

**Statement by the Board of Management and the Supervisory Board
of KSB Aktiengesellschaft on Compliance with the Recommendations of the
Government Commission on the German Corporate Governance Code
Pursuant to section 161 AktG [German Public Companies Act]**

Since the publication of the last statement of compliance on 5 December 2012 KSB Aktiengesellschaft, Frankenthal (Pfalz), has complied with the recommendations of the Government Commission on the German Corporate Governance Code as set out in the latest version dated 13 May 2013 with the exception of the following and continues to comply with the recommendations in this scope:

1. The upper remuneration limits contained in the service contracts of the Board of Management members do not fully meet the requirements of the Code (subsection 4.2.3, paragraph 2, sentence 6).

Reason:

At KSB there are upper limits for the main remuneration components. Occasionally – e.g. for pension commitments and benefits in kind – no amounts are defined, but they can be adequately derived on the basis of the respective commitment. The requirements of the Code exceeding the above provide no sustainable further insight.

2. The Board of Management's remuneration will neither be disclosed separately for each member in the remuneration report nor classified by components based on the model tables (subsection 4.2.5 paragraph 3).

Reason:

Pursuant to German commercial law, the General Meeting of KSB Aktiengesellschaft decided on 19 May 2010 to refrain from disclosure of the details of remuneration of the individual Board of Management members for the financial years 2010 to 2014. The Board of Management and the Supervisory Board abide by this decision.

3. The Chair of the Audit Committee of our Supervisory Board was temporarily not "independent" within the meaning of subsection 5.3.2, sentence 3.

Reason:

Until 15 May 2013, the Managing Director of the controlling shareholder was also Chair of the Audit Committee. We did not deem the lack of independence resulting from this state of affairs to be of decisive importance compared with his expertise and extensive knowledge of our company. As a new Committee Chair has since been appointed, this recommendation is now complied with.

4. With the exception of an age limit, the Supervisory Board does not specify concrete objectives regarding its composition (subsection 5.4.1, paragraphs 2 and 3).

Reason:

We appreciate the diversity in the composition of the Supervisory Board aimed at by the Code, which will generally be conducive to the interests of the company. To date, we have always followed this principle. However, we take a critical view of detailed speci-

cations, in particular of quota systems, as we believe that this would make it more difficult to ensure an appropriate and adequately flexible composition of this body.

5. The performance-related component of the Supervisory Board remuneration is based on the annual dividend; it is thus not oriented toward "sustainable" growth of the enterprise as defined in subsection 5.4.6, paragraph 2.

Reason:

We support the sustainability objective of the Code, but do not consider a change in the well-established remuneration structure for the Supervisory Board to be necessary for achievement of this objective.

6. The total amount of the remuneration paid to the members of the Supervisory Board for their service on the Board, as well as of remuneration or advantages extended for services provided individually, in particular advisory or agency services, is disclosed in the Notes to the Consolidated Financial Statements, but the remuneration is disclosed neither separately for each member nor classified by components (subsection 5.4.6, paragraph 3).

Reason:

The remuneration of the Supervisory Board members is governed by the Articles of Association and the supplementary resolution of the Annual General Meeting dated 16 May 2012; these documents provide detailed information on the individual components of the remuneration. Beyond that, we prefer to provide summarised information about the remuneration of the members of the Supervisory Board rather than breaking it down into the compensation paid to the individual members and the components it contains, as we do not believe that the latter would provide any additional benefits for shareholders or the development of the company.

Frankenthal, 5 December 2013

For the Supervisory Board

A handwritten signature in blue ink, appearing to read 'Kühborth', written in a cursive style.

- Klaus Kühborth -

For the Board of Management

A handwritten signature in blue ink, appearing to read 'W. Schmitt', written in a cursive style.

- Dr. Wolfgang Schmitt -