—	(52.4)
Comprehensive income of the period	**—**	**—**	**413.2**	**(52.4)**	**—**	**360.8**	**0.3**	**361.1**
Dividend for the previous year	—	—	(191.4)	—	—	(191.4)	—	(191.4)
Issuance of shares to employees	—	(1.1)	—	—	—	(1.1)	—	(1.1)
Other changes in equity	—	—	(4.8)	—	—	(4.8)	—	(4.8)
Balances as of 30 September 2011	**191.4**	**646.4**	**1,888.8**	**86.0**	**(0.1)**	**2,812.5**	**2.9**	**2,815.4**

[1] Information refers to the continued operations of the K+S Group. Due to the divestment of K+S Nitrogen and the COMPO business these are in accordance with IFRS disclosed as "discontinued operations". The balance sheet and thus the development of changes in equity as of 30 September 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

2.5 NOTES

EXPLANATORY NOTES; CHANGES IN THE LEGAL GROUP AND ORGANISATIONAL STRUCTURE

The interim report of 30 September 2012 is prepared in accordance with the INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) as well as the interpretations of the INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34. The accounting and valuation principles used for this interim report correspond to those used for the consolidated financial statements 2011.

Foreign currency assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated applying the average exchange rates for the quarter.

In the third quarter, there were no changes in the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2011 and updated in the Half-yearly Financial Report 2012.

At its meeting of 8 May 2012, the Supervisory Board of K+S AKTIENGESELLSCHAFT appointed Mark Roberts (49) as a member of the Board of Executive Directors of the Company as of 1 October 2012. Since then, he has been responsible for the Salt business segment, which was previously the co-responsibility of the chairman of the Board of Executive Directors, Norbert Steiner. From 2009, Roberts was CEO of the K+S subsidiary MORTON SALT.

Furthermore, upon expiry of his contract as of 30 September 2012, Joachim Felker retired after 38 years of successful professional activity. From this date and until a successor is appointed, Norbert Steiner will take responsibility for the Potash and Magnesium Products business segment on the Board of Executive Directors.

AUDITOR'S REVIEW

The interim financial statements and the interim management report were not reviewed by the auditor (Section 37w, Para. 5, Sent. 1 of the German Securities Trading Act).

CHANGES IN THE SCOPE OF CONSOLIDATION

In the third quarter, the following material changes occurred in the scope of consolidation: In connection with completing the divestment of the nitrogen business, K+S NITROGEN GMBH as well as its sales companies (K+S AGRO MÉXIKO S.A. DE C.V., K+S HELLAS S.A., FERTIVA GMBH, K+S AGRICOLTURA S.P.A., K+S NITROGEN GMBH, K PLUS S IBERIA S.L.) no longer fall within the scope of consolidation.

DISCONTINUED OPERATIONS

The strategy of the K+S GROUP provides for growth in the Potash and Magnesium Products and Salt business segments in particular and for focussing management resources and financial means on this correspondingly.

Against this background, last year, K+S divested the business activities of COMPO to the investment company TRITON (detailed information can be found in the Financial Report 2011 of the K+S GROUP on page 169) and announced the sale of K+S NITROGEN to EUROCHEM on 8 May 2012.

After the EU cartel authority had approved the transaction on 25 June 2012, the divestment of K+S NITROGEN was successfully completed on 2 July 2012.

With the concluded sale agreement, the criteria under IFRS 5 "Non-current assets held for sale and discontinued operations" were met and K+S NITROGEN was therefore disclosed in the balance sheet as a divestment group held for sale and as a "discontinued operation". After last year's divestment of COMPO, the Nitrogen Fertilizers segment only consisted of the activities of K+S NITROGEN. In accordance with internal reporting, the Nitrogen Fertilizers segment is no longer a part of the operating segments of the K+S GROUP, the segment reporting was adjusted accordingly.

All assets and liabilities of K+S NITROGEN were therefore reclassified and, until it had been disposed of, respectively disclosed in the consolidated balance sheet as a separate item "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale". Comparative information for the balance sheet of the preceding periods was not adjusted in accordance with IFRS 5.

DISCONTINUED OPERATIONS TAB: 2.5.1

in € million	Q3/12	Q3/11	9M/12	9M/11
Revenues	**—**	**401.1**	**654.4**	**1,235.6**
Other income and expenses	—	(388.4)	(606.6)	(1,156.8)
EBIT II	**—**	**12.7**	**47.8**	**78.8**
Financial result	—	(0.2)	0.1	(1.3)
Earnings before taxes	**—**	**12.5**	**47.9**	**77.5**
Taxes on income	—	5.0	13.3	22.0
Earnings after income taxes for the period	**—**	**7.5**	**34.6**	**55.5**
Earnings from the divestment or the measurement of divestment group assets at fair value less costs to sell (before taxes)	77.5	(5.6)	77.5	(108.6)
Taxes on income	11.5	(1.3)	11.5	(0.3)
Earnings from the divestment or the measurement of divestment group assets at fair value less costs to sell (after taxes)	**66.0**	**(4.3)**	**66.0**	**(108.3)**
Earnings after taxes from discontinued operations	**66.0**	**3.2**	**100.6**	**(52.8)**

DISCONTINUED OPERATIONS — THEREOF COMPO TAB: 2.5.2

in € million	Q3/12	Q3/11	9M/12	9M/11
Revenues	**—**	**76.4**	**—**	**352.1**
Other income and expenses	—	(80.5)	—	(333.7)
EBIT II	**—**	**(4.1)**	**—**	**18.4**
Financial result	—	(0.3)	—	(1.4)
Earnings before taxes	**—**	**(4.4)**	**—**	**17.0**
Taxes on income	—	1.4	—	6.1
Earnings after income taxes for the period	**—**	**(5.8)**	**—**	**10.9**
Impairment deriving from the measurement of divestment group assets at fair value less costs to sell	—	(5.6)	—	(108.6)
Taxes on income	—	(1.3)	—	(0.3)
Impairment after income taxes deriving from the measurement of divestment group assets at fair value less costs to sell	**—**	**(4.3)**	**—**	**(108.3)**
Earnings after taxes from discontinued operations	**—**	**(10.1)**	**—**	**(97.4)**

All income and expenses of K+S NITROGEN, classified as a discontinued operation, were reclassified and disclosed in a separate item "Earnings after taxes from discontinued operations". Comparative periods were adjusted in accordance with IFRS 5.

The cash flows of the discontinued operations are stated separately in the cash flow statement pursuant to IFRS 5. The comparative figures of the preceding periods for the cash flow statement were adjusted correspondingly.

The composition of the earnings after taxes from discontinued operations is as presented in table 2.5.1. / TAB: 2.5.1

The earnings after taxes from discontinued operations of K+S NITROGEN amounting to € 100.6 million include € 0.2 million from the reclassification of currency translation differences hitherto recorded in the income statement under "Other earnings".

DISCONTINUED OPERATIONS — THEREOF K+S NITROGEN TAB: 2.5.3

in € million	Q3/12	Q3/11	9M/12	9M/11
Revenues	**—**	**324.7**	**654.4**	**883.5**
Other income and expenses	—	(307.9)	(606.6)	(823.1)
EBIT II	**—**	**16.8**	**47.8**	**60.4**
Financial result	—	0.1	0.1	0.1
Earnings before taxes	**—**	**16.9**	**47.9**	**60.5**
Taxes on income	—	3.6	13.3	15.9
Earnings after income taxes for the period	**—**	**13.3**	**34.6**	**44.6**
Gain from the divestment (before income taxes)	77.5	—	77.5	—
Taxes on income	11.5	—	11.5	—
Gain from the divestment (after income taxes)	**66.0**	**—**	**66.0**	**—**
Earnings after taxes from discontinued operations	**66.0**	**13.3**	**100.6**	**44.6**

DECONSOLIDATION OF DISPOSED ASSETS AND LIABILITIES — K+S NITROGEN TAB: 2.5.4

in € million	30.9.2012
Financial assets and other non-current assets	12.4
Inventories	81.3
Accounts receivable – trade	235.3
Other current assets	148.7
Cash on hand and balances with banks	11.0
Assets held for sale	**488.7**
Provisions for pensions and similar obligations	3.5
Other non-current provisions	3.2
Bank loans and overdrafts	—
Accounts payable – trade	295.2
Other liabilities	50.0
Current provisions	19.3
Liabilities in connection with assets held for sale	**371.2**

Table 2.5.4 shows the assets and liabilities of K+S NITROGEN disposed of due to the deconsolidation carried out on 2 July 2012.

The assets and liabilities of COMPO held for sale in the previous year are as follows:

ASSETS AND LIABILITIES IN CONNECTION WITH ASSETS HELD FOR SALE — COMPO[1] TAB: 2.5.5

in € million	30.9.2012
Financial assets and other non-current assets	4.1
Inventories	98.6
Accounts receivable – trade	84.8
Other current assets	21.9
Cash on hand and balances with banks	6.6
Assets held for sale	**216.0**
Provisions for pensions and similar obligations	17.5
Other non-current provisions	6.0
Bank loans and overdrafts	7.9
Accounts payable – trade	24.2
Other liabilities	82.6
Current provisions	42.2
Liabilities in connection with assets held for sale	**180.4**

[1] After allowance as shown in table 2.5.2.

ACQUISITION POTASH ONE

The final fair values of the assets and liabilities taken over at the date of acquisition (21 January 2011) and the goodwill of POTASH ONE derived from them are shown in the following table:

POTASH ONE TAB: 2.5.6

in € million	Fair values as of the date of acquisition
Property, plant and equipment	386.1
Deferred taxes	0.1
Non-current assets	**386.2**
Other receivables and assets	0.9
Securities	0.7
Cash on hand and balances with banks	20.4
Current assets	**22.0**
Assets	**408.2**
Deferred taxes	84.2
Non-current debt	**84.2**
Bank loans and overdrafts	19.5
Accounts payable – trade	0.8
Other liabilities	0.3
Current debt	**20.6**
Equity and liabilities	**104.8**
Net assets	**303.4**
Net assets of non-controlling interest of 18.4 %	**55.7**
Net assets of controlling interest of 81.6 %	**247.7**
Purchase price of 81.6 % of shares	263.2
Conversion right arising from the convertible bond	2.8
Purchase price of 81.6 % of shares including conversion right arising from the convertible bond	**266.0**
Goodwill	18.3

The main asset of POTASH ONE is the raw material deposit related to the Legacy Project; the existing resource basis for potassium chloride is a physical asset which is disclosed under the item 'raw material deposits' within property, plant and equipment.

A comparison of the acquisition costs and the revalued proportionate net assets results in a goodwill of € 18.3 million. The goodwill represents those assets that are not individually identifiable when allocating the purchase price and for which a future economic benefit is expected. The amount of goodwill is largely affected by the recognition of deferred taxes in connection with the re-measurement of assets and liabilities. The goodwill is assigned to the cash-generating unit Potash and Magnesium Products. A tax-deductible goodwill did not arise.

At the start of February 2011, a further 9.3 % of the shares were acquired for cash at a price of € 30.1 million (CAD 4.50 per share). The remaining 9.1% of POTASH ONE shares outstanding were acquired for cash in March 2011 by means of a compulsory acquisition within the framework of the Canada Business Corporations Act at a price of € 29.2 million (CAD 4.50 per share). The purchases made in February and March had to be stated as equity transactions in accordance with the regulations of IAS 27.

For a detailed description of the acquisition of POTASH ONE, which is fully incorporated in K+S POTASH CANADA GP since 31 March 2011, reference is made to the Financial Report 2011 on page 170.

ACQUISITION SMO

ESCO – EUROPEAN SALT COMPANY GMBH & CO. KG, a 100 % subsidiary of K+S AKTIENGESELLSCHAFT, has acquired through its subsidiary ESCO INTERNATIONAL GMBH the Czech salt processing company, SOLNÉ MLÝNY, A.S. (SMO), as of 3 January 2012. ESCO has acquired SMO from the Czech trading group EQUUS which has been undergoing insolvency proceedings since mid-2010. The divestment was carried out by the appointed insolvency administrator in a bidding process.

SMO is a major supplier of salt products in the Czech Republic and is also active in other neighbouring European markets. The purchase price is € 4.4 million.

SMO has been operating the salt processing business in the eastern Czech city of Olomouc (Olmütz) since 1921 and employs about 70 people. Particularly in the food grade salt segment, the company has a brand that is well-known throughout the Czech Republic and enjoys a high level of recognition, and is established in the market with a wide product range of food grade, industrial and de-icing salts. In a normal year, SMO sells about 100,000 tonnes of various salt products and has already been a customer of ESCO.

The fair values of assets acquired and liabilities assumed from SMO, recognised at the time of acquisition (3 January 2012), are presented in table 2.5.7:

FAIR VALUES AS OF THE DATE OF ACQUISITION SMO TAB: 2.5.7

in € million	Fair values as of the date of acquisition
Non-current assets	5.8
Inventories	1.9
Other current assets	1.9
Assets	**9.6**
Non-current debt	0.8
Bank loans and overdrafts	1.1
Other current debt	1.3
Equity and liabilities	**3.2**
Net assets (provisional)	6.4
Bargain purchase (provisional)	2.0
Purchase price	4.4

The final purchase price allocation will be made within a period of twelve months from the date of acquisition.

Since its inclusion as of 3 January 2012, SMO has contributed to the statement of income of the K+S GROUP as follows:

EARNINGS AFTER TAXES SMO TAB: 2.5.8

in € million	2012
Revenues	3.1
EBIT	2.1
Earnings after taxes	**2.1**

From the comparison of the cost of the acquisition and the revalued proportional net assets results a bargain purchase of € 2 million, which was reversed through profit or loss as other operating income.

SEASONAL FACTORS

There are seasonal differences over the course of the year that affect the sales volumes of fertilizers and salt products. In the case of fertilizers, we generally attain our highest sales volumes in the first half of the year because of the spring fertilization in Europe. Sales volumes of salt products – especially of de-icing salt – largely depend on the respective wintry weather during the first and fourth quarters. In the aggregate, both these effects mean that revenues and particularly earnings are generally strongest during the first half of the year.

IMPORTANT KEY FIGURES (LTM[1]) TAB: 2.5.9

in € million	LTM 2012	2011
Revenues	4,015.2	3,996.8
EBITDA	1,075.1	1,146.1
EBIT I	833.1	906.2
Group earnings after taxes from continued operations, adjusted	559.1	625.6

[1] LTM = last twelve months (Q4/11 + Q1/12 + Q2/12 + Q3/12)

INFORMATION CONCERNING MATERIAL EVENTS SINCE THE END OF THE INTERIM REPORTING PERIOD

You will find such information in our Subsequent Events section on page 20.

FOREIGN CURRENCY HEDGING

Exchange rate fluctuations between the euro and the national currencies relevant to our business can lead to the value of the service performed not matching the value of the consideration received in transactions, because expenditure and income arise in different currencies (transaction risks). Exchange rate fluctuations, especially in relation to the US dollar, play an important role for the Potash and Magnesium Products business segment. For these transaction risks, options and, in some cases, also futures are concluded for the time the revenues are expected to arise (plan hedging). The US dollar receivables that arise after billing are then, less expected US dollar expenditure, hedged for the agreed time of the incoming payment via futures (bill hedging).

US DOLLAR FOREIGN CURRENCY HEDGING POTASH AND MAGNESIUM BUSINESS SEGMENT TAB: 2.5.10

	Q1/11	Q2/11	Q3/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	2012e
USD/EUR exchange rate after premiums	1.35	1.34	1.35	1.38	1.35	1.34	1.31	1.30	1.33
Average USD/EUR spot rate	1.37	1.44	1.41	1.35	1.39	1.31	1.28	1.25	–

Furthermore, there are foreign currency risks arising from future outgoing payments in Canadian dollars for the Legacy Project. A part of these risks were hedged for 2013 by means of option transactions. In the Salt business segment, currency risks normally result from the translation of the earnings achieved by MORTON SALT and SPL, which are predominantly denominated in US dollars, into the Group currency, which is the euro. Analogous to the hedging strategy for the Potash and Magnesium Products business segment, options and, in some cases, futures were concluded in relation to these translation risks (plan hedging). Within the framework of translation hedging in the Salt business segment, hedging transactions exist until the end of the first quarter 2013; for 2012 does exist a worst case scenario of 1.36 USD/EUR.

OTHER OPERATING INCOME / EXPENSES

The following significant items are included in other operating income and expenses:

OTHER OPERATING INCOME / EXPENSES TAB: 2.5.11

in € million	Q3/12	Q3/11	9M/12	9M/11
Gains / losses on foreign exchange rates	(7.1)	3.5	(3.3)	(0.9)
Change in provisions	5.8	2.6	10.8	4.2
Other	(10.0)	5.3	(18.7)	(5.8)
Other operating income / expenses	**(11.3)**	**11.4**	**(11.2)**	**(2.5)**

FINANCIAL RESULT

The financial result includes the following significant items:

FINANCIAL RESULT TAB: 2.5.12

in € million	Q3/12	Q3/11	9M/12	9M/11
Interest income	6.0	2.4	14.1	8.7
Interest expenses	(32.8)	(17.1)	(80.7)	(53.6)
– of which interest expenses for pension provisions	(2.0)	(0.7)	(5.3)	(3.3)
– of which interest expenses for provisions for mining obligations	(13.9)	(4.7)	(33.2)	(15.7)
Interest income, net	**(26.8)**	**(14.7)**	**(66.6)**	**(44.9)**
Income from the realisation of financial assets / liabilities	(1.5)	4.1	0.8	1.5
Income from the valuation of financial assets / liabilities	6.6	(3.5)	4.8	(1.1)
Other financial result	**5.1**	**0.6**	**5.6**	**0.4**
Financial result	**(21.7)**	**(14.1)**	**(61.0)**	**(44.5)**

DISCOUNT FACTORS FOR PROVISIONS

The actuarial measurement of pension provisions is performed by applying the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations amounted to 3.8 % (30.9.2011: 5.1 %, 31.12.2011: 4.8 %). The average weighted discount factor for mining obligations declined from 4.7 % in the previous year to 4.3 % as of 30 September 2012. The lowering of the discount factors took place in line with the significant drop in the long-term level of interest rates that occurred in recent months. While this resulted in a non-cash increase in interest expenses for provisions for mining obligations (9M/12: € 14.2 million), the lowering of the discount factor for pensions and similar obligations due to the corridor method applied under IFRS neither had effects on the interest expense nor on equity.

TAXES ON INCOME

The following key items are included in taxes on income:

TAXES ON INCOME TAB: 2.5.13

in € million	Q3/12	Q3/11	9M/12	9M/11
Corporate income tax	20.3	27.5	86.1	84.3
Trade tax on income	20.4	22.2	73.1	68.4
Foreign taxes on income	8.8	(4.7)	33.8	24.2
Deferred taxes	(7.5)	(8.1)	(30.2)	(2.8)
Taxes on income	**42.0**	**36.9**	**162.8**	**174.1**

Non-cash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences.

MATERIAL CHANGES IN INDIVIDUAL BALANCE SHEET ITEMS

Compared with the 2011 annual financial statements, the balance sheet total as of 30 September 2012 increased by € 379.0 million. This takes into account the effect from the divestment of K+S NITROGEN, which is still included in the comparison figures as at 31 December 2011. On the asset side, non-current assets increased by € 546.6 million, while current assets fell by € 167.6 million. The increase in non-current assets is mainly due to an increase in securities and other financial investments as well as fixed assets. The change in current assets results from countervailing effects: The decline in trade receivables as well as in inventories, which was mainly a result of the divestment of K+S NITROGEN, was countered by an increase in securities and other financial investments. On the equity and liabilities side, equity increased by € 314.7 million. This is primarily attributable to the positive net income for the period comprising the first nine months of financial year 2012 and was more than able to make up for the dividend payment of € 248.8 million. Non-current debt has increased by € 545.7 million. This is principally attributable to the issue of a second bond and the related increase in non-current financial liabilities. Current debt fell by € 481.4 million, mainly as a result of a decline in trade payables in connection with the divestment of the nitrogen business.

MATERIAL CHANGES IN EQUITY

Equity is influenced by transactions and events whether or not recognised in profit or loss as well as by capital transactions with shareholders. Compared with the annual financial statements for 2011, accumulated profit and other reserves increased by € 316.3 million. The increase is primarily due to the positive net income for the period comprising the first nine months of financial year 2012 (after taxes and minority interests). Changes in equity without recognition in profit or loss, resulting from the foreign currency translation of subsidiaries in the functional foreign currency (mainly the US dollar), also had to be accounted for. Differences arising from foreign currency translation are recorded in a separate foreign currency translation reserve; this increased by € 32.9 million as of 30 September 2012 due to fluctuations in exchange rates.

NET INDEBTEDNESS TAB: 2.5.14

in € million	9M/12	9M/11
Net indebtedness as of 1 January	(610.8)	(732.5)
Cash on hand and balances with banks as of 30 September	392.7	643.0
Non-current securities and other financial investments as of 30 September	484.9	40.9
Current securities and other financial investments as of 30 September	459.9	25.2
Bank loans and overdrafts	(1,267.5)	(771.2)
Net financial liabilities as of 30 September	**70.0**	**(62.1)**
Provisions for pensions and similar obligations	(95.5)	(91.4)
Provisions for mining obligations	(648.5)	(540.1)
Reimbursement claim bond Morton Salt	19.3	18.7
Net indebtedness as of 30 September	**(654.7)**	**(674.9)**

CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2011 and they can be classified as immaterial overall.

RELATED PARTIES

Within the K+S GROUP, deliveries are made and services rendered on customary market terms. Besides transactions between K+S GROUP companies, business relations are maintained with non-consolidated subsidiaries as well as companies over which the K+S GROUP can exercise a significant influence (associated companies). Such relationships do not have a material influence on the consolidated financial statements of the K+S GROUP. In the K+S GROUP, related persons are mainly the Board of Executive Directors and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the Remuneration Report. There were no other material transactions with related parties.

TOTAL REVENUES Q3[1]

TAB: 2.5.15

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	560.5	16.5	577.0
Salt	318.5	1.3	319.8
Complementary Business Segments	36.4	10.1	46.5
Reconciliation	1.2	(27.9)	(26.7)
K+S Group Q3/12	**916.6**	**—**	**916.6**
Potash and Magnesium Products	508.9	14.5	523.4
Salt	306.5	1.2	307.7
Complementary Business Segments	37.7	9.0	46.7
Reconciliation	0.4	(24.7)	(24.3)
K+S Group Q3/11	**853.5**	**—**	**853.5**

[1] Information refers to the continued operations of the K+S Group.

TOTAL REVENUES 9M[1]

TAB: 2.5.16

in € million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	1,811.9	46.1	1,858.0
Salt	1,064.7	3.8	1,068.5
Complementary Business Segments	113.6	27.9	141.5
Reconciliation	3.5	(77.8)	(74.3)
K+S Group 9M/12	**2,993.7**	**—**	**2,993.7**
Potash and Magnesium Products	1,590.4	43.2	1,633.6
Salt	1,271.4	3.5	1,274.9
Complementary Business Segments	112.3	29.7	142.0
Reconciliation	1.2	(76.4)	(75.2)
K+S Group 9M/11	**2,975.3**	**—**	**2,975.3**

[1] Information refers to the continued operations of the K+S Group.

2.6 SUMMARY BY QUARTER[1]

REVENUES & OPERATING EARNINGS (IFRS) TAB: 2.6.1

in € million	Q1/11	Q2/11	Q3/11	9M/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	9M/12
Potash and Magnesium Products	579.1	502.4	508.9	1,590.4	543.2	2,133.6	581.9	669.5	560.5	1,811.9
Salt	682.5	282.4	306.5	1,271.4	438.7	1,710.1	458.5	287.7	318.5	1,064.7
Complementary Business Segments	38.2	36.4	37.7	112.3	38.1	150.4	39.1	38.1	36.4	113.6
Reconciliation	0.3	0.5	0.4	1.2	1.5	2.7	1.1	1.2	1.2	3.5
K+S Group revenues	**1,300.1**	**821.7**	**853.5**	**2,975.3**	**1,021.5**	**3,996.8**	**1,080.6**	**996.5**	**916.6**	**2,993.7**
Potash and Magnesium Products	202.4	184.4	171.3	558.1	181.4	739.5	208.5	240.7	158.8	608.0
Salt	139.1	11.0	13.3	163.4	48.0	211.4	45.5	(11.4)	5.1	39.2
Complementary Business Segments	8.1	4.6	6.6	19.3	(1.4)	17.9	6.9	6.7	6.0	19.6
Reconciliation	(14.9)	(18.1)	(9.4)	(42.4)	(20.2)	(62.6)	(12.1)	(16.2)	(13.2)	(41.5)
K+S Group EBIT I	**334.7**	**181.9**	**181.8**	**698.4**	**207.8**	**906.2**	**248.8**	**219.8**	**156.7**	**625.3**

INCOME STATEMENT (IFRS) TAB: 2.6.2

in € million	Q1/11	Q2/11	Q3/11	9M/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	9M/12
Revenues	**1,300.1**	**821.7**	**853.5**	**2,975.3**	**1,021.5**	**3,996.8**	**1,080.6**	**996.5**	**916.6**	**2,993.7**
Cost of sales	697.5	438.4	492.6	1,628.5	555.2	2,183.7	575.8	537.6	521.0	1,634.4
Gross profit	**602.6**	**383.3**	**360.9**	**1,346.8**	**466.3**	**1,813.1**	**504.8**	**458.9**	**395.6**	**1,359.3**
Selling expenses	222.3	154.3	159.5	536.1	206.3	742.4	193.6	182.1	167.8	543.5
General and administrative expenses	43.7	41.9	40.4	126.0	52.3	178.3	44.9	48.3	47.5	140.7
Research and development costs	3.4	3.4	3.8	10.6	6.4	17.0	8.1	5.6	3.5	17.2
Other operating income/expenses	(3.2)	(10.7)	11.4	(2.5)	7.5	5.0	(2.6)	2.7	(11.3)	(11.2)
Income from investments, net	1.2	0.9	2.5	4.6	5.0	9.6	—	3.4	0.7	4.1
Result from operating forecast hedges	33.7	7.2	(32.3)	8.6	(15.8)	(7.2)	18.4	(26.9)	11.9	3.4
Result after operating hedges (EBIT II)	**364.9**	**181.1**	**138.8**	**684.8**	**198.0**	**882.8**	**274.0**	**202.1**	**178.1**	**654.2**
Financial result	(15.3)	(15.1)	(14.1)	(44.5)	(19.7)	(64.2)	(15.1)	(24.2)	(21.7)	(61.0)
Earnings before income taxes	**349.6**	**166.0**	**124.7**	**640.3**	**178.3**	**818.6**	**258.9**	**177.9**	**156.4**	**593.2**
Taxes on income	91.2	46.0	36.9	174.1	35.2	209.3	71.6	49.2	42.0	162.8
– of which deferred taxes	11.3	(6.0)	(8.1)	(2.8)	(2.5)	(5.3)	(10.5)	(12.2)	(7.5)	(30.2)
Earnings after taxes from continued operations	**258.4**	**120.0**	**87.8**	**466.2**	**143.1**	**609.3**	**187.3**	**128.7**	**114.4**	**430.4**
Earnings after taxes from discontinued operations	35.3	(91.3)	3.3	(52.7)	8.2	(44.5)	25.1	9.5	66.0	100.6
Net income	**293.7**	**28.7**	**91.1**	**413.5**	**151.3**	**564.8**	**212.4**	**138.2**	**180.4**	**531.0**

INCOME STATEMENT (IFRS) (CONTINUED)

TAB: 2.6.2

in € million	Q1/11	Q2/11	Q3/11	9M/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	9M/12
Net income	**293.7**	**28.7**	**91.1**	**413.5**	**151.3**	**564.8**	**212.4**	**138.2**	**180.4**	**531.0**
Minority interests in earnings	0.1	0.1	0.1	0.3	0.2	0.5	0.2	0.1	0.2	0.5
Group earnings after taxes and minority interests	**293.6**	**28.6**	**91.0**	**413.2**	**151.1**	**564.3**	**212.2**	**138.1**	**180.2**	**530.5**
Operating earnings from continued operations (EBIT I)	**334.7**	**181.9**	**181.8**	**698.4**	**207.8**	**906.2**	**248.8**	**219.8**	**156.7**	**625.3**
Earnings before income taxes from continued operations, adjusted [2]	**319.4**	**166.8**	**167.7**	**653.9**	**188.1**	**842.0**	**233.7**	**195.6**	**135.0**	**564.3**
Group earnings from continued operations, adjusted [2]	**236.6**	**120.5**	**118.6**	**475.7**	**149.9**	**625.6**	**169.1**	**141.2**	**98.9**	**409.2**
Group earnings after taxes, adjusted [2,3]	**271.9**	**29.2**	**121.8**	**422.9**	**158.9**	**581.8**	**193.4**	**150.8**	**164.9**	**509.1**

OTHER KEY DATA (IFRS)

TAB: 2.6.3

		Q1/11	Q2/11	Q3/11	9M/11	Q4/11	2011	Q1/12	Q2/12	Q3/12	9M/12
Capital expenditure [4]	€ million	27.9	48.0	93.7	169.6	123.5	293.1	41.2	77.7	102.5	221.4
Depreciation and amortisation [4]	€ million	55.9	55.1	55.4	166.4	73.4	239.8	55.4	56.0	57.1	168.5
Gross cash flow	€ million	305.3	194.4	148.6	648.3	210.7	859.0	264.5	212.2	148.4	625.1
Working capital	€ million	879.1	725.3	—	755.5	—	840.9	1,047.4	1,067.3	—	1,097.0
Net indebtedness	€ million	726.6	768.6	—	674.9	—	610.8	592.6	741.8	—	654.7
Earnings per share from continued operations, adjusted [2]	€	1.24	0.63	0.62	2.49	0.78	3.27	0.88	0.74	0.52	2.14
Earnings per share, adjusted [2,3]	€	1.42	0.15	0.64	2.21	0.83	3.04	1.01	0.79	0.86	2.66
Gross cash flow per share	€	1.60	1.01	0.78	3.39	1.10	4.49	1.38	1.11	0.78	3.27
Book value per share	€	14.70	13.72	—	14.71	—	16.12	16.92	16.97	—	17.76
Number of shares outstanding [5]	million	191.15	191.40	—	191.40	—	191.40	191.40	191.40	—	191.40
Average number of shares [6]	million	191.20	191.32	191.40	191.30	191.40	191.33	191.40	191.40	191.40	191.40
Closing price	XETRA, €	53.27	53.00	—	39.58	—	34.92	39.23	36.00	—	38.27
Employees as of the reporting date	number	14,017	14,119	—	14,275	—	14,338	14,323	14,325	—	14,352

[1] Unless stated otherwise, information refers to the continued operations of the K+S Group. The income statement and the cash flow statement were adjusted according to IFRS following the divestment of K+S Nitrogen and the COMPO business. The balance sheet and therefore the key figures of working capital, net indebtedness and the book value per share as of 30 September 2011 were not adjusted and also include the discontinued operations of K+S Nitrogen.

[2] The adjusted key figures only include the result from operating forecast hedges of the respective reporting period reported in EBIT I, which eliminates effects from changes in the market value of the hedges. Related effects on deferred and cash taxes are also eliminated; tax rate for Q3/12: 28.5% (Q3/11: 28.3%).

[3] Earnings from continued and discontinued operations.

[4] Capital expenditure in or depreciation on property, plant and equipment, intangible assets and investment properties as well as depreciation on financial assets.

[5] Total number of shares less the number of own shares held by K+S as of the balance sheet date.

[6] Total number of shares less the average number of own shares held by K+S.

THE FOOD CHALLENGE:
An explanation of the title can be found in the cover of the Financial Report 2011.

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