

Quarterly Report 04/05

October – December

New highs for revenues and earnings

2005 revenues rise to **€ 2.8 billion (+ 11%)**

Operating earnings (EBIT I) rise

54% to **€ 250.9 million**

Adjusted earnings per share **€ 3.81 (+ 57%)**

Proposed dividend of **€ 1.80 per share** (2004: € 1.30 per share)

Outlook for **2006** remains favourable



Experience growth.

Key Data Business Development

| Key figures (IFRSs) | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|---|------------------|--------|--------|-------------------|---------|---------|
| | 2005 | 2004 | % | 2005 | 2004 | % |
| € million | | | | | | |
| Revenues | 716.0 | 630.7 | + 13.5 | 2,815.7 | 2,538.6 | + 10.9 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 85.8 | 61.6 | + 39.3 | 383.1 | 289.5 | + 32.3 |
| EBITDA margin in % | 12.0 | 9.8 | | 13.6 | 11.4 | |
| Operating earnings (EBIT I) | 48.8 | 30.4 | + 60.5 | 250.9 | 162.9 | + 54.0 |
| Operating EBIT margin in % | 6.8 | 4.8 | | 8.9 | 6.4 | |
| Earnings after market value changes (EBIT II) | 49.8 | (8.8) | – | 271.7 | 136.5 | + 99.0 |
| Earnings before income taxes | 44.9 | (9.5) | – | 259.6 | 123.4 | > 100.0 |
| Earnings before income taxes, adjusted ¹⁾ | 43.9 | 29.7 | + 47.8 | 238.8 | 149.8 | + 59.4 |
| Group earnings after taxes | 36.3 | (1.1) | – | 174.4 | 86.8 | > 100.0 |
| Group earnings after taxes, adjusted ¹⁾ | 35.7 | 23.6 | + 51.3 | 161.3 | 103.5 | + 55.8 |
| Gross cash flow | 104.0 | 57.1 | + 82.1 | 341.5 | 274.1 | + 24.6 |
| Net liquid funds as of 31 Dec. | – | – | – | 172.6 | 205.1 | (15.8) |
| Capital expenditure ²⁾ | 41.4 | 46.8 | (11.5) | 107.1 | 131.9 | (18.8) |
| Depreciation and amortisation ²⁾ | 37.0 | 31.2 | + 18.6 | 132.2 | 126.6 | + 4.4 |
| Earnings per share, adjusted ¹⁾ (€) | 0.86 | 0.56 | + 53.6 | 3.81 | 2.43 | + 56.8 |
| Gross cash flow per share (€) | 2.49 | 1.34 | + 85.8 | 8.07 | 6.45 | + 25.1 |
| Book value per share as of 31 Dec. ¹⁾ (€) | – | – | – | 22.43 | 20.78 | + 7.9 |
| Total number of shares as of 31 Dec. (million) | – | – | – | 42.5 | 42.5 | |
| Outstanding shares as of 31 Dec. (million) ³⁾ | – | – | – | 41.3 | 42.5 | (2.8) |
| Average number of shares (million) ⁴⁾ | 41.7 | 42.5 | (1.9) | 42.3 | 42.5 | (0.5) |
| Employees as of 31 Dec. (number) ⁵⁾ | – | – | – | 11,012 | 10,988 | + 0.2 |
| Average number of employees (number) ⁵⁾ | 10,986 | 11,042 | (0.5) | 11,017 | 11,068 | (0.5) |
| Personnel expenses | 189.0 | 158.6 | + 19.2 | 671.1 | 613.3 | + 9.4 |
| Closing price (XETRA) as of 31 Dec. (€) | – | – | – | 51.05 | 39.10 | + 30.6 |
| Market capitalisation as of 31 Dec. | – | – | – | 2,108.4 | 1,661.8 | + 26.9 |
| Enterprise value as of 31 Dec. | – | – | – | 2,432.4 | 1,994.9 | + 21.9 |

1) adjusted for the effect of market value changes in exchange rate hedging transactions; a tax rate of 37.0 % is assumed for adjusted group earnings

2) for or in connection with intangible assets, property, plant and equipment

3) total number of shares less the own shares held by K+S on the reporting date

4) total number of shares less the average number of own shares held by K+S over the period

5) total workforce including temporary employees (without students and interns), measured on full-time equivalent basis

Management Report

| Variance analysis | Q4/05 | 12M/05 |
|---|---------------|----------------|
| Revenues (€ million) | 716.0 | 2,815.7 |
| Change in revenues (€ million) | + 85.3 | + 277.1 |
| - resulting from volume/ structural factors | + 0.3 | + 9.7 |
| - resulting from prices | + 69.8 | + 236.5 |
| - resulting from exchange rates | + 11.8 | (0.7) |
| - resulting from consolidation | + 3.4 | + 31.6 |

Revenues rise 14% in fourth quarter

At € 716.0 million, fourth quarter revenues were up € 85.3 million or 14% year on year. As world market prices for potash fertilizers were higher than a year ago, the Potash and Magnesium Products business segment posted a strong increase. The Salt business segment also managed to increase revenues once again thanks to wintry weather conditions in the fourth quarter.

K+S Group revenues for the year as a whole rose by € 277.1 million or 11% to € 2.8 billion mainly as a result of price factors. At 43%, the Potash and Magnesium Products business segment accounted for the largest share of revenues. A total of € 2.2 billion or a good three quarters of revenues were generated in Europe, where we are able to leverage logistical advantages over our overseas competitors in the fertilizer business in particular.

Fourth quarter operating earnings up 61%

The operating earnings (EBIT I) exclude the noncash market value changes for the currency options that we use to hedge the US dollar exchange rate and only include the currency gains actually realised from hedging for the reporting period ended. We are of the opinion that the operating earnings (EBIT I) provide a better indication of the operating earnings strength of the K+S Group than the earnings after market value changes (EBIT II).

We achieved a clear increase in fourth quarter operating earnings (EBIT I), boosting it by € 18.4 million or 61% to € 48.8 million. At € 37.0 million, the Potash and Magnesium Products business segment not only accounted for the largest share but also posted the greatest increase by far (+126%).

K+S Group EBIT I for 2005 as a whole amounted to € 250.9 million and was therefore up € 88.0 million or 54% on the previous year.

Market values of exchange rate hedging transactions largely unchanged in fourth quarter

Under IFRSs, changes in the market value of the double-barrier options that we use to hedge the US dollar exchange rate have to be reported in the income statement. While the cash currency gains from options already exercised are included in operating earnings (EBIT I), we report noncash changes in the market value of options that are still outstanding as reconciliation to EBIT II. Changes occurring in the market value of these options until they reach their maturity date are irrelevant for the operating success of K+S. By means of active currency management, including the acceptance of additional premium payments to adjust the barriers if necessary, we can ensure that a hedge is essentially retained until the exercise date.

In the fourth quarter of 2005, earnings after market value changes (EBIT II) rose by € 58.6 million to € 49.8 million; the improvement in EBIT I was further enhanced by the positive development in the market values of our double-barrier options compared with the same quarter last year. The level of market values on the reporting date depends on such factors as the USD/EUR spot rate, exchange rate volatility and option terms.

At € 271.1 million for 2005 as a whole, EBIT II almost doubled in relation to the previous year, which had been still adversely affected by significant market value losses.

Fourth quarter financial result weaker

At € (4.9) million, the financial result was € 4.2 million lower than for the same period last year; this was mainly due to lower gains on investment securities as well as higher interest expenses. However, at € (12.1) million for the year as a whole, the financial result improved by € 1.0 million, with higher interest income overall contributing to this result. Under IFRSs, not only interest expenses for pension provisions (2005: € (9.5) million) but also interest expenses for other non-current provisions, essentially provisions for mining obligations (2005: € (13.9) million), are disclosed in the financial result; both are noncash. Further information can be found in the Notes.

Strong rise in adjusted earnings before and after taxes

Given the limited economic meaningfulness as well as the significant degree of fluctuation in the market values of our currency option transactions, we also report earnings before and after taxes adjusted for these effects. Thus the latter also takes account of the impact of market value changes on deferred taxes.

Fourth quarter adjusted earnings before taxes amounted to € 43.9 million, which represents a strong increase of € 14.2 million or 48% compared with the same period last year. For the year as a whole, adjusted earnings before taxes even rose by € 89.0 million or 59% to € 238.8 million.

Under IFRSs, income taxes are reported on a hypothetical basis through deferred, i.e. noncash, taxes despite the use of tax loss carryforwards. For the year as a whole, € 35.5 million, i.e. about 40% of total income taxes of € 85.2 million, were noncash. Further information about income taxes can be found in the Notes.

After-tax group earnings adjusted for the effect of market value changes amounted to € 35.7 million in the fourth quarter, which represents a marked increase of 51%. At € 161.3 million for the year as a whole, they were up € 57.8 million or 56 % on the corresponding figure for last year.

Fourth quarter adjusted earnings per share up 54%

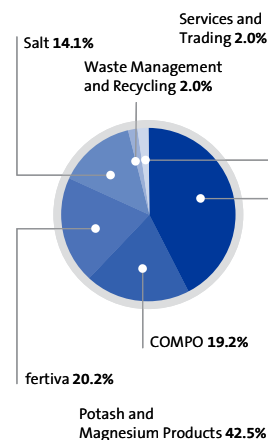
At € 0.86 per share, adjusted earnings per share for the quarter under review were up 30 cents or 54% on the same period last year. As a result of the repurchase of shares that was begun and completed in the fourth quarter, this figure is based on a lower number of shares that averaged 41.7 million no-par value shares. For 2005 as a whole, adjusted earnings per share amounted to € 3.81, which represents an increase of € 1.38 or 57% on the previous year.

As of 31 December 2005, we held 1.25 million of own shares which were cancelled in the first quarter of 2006; the K+S Group now has a total of 41.25 million no-par value shares.

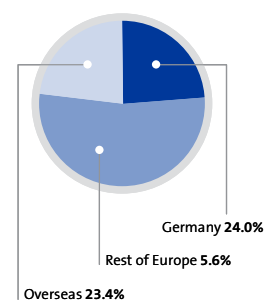
Fourth quarter gross cash flow shows strong increase

At € 104.0 million, fourth quarter gross cash flow was significantly up on the figure for the same period last year (Q4/2004: € 57.1 million). Higher operating earnings as well as higher, noncash allocations to provisions contributed to the increase. Gross cash flow for the year as a whole rose by € 67.4 million or 25% to € 341.5 million. Fourth quarter cash flow from operating activities amounted to € (40.0) million and was thus € 10.7 million down on the same period last year. Higher working capital resulting from the favourable course of business at the end of the year was the key factor in this regard. Cash flow from operating activities for the year as a whole rose by € 19.1 million or 9% to € 220.8 million; higher premium payments in respect of our currency option transactions for subsequent years prevented the increase from being larger. Lower investment activity in the fourth quarter caused disbursements for financial investments and capital expenditure on property, plant and equipment to fall by € 25.2 million to € (34.2) million. The

Revenues by business segment
Jan. - Dec. 2005



Revenues by region
Jan. - Dec. 2005



Management Report

decrease of € 130.3 million to € (94.3) million for the year as a whole was even more pronounced, the previous year having been still influenced by the acquisition of the esco shares.

At € (74.2) million, fourth quarter free cash flow improved somewhat on the figure of € (88.7) million for the same period last year. For the year as a whole, we generated € 126.5 million, which represents an increase of 80% after adjustment for the previous year's acquisitions. Cash and cash equivalents as of 31 December 2005 amounted to € 172.6 million, down € 32.5 million year on year. It should be noted that as of 30 September 2005, just under € 45 million were allocated for the specific, off-balance sheet funding of existing pension entitlements and similar obligations and that own shares totalling € 66.7 million were repurchased in the fourth quarter.

Capital expenditure lower than expected

Fourth quarter capital expenditure amounted to € 41.4 million and was thus € 5.4 million lower than for the same period last year. At € 107.1 million for the year as a whole, capital expenditure was also down a tangible 19% on the previous year. This was primarily attributable to the brine field expansion in the Salt business segment largely finished in the year before and the completion of the Sylvinite project in the Potash and Magnesium Products business segment. In addition, there was a capital expenditure surplus of about € 20 million at the end of 2005.

Including the surplus from the previous year, we expect the volume of capital expenditure for 2006 as a whole to amount to about € 150 million, of which about three quarters are earmarked for replacement and safeguarding production capacity. We expect depreciation charges to amount to about € 130 million.

At € 3.1 million, fourth quarter research and development costs were down somewhat on the same period last year and at € 13.0 million for the whole of 2005 slightly up on the previous year. We expect a similar level of R&D costs for 2006.

Headcount slightly lower

As of 31 December 2005, the K+S Group employed a total of 11,012 people. The figure therefore scarcely changed compared with the previous year (10,988 employees). The full inclusion of the SCPA companies as well as COMPO Fertilizantes de México resulted in a consolidation-related increase of 126 persons. Without this effect, there would have been 1% fewer employees. There were 591 trainees as of 31 December 2005. The headcount at the end of 2006 should also remain on the current level.

Fourth quarter personnel expenses, including expenditure on semi-retirement, early retirement and earnings-related bonuses, amounted to € 189.0 million, which represents a significant increase of € 30.4 million or 19%. Personnel expenses for the year as a whole totalled € 671.1 million, up 9% on the previous year. This was attributable to salary and wage increases resulting from collective bargaining agreements, necessary allocations to provisions for early retirement arrangements and, in particular, to higher variable remuneration resulting from the good earnings development, which alone amounted to € 58.2 million or just under 9% of personnel expenses last year (2004: € 40.6 million or 7%). Greater, earnings-based flexibility in personnel expenses will also be sought in the future in order for it to be possible – depending on the earning situation – to influence personnel expenses as the largest cost item for the K+S Group. As the level of such bonuses last year was only slightly below the agreed ceilings, a smaller percentage increase is expected for 2006 even if earnings rise.

Dividend to increase to € 1.80 per share

Given the higher result and the favourable outlook for the K+S Group's business, the Board of Executive Directors and the Supervisory Board will propose to the Annual General Meeting to increase the dividend by 50 cents or 38% to € 1.80 per share. Based on the K+S share's year-end closing price of € 51.05, the dividend yield will thus amount to 3.5% and the distribution level, based on adjusted group earnings, will be about 47%.

Outlook remains favourable

Given the general conditions that are expected, we assume that the business will develop positively over the next two years. We expect revenues to amount to a good € 2.8 billion this year and to increase again next year. Operating earnings should thus also be able to develop positively. Our largest business segment, Potash and Magnesium Products, should post the comparatively clearest increase in earnings, provided that the trend in the US dollar exchange rate will not require substantial follow-up hedging. Our outlook is based in particular on there being continued stable demand for potash fertilizers worldwide, the full implementation of the efficiency-enhancement measures already initiated in the Potash and Magnesium Products and COMPO business segments and average de-icing salt business.

It is our acknowledged strategy to continue to grow in our traditional business sectors, which includes acquisitions and cooperation arrangements.

The Board of Executive Directors, 24 February 2006

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, actual events may deviate from those expected.

Business Segments of the K+S Group

| Potash and Magnesium Products | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|---|------------------|--------|---------|-------------------|---------|---------|
| | 2005 | 2004 | % | 2005 | 2004 | % |
| € million | | | | | | |
| Revenues | 317.2 | 259.1 | + 22.4 | 1,197.2 | 1,031.2 | + 16.1 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 58.4 | 37.2 | + 57.0 | 236.1 | 154.2 | + 53.1 |
| Operating earnings (EBIT I) | 37.0 | 16.4 | > 100.0 | 151.8 | 71.2 | > 100.0 |
| Operating EBIT margin in % | 11.7 | 6.3 | | 12.7 | 6.9 | |
| Earnings after market value changes (EBIT II) | 38.4 | (23.4) | - | 172.7 | 44.3 | > 100.0 |
| Capital expenditure | 27.3 | 28.9 | (5.5) | 70.9 | 81.6 | (13.1) |
| Employees as of 31 Dec. (number) | - | - | - | 7,490 | 7,472 | + 0.2 |

International price levels have stabilised. In Brazil, however, prices came under slight pressure as a result of the demand situation. The results of negotiations with China will indicate the direction in which prices will develop further. Potash stocks rose in North America, Russia and Belarus in the fourth quarter of 2005. As a consequence, competitors began scaling back output in the fourth quarter of 2005 and into the first quarter of 2006.

Fourth quarter revenues rose by 22 % to € 317.2 million. Higher price levels for all product lines, an improved distribution structure as well as a stronger US dollar exchange rate contributed to the increase. Potassium chloride revenues totalled € 154.8 million and fertilizer specialities amounted to € 109.1 million, with revenues rising by 23% in each case, mainly as a result of price factors. Revenues for the industrial products business (€ 53.3 million) rose by 18 % on the same quarter last year. At € 1,197.2 million for the year as a whole, business segment revenues were up 16%.

Fourth quarter operating earnings totalled € 37.0 million and thus more than doubled. Significantly higher average revenues for potash and magnesium products caused this above-average increase in earnings. Operating earnings for the year as a whole totalled € 151.8 million (+113%), with the price trends described above as well as the sustained cost-cutting effects of our efficiency enhancements having a positive impact in this regard.

For 2006, we expect the Potash and Magnesium Products business segment to achieve higher revenues. In addition to a slight increase in sales to about 8 million tons (2005: 7.86 million tons), our forecast is based on moderate price increases. Under these conditions, operating earnings should rise this year as a result of average prices that are expected to be higher and despite rising energy and freight costs.

| COMPO | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|---|------------------|-------|---------|-------------------|-------|--------|
| | 2005 | 2004 | % | 2005 | 2004 | % |
| € million | | | | | | |
| Revenues | 107.8 | 102.1 | + 5.6 | 541.7 | 525.1 | + 3.2 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 6.7 | 1.4 | > 100.0 | 38.3 | 32.1 | + 19.3 |
| Operating earnings (EBIT I) | 0.8 | 2.2 | (63.6) | 25.0 | 23.9 | + 4.6 |
| Operating EBIT margin in % | 0.7 | 2.2 | | 4.6 | 4.6 | |
| Earnings after market value changes (EBIT II) | 0.5 | 1.9 | (73.7) | 24.9 | 24.1 | + 3.3 |
| Capital expenditure | 5.7 | 7.6 | (25.0) | 12.3 | 14.7 | (16.3) |
| Employees as of 31 Dec. (number) | - | - | - | 1,292 | 1,309 | (1.3) |

The fourth quarter consumer business suffered from relatively high inventories. By contrast, the professional business developed successfully as a result of strong foreign demand, especially in Latin America.

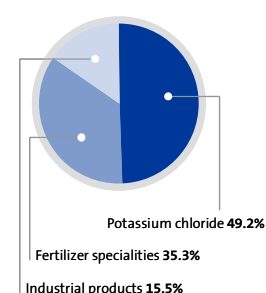
Revenues in the fourth quarter of 2005 rose by € 5.7 million or 6% to € 107.8 million, especially as a result of price increases as well as moderate volume and exchange rate effects. Consumer area revenues fell by 3% to € 28.2 million, which was mainly attributable to the trade inventory situation with regard to flower care products. By contrast, the professional business was able to improve by 9% to € 79.6 million, which was mainly the result of good demand for speciality mineral as well as slow-release fertilizers. COMPO business segment revenues for the year as a whole totalled € 541.7 million and were thus 3% up on the previous year; about € 10.5 million of the increase was attributable to consolidation-related effects.

Fourth quarter operating earnings amounted to € 0.8 million and were down € 1.4 million. It was only possible to partially offset cost increases for the raw materials used. Operating earnings for the year as a whole rose by € 1.1 million or 5 % to € 25.0 million.

We expect to see a slight rise in revenues for 2006. In the case of the consumer segment, we expect a slight increase in the core markets of Europe following a slack 2005 in economic terms. Revenue growth in the professional area is mainly due to stabilised fertilizers and speciality mineral fertilizers outside Europe. Assuming that the price of ammonia will remain the same compared with the previous year, operating earnings should increase tangibly once again. The efficiency-enhancement measures introduced last year should make a key contribution in this regard.

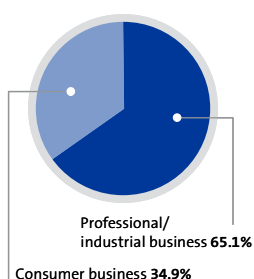
| Variance analysis | Q4/05 | 12M/05 |
|---------------------------------------|---------------|----------------|
| Revenues (€ million) | 317.2 | 1,197.2 |
| Change in revenues (€ million) | + 58.1 | + 166.0 |
| - Potassium chloride | + 29.1 | + 78.5 |
| - Fertilizer specialities | + 20.7 | + 66.7 |
| - Industrial products | + 8.3 | + 20.8 |

Revenues by product group
Jan. - Dec. 2005



| Variance analysis | Q4/05 | 12M/05 |
|--|--------------|---------------|
| Revenues (€ million) | 107.8 | 541.7 |
| Change in revenues (€ million) | + 5.7 | + 16.6 |
| - Consumer business | (0.9) | (6.7) |
| - Professional/ industrial business | + 6.6 | + 23.3 |

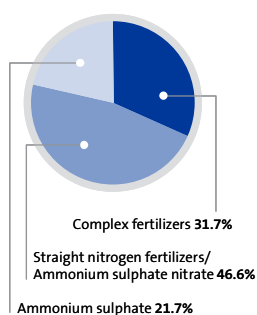
Revenues by product group
Jan. - Dec. 2005



Business Segments of the K+S Group

| Variance analysis | Q4/05 | 12M/05 |
|---|--------------|---------------|
| Revenues (€ million) | 139.5 | 568.3 |
| Change in revenues (€ million) | (3.9) | + 54.5 |
| - Complex fertilizers | + 1.3 | + 28.9 |
| - Straight nitrogen fertilizers/ Ammonium sulphate nitrate | (2.6) | + 12.7 |
| - Ammonium sulphate | (2.6) | + 12.9 |

Revenues by product group
Jan. - Dec. 2005



| fertiva | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|--|------------------|-------|---------|-------------------|-------|--------|
| | 2005 | 2004 | % | 2005 | 2004 | % |
| € million | | | | | | |
| Revenues | 139.5 | 143.4 | (2.7) | 568.3 | 513.8 | + 10.6 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 1.7 | 3.0 | (43.3) | 15.3 | 10.5 | + 45.7 |
| Operating earnings (EBIT I) | 1.6 | 2.9 | (44.8) | 14.8 | 10.1 | + 46.5 |
| Operating EBIT margin in % | 1.1 | 2.0 | | 2.6 | 2.0 | |
| Earnings after market value changes (EBIT II) | 1.6 | 3.6 | (55.6) | 14.8 | 10.3 | + 43.7 |
| Capital expenditure | 0.0 | 0.2 | (100.0) | 0.3 | 1.0 | (70.0) |
| Employees as of 31 Dec. (number) | - | - | - | 58 | 57 | + 1.8 |

Following the strong third quarter, the remaining months of 2005 were marked by purchasing restraint in the case of nitrogenous fertilizers. High gas prices caused some European suppliers to suspend the operation of their ammonia facilities in Europe at times. The strong rise in raw material prices in the fourth quarter could not be fully passed on through higher prices for end products.

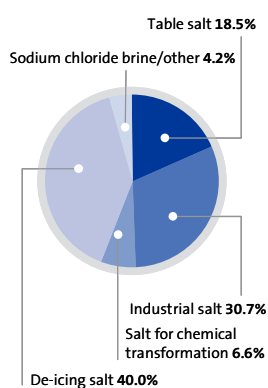
fertiva achieved revenues of € 139.5 million for the fourth quarter of 2005, the decrease of 3% being mainly attributable to lower availability. In the case of complex fertilizers, higher prices more than made up for lower sales, with revenues rising by 4% to € 35.1 million. In the case of straight nitrogen fertilizers, however, lower sales could not be completely offset, with the result that revenues fell 3% to € 74.0 million. In the case of ammonium sulphate too, revenues fell by 8% to € 30.4 million; with price levels unchanged, this was solely attributable to lower volume. The fertiva business segment achieved an increase in revenues for the year as a whole of € 54.5 million or 11% to € 568.3 million mainly as a result of price factors.

Fourth quarter operating earnings totalled € 1.6 million and were thus lower than a year ago. The key factors in this respect were the significant increase in raw material costs as well as the drop in sales. Nevertheless, at € 14.8 million for the year as a whole, fertiva achieved its best result to date.

For 2006, we expect lower revenues as a result of lower volume availability. In the case of complex fertilizers and straight nitrogen fertilizers, we expect slightly higher prices, which, however, will not be sufficient to compensate for further increases in raw material costs. Following last year's very good result, we therefore expect a limited reduction in operating earnings.

| Variance analysis | Q4/05 | 12M/05 |
|---------------------------------------|---------------|---------------|
| Revenues (€ million) | 121.6 | 398.0 |
| Change in revenues (€ million) | + 23.4 | + 40.2 |
| - Table salt | + 0.5 | (0.2) |
| - Industrial salt | + 0.5 | (0.7) |
| - Salt for chemical transformation | + 0.8 | (0.9) |
| - De-icing salt | + 20.8 | + 39.9 |
| - Sodium chloride brine/ other | + 0.8 | + 2.1 |

Revenues by product group
Jan. - Dec. 2005



| Salt | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|--|------------------|------|--------|-------------------|-------|--------|
| | 2005 | 2004 | % | 2005 | 2004 | % |
| € million | | | | | | |
| Revenues | 121.6 | 98.2 | + 23.8 | 398.0 | 357.8 | + 11.2 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 24.4 | 21.6 | + 13.0 | 85.9 | 79.1 | + 8.6 |
| Operating earnings (EBIT I) | 17.4 | 15.0 | + 16.0 | 62.7 | 56.7 | + 10.6 |
| Operating EBIT margin in % | 14.3 | 15.3 | | 15.8 | 15.8 | |
| Earnings after market value changes (EBIT II) | 17.4 | 15.0 | + 16.0 | 62.7 | 56.7 | + 10.6 |
| Capital expenditure | 5.2 | 5.9 | (11.9) | 12.4 | 25.0 | (50.4) |
| Employees as of 31 Dec. (number) | - | - | - | 1,385 | 1,370 | + 1.1 |

As a result of the wintry weather conditions in large parts of Northern Europe, the course of business for the European salt industry towards the end of the year was marked by above-average demand for de-icing salt.

Business segment revenues for the quarter under review amounted to € 121.6 million and were thus up about 24% on the same period last year. In the case of table salts (€ 19.1 million), industrial salts and salts for chemical transformation (€ 31.2 million and € 7.2 million), revenues were up slightly on the corresponding figures of a year ago. The positive course of business in the fourth quarter was, however, dominated by the comparatively robust de-icing salt business, which saw revenues rise by 55% to € 58.9 million as a result of higher volume as well as better average prices. Wintry weather conditions at both the beginning and the end of 2005 were the key factors behind an increase in revenues for the year as a whole of 11% to € 398.0 million.

The increase in fourth quarter operating earnings, which rose by € 2.4 million to € 17.4 million, was once again attributable to the very good de-icing salt business. Operating earnings for the year as a whole rose by € 6.0 million or 11% to € 62.7 million, the highest result to date.

With de-icing salt having made a very good start to the year as a result of weather conditions, the Salt business segment has already laid the groundwork for 2006 being another good year. The projected sales volume for de-icing salt is once again based on average de-icing salt sales over the past ten years. We therefore expect revenues to be lower than in the outstanding year 2005 and, from today's perspective, assume that the previous year's record figure will not be attained again.

| Waste Management and Recycling | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|---|-------------------------|------|---------|--------------------------|------|---------|
| € million | 2005 | 2004 | % | 2005 | 2004 | % |
| Revenues | 15.0 | 14.6 | + 2.7 | 56.0 | 59.2 | (5.4) |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 2.4 | 2.1 | + 14.3 | 10.8 | 12.1 | (10.7) |
| Operating earnings (EBIT I) | 1.6 | 1.3 | + 23.1 | 8.1 | 8.1 | + 0.0 |
| Operating EBIT margin in % | 10.7 | 8.9 | | 14.5 | 13.7 | |
| Earnings after market value changes (EBIT II) | 1.6 | 1.3 | + 23.1 | 8.1 | 8.1 | + 0.0 |
| Capital expenditure | 1.8 | 0.3 | > 100.0 | 3.4 | 1.0 | > 100.0 |
| Employees as of 31 Dec. (number) | - | - | - | 33 | 35 | (5.7) |

The disposal market in Germany saw very intense competition in the fourth quarter too. However, the capacity bottlenecks resulting from the increase in filter dust and flue gas cleaning residues from domestic waste incineration plants resulted in some first moderate price increases for waste reutilisation services.

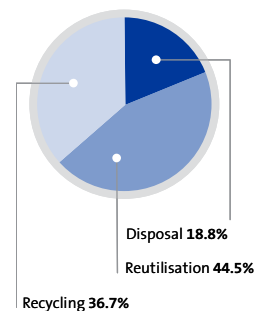
During the quarter under review, revenues rose by 3% to € 15.0 million as a result of volume factors. At € 2.7 million (Q4/2004: € 3.0 million), revenues for underground waste disposal were down 10%; budgetary constraints in the public sector have meant that it has hitherto not been possible to acquire any follow-up projects for the major projects consisting in the clean-up of pre-existing environmental contamination that expired last year. By contrast, we achieved a volume-related increase of 11% to € 7.1 million in the case of underground waste reutilisation. This reflects the continued positive effects of the more stringent legal requirements that have applied to domestic waste since June 2005. At € 5.2 million, recycling business revenues were on the same level as a year ago. The business segment achieved revenues of € 56.0 million for the year as a whole, with the decrease of 5% being largely attributable to lower volume for underground disposal.

Fourth quarter operating earnings rose by € 0.3 million to € 1.6 million as a result of positive aluminium recycling business. At € 8.1 million for the year as a whole, the business segment achieved operating earnings on the previous year's level.

We expect revenues for 2006 to be somewhat higher than last year. The timely increase in the processing capacity of our underground reutilisation facilities will enable us to participate to an even greater extent in the significant growth for the disposal of flue gas cleaning residues. As with revenues, we assume that operating earnings will also increase slightly.

| Variance analysis | Q4/05 | 12M/05 |
|---------------------------------------|--------------|---------------|
| Revenues (€ million) | 15.0 | 56.0 |
| Change in revenues (€ million) | + 0.4 | (3.2) |
| - Disposal | (0.3) | (7.6) |
| - Reutilisation | + 0.7 | + 2.7 |
| - Recycling | + 0.0 | + 1.7 |

Umsätze nach Bereichen
Jan. - Dez. 2005



| Services and Trading | Oct. - Dec. (Q4) | | | Jan. - Dec. (12M) | | |
|---|-------------------------|------|--------|--------------------------|------|--------|
| € million | 2005 | 2004 | % | 2005 | 2004 | % |
| Revenues | 14.9 | 13.3 | + 12.0 | 54.5 | 51.5 | + 5.8 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 4.3 | 4.9 | (12.2) | 26.1 | 28.2 | (7.4) |
| Operating earnings (EBIT I) | 2.8 | 3.3 | (15.2) | 20.1 | 22.1 | (9.0) |
| Operating EBIT margin in % | 18.8 | 24.8 | | 36.9 | 42.9 | |
| Earnings after market value changes (EBIT II) | 2.8 | 3.3 | (15.2) | 20.1 | 22.1 | (9.0) |
| Capital expenditure | 1.4 | 3.6 | (61.1) | 6.6 | 7.8 | (15.4) |
| Employees as of 31 Dec. (number) | - | - | - | 393 | 386 | + 1.8 |

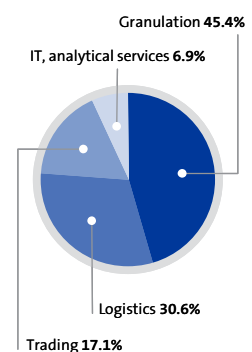
| Variance analysis | Q4/05 | 12M/05 |
|---------------------------------------|--------------|---------------|
| Revenues (€ million) | 14.9 | 54.5 |
| Change in revenues (€ million) | + 1.6 | + 3.0 |
| - Granulation | + 1.8 | + 1.4 |
| - Logistics | (0.1) | + 1.8 |
| - Trading | + 0.0 | (0.1) |
| - IT, analytical services | (0.1) | (0.1) |

Services and Trading business segment revenues increased by € 1.6 million to € 14.9 million in the fourth quarter of 2005. The revenues deriving from services rendered to K+S Group companies, especially in the case of logistics, are not included in this figure. Logistics area revenues reached € 4.3 million and were thus just below the figure for the same period last year. In the case of the trading business (€ 2.8 million) as well as IT and analytical services (€ 1.0 million), revenues were also on about the same level as a year ago. The revenue increase in the fourth quarter is thus mainly due to good business involving the production of CATSAN® (granulation) as a result of volume factors and which saw revenues rise by 36% to € 6.8 million. For the year as a whole, the business segment generated third-party revenues of € 54.5 million; the increase of 6% was attributable to the positive logistics business as well as higher volume for granulation.

At € 2.8 million, fourth quarter business segment operating earnings were down € 0.5 million on the same period last year; this was mainly because of the lower contribution to earnings made by logistics. Operating earnings for the year as a whole fell by € 2.0 million to € 20.1 million for the same reason.

We expect the course of business in the Services and Trading business segment to remain stable. Revenues and operating earnings for this year should once again attain the good levels of the previous year.

Revenues by segment
Jan. - Dec. 2005



Financial Section

Explanatory notes; structural changes

The interim reports of the K+S Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) since 2005. The corresponding period in 2004 has been adjusted accordingly. The measurement principles applied in these quarterly financial statements correspond to those applied to the corresponding period. The interim figures are unaudited.

The scope of consolidation was extended for seven companies as of 1 January 2005.

| Group income statement | Oct. - Dec. (Q4) | | Jan. - Dec. (12M) | |
|--|------------------|--------|-------------------|---------|
| € million | 2005 | 2004 | 2005 | 2004 |
| Revenues | 716.0 | 630.7 | 2,815.7 | 2,538.6 |
| Cost of sales | 439.9 | 416.6 | 1,811.2 | 1,674.7 |
| Gross profit | 276.1 | 214.1 | 1,004.5 | 863.9 |
| Gross margin in % | 38.6 | 33.9 | 35.7 | 34.0 |
| Selling expenses | 178.2 | 157.4 | 673.0 | 626.6 |
| including freight costs | 101.9 | 87.5 | 377.9 | 339.2 |
| General and administrative expenses | 18.1 | 18.1 | 71.7 | 64.2 |
| Research and development costs | 3.1 | 3.4 | 13.0 | 12.1 |
| Other operating income/expenses | (32.5) | (5.4) | (5.0) | (0.5) |
| Income from investments, net | 4.6 | 0.6 | 9.1 | 2.4 |
| Operating earnings (EBIT I) | 48.8 | 30.4 | 250.9 | 162.9 |
| Operating EBIT margin in % | 6.8 | 4.8 | 8.9 | 6.4 |
| Market value changes from exchange rate hedging transactions | 1.0 | (39.2) | 20.8 | (26.4) |
| Earnings after market value changes (EBIT II) | 49.8 | (8.8) | 271.7 | 136.5 |
| Interest income, net | (4.4) | (3.7) | (17.8) | (18.5) |
| Other financial result | (0.5) | 3.0 | 5.7 | 5.4 |
| Financial result | (4.9) | (0.7) | (12.1) | (13.1) |
| Earnings before income taxes | 44.9 | (9.5) | 259.6 | 123.4 |
| Earnings before income taxes, adjusted * | 43.9 | 29.7 | 238.8 | 149.8 |
| Taxes on income | 8.6 | (8.4) | 85.2 | 36.6 |
| of which deferred taxes | 0.3 | (13.6) | 35.5 | 14.1 |
| Earnings after taxes | 36.3 | (1.1) | 174.4 | 86.8 |
| Minority interests in earnings | 0.0 | 0.0 | 0.0 | 0.0 |
| Group earnings after taxes and minorities | 36.3 | (1.1) | 174.4 | 86.8 |
| Elimination of market value changes | (0.6) | 24.7 | (13.1) | 16.7 |
| Group earnings after taxes, adjusted * | 35.7 | 23.6 | 161.3 | 103.5 |
| Earnings per share in € (undiluted Δ diluted) | 0.87 | (0.03) | 4.12 | 2.04 |
| Earnings per share in €, adjusted * | 0.86 | 0.56 | 3.81 | 2.43 |
| Average number of shares (million) | 41.7 | 42.5 | 42.3 | 42.5 |

* adjusted for the effect of market value changes in exchange rate hedging transactions; a tax rate of 37.0 % is assumed for adjusted group earnings

| Statement of changes in equity | Subscribed capital | Additional paid-in capital | Profit retained/revenue reserves | Differences from foreign currency translation | Other reserves not recognized in net profit/loss | Minorities | Equity |
|---------------------------------------|--------------------|----------------------------|----------------------------------|---|--|------------|--------------|
| € million | | | | | | | |
| Balance as of 1 January 2005 | 108.8 | 4.7 | 757.1 | (1.6) | 11.6 | – | 880.6 |
| Dividend for previous year | – | – | (55.3) | – | – | – | (55.3) |
| Earnings after taxes for the period | – | – | 174.4 | – | – | – | 174.4 |
| Cancellation of own shares | – | – | (66.7) | – | – | – | (66.7) |
| Subscription of employee shares | – | 4.0 | – | – | – | – | 4.0 |
| Market value of securities | – | – | – | – | 8.0 | – | 8.0 |
| Consolidation effects | – | – | (0.1) | 0.1 | – | 0.1 | 0.1 |
| Other neutral changes | – | – | (5.0) | 1.4 | 0.6 | – | (3.0) |
| Balance as of 31 December 2005 | 108.8 | 8.7 | 804.4 | (0.1) | 20.2 | 0.1 | 942.1 |
| Balance as of 1 January 2004 | 108.8 | 4.6 | 711.3 | (1.2) | 11.9 | – | 835.3 |
| Dividend for previous year | – | – | (42.5) | – | – | – | (42.5) |
| Earnings after taxes for the period | – | – | 86.8 | – | – | – | 86.8 |
| Market value of securities | – | – | – | – | (0.2) | – | (0.2) |
| Consolidation effects | – | 0.1 | (2.7) | – | – | – | (2.6) |
| Other neutral changes | – | – | 4.2 | (0.4) | (0.1) | – | 3.8 |
| Balance as of 31 December 2004 | 108.8 | 4.7 | 757.1 | (1.6) | 11.6 | – | 880.6 |

| Balance sheet - assets | | |
|---|----------------|----------------|
| € million | 31.12.2005 | 31.12.2004 |
| Intangible assets | 82.2 | 78.0 |
| of which goodwill from acquisitions | 13.9 | 13.4 |
| Property, plant and equipment | 791.9 | 805.3 |
| Investment properties | 11.2 | 11.7 |
| Financial assets | 19.3 | 26.3 |
| Receivables and other assets | 2.0 | 6.3 |
| Securities | 56.0 | 49.5 |
| Deferred tax assets | 58.2 | 93.2 |
| Non-current assets | 1,020.8 | 1,070.3 |
| Inventories | 281.3 | 248.7 |
| Accounts receivable – trade | 598.2 | 506.0 |
| Other receivables and assets | 206.2 | 113.6 |
| of which derivative financial instruments | 120.9 | 21.5 |
| Recoverable income taxes | 2.6 | 3.1 |
| Securities | 76.0 | 114.5 |
| Cash on hand and balances with banks | 74.0 | 91.5 |
| Current assets | 1,238.3 | 1,077.4 |
| ASSETS | 2,259.1 | 2,147.7 |

| Balance sheet - equity and liabilities | | |
|---|----------------|----------------|
| € million | 31.12.2005 | 31.12.2004 |
| Subscribed capital | 108.8 | 108.8 |
| Additional paid-in capital | 8.7 | 4.7 |
| Other revenue reserves and profit retained | 824.6 | 767.1 |
| Minority interests | 0.0 | – |
| Equity | 942.1 | 880.6 |
| Bank loans and overdrafts | 6.0 | 14.5 |
| Other liabilities | 10.8 | 9.2 |
| Provisions for pensions and similar obligations | 171.7 | 216.1 |
| Provisions for mining obligations | 324.9 | 322.1 |
| Other provisions | 138.0 | 115.7 |
| Deferred taxes | 13.7 | 10.6 |
| Non-current debt | 665.1 | 688.2 |
| Bank loans and overdrafts | 23.5 | 43.3 |
| Accounts payable – trade | 354.0 | 321.5 |
| Other liabilities | 72.2 | 61.4 |
| of which derivative financial instruments | 27.7 | 1.3 |
| Income tax liabilities | 19.9 | 8.1 |
| Provisions | 182.3 | 144.6 |
| Current liabilities | 651.9 | 578.9 |
| EQUITY AND LIABILITIES | 2,259.1 | 2,147.7 |

| Net liquid funds | Oct. - Dec. (Q4) | | Jan. - Dec. (12M) | |
|--|-------------------------|--------------|--------------------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| € million | | | | |
| Net liquid funds at the beginning of the period | 317.2 | 281.2 | 205.1 | 269.4 |
| Cash and cash equivalents | 74.0 | 91.5 | 74.0 | 91.5 |
| Liabilities due to banks < 3 months | (0.3) | (37.3) | (0.3) | (37.3) |
| Cash invested with affiliated companies* | – | 10.8 | – | 10.8 |
| Cash received from affiliated companies* | (3.9) | (3.3) | (3.9) | (3.3) |
| Net cash and cash equivalents as of 31 December | 69.8 | 61.7 | 69.8 | 61.7 |
| Securities | 132.0 | 164.0 | 132.0 | 164.0 |
| Liabilities due to banks > 3 months | (29.2) | (20.6) | (29.2) | (20.6) |
| Net liquid funds as of 31 December | 172.6 | 205.1 | 172.6 | 205.1 |

* companies not included in the scope of consolidation

Financial Section

| Cash flow statement | Oct. - Dec. (Q4) | | Jan. - Dec. (12M) | |
|---|------------------|---------|-------------------|---------|
| € million | 2005 | 2004 | 2005 | 2004 |
| Operating earnings (EBIT I) | 48.8 | 30.4 | 250.9 | 162.9 |
| Depreciation and amortisation on fixed assets* | 37.0 | 31.2 | 132.2 | 126.6 |
| Release of negative consolidation differences | 0.2 | – | (1.6) | – |
| Decrease(-)/increase(+) in non-current provisions (without interest rate effects) | 21.1 | (1.6) | (0.5) | (1.2) |
| Interest, dividends and similar income received | 4.3 | 2.9 | 11.4 | 10.7 |
| Gains/losses realised on the disposal of financial assets and securities | 1.3 | 0.5 | 5.3 | 2.5 |
| Interest paid | (1.4) | (1.0) | (5.0) | (5.8) |
| Income tax paid | (8.2) | (5.3) | (49.6) | (22.5) |
| Other noncash items | 0.9 | – | (1.6) | 0.9 |
| Gross cash flow | 104.0 | 57.1 | 341.5 | 274.1 |
| Gain(-)/loss(+) on disposals of fixed assets | (2.3) | 0.4 | (7.6) | (1.4) |
| Increase(-)/decrease(+) in inventories | (30.6) | (29.1) | (25.6) | 0.2 |
| Increase(-)/decrease(+) in receivables and other assets from operating activities | (120.5) | (104.4) | (146.1) | (72.8) |
| Decrease(-)/increase(+) in liabilities from operating activities | 12.9 | 46.7 | 34.1 | (22.1) |
| Increase in current provisions | – | – | 28.0 | 23.7 |
| Out-financing of provisions | (3.5) | – | (3.5) | – |
| Cash flow provided by(+)/used in(-) operating activities | (40.0) | (29.3) | 220.8 | 201.7 |
| Proceeds from disposals of fixed assets | 4.0 | 1.9 | 10.5 | 4.8 |
| Disbursements for intangible assets | (1.4) | (6.9) | (4.2) | (9.8) |
| Disbursements for property, plant and equipment | (38.4) | (40.3) | (101.7) | (122.4) |
| Disbursements for financial assets | (0.5) | (6.2) | (0.7) | (6.8) |
| Disbursements for acquisition of consolidated companies | – | 0.6 | – | (93.0) |
| Proceeds from sale/disbursements for acquisition of securities | 2.1 | (8.5) | 1.8 | 2.6 |
| Cash flow used in investing activities | (34.2) | (59.4) | (94.3) | (224.6) |
| Free cash flow | (74.2) | (88.7) | 126.5 | (22.9) |
| Payment of dividend | – | – | (55.3) | (42.5) |
| Purchase of own shares | (66.7) | – | (66.7) | – |
| Taking out(+)/repayment of(-) loans | (0.8) | 1.5 | 8.7 | 2.8 |
| Out-financing of provisions (reclassification) | 3.5 | – | – | – |
| Cash flow provided by(+)/used in(-) financing activities | (64.0) | 1.5 | (113.3) | (39.7) |
| Change in cash and cash equivalents affecting cash flow | (138.2) | (87.2) | 13.2 | (62.6) |
| Change in value of cash and cash equivalents | 0.2 | – | 0.2 | – |
| Changes from consolidation | (5.8) | – | (5.4) | 0.2 |
| Change in cash and cash equivalents | (143.8) | (87.2) | 8.0 | (62.4) |

* for intangible assets and property, plant and equipment

Notes and Explanatory Comments Concerning the First-time Application of IFRSs

The first-time application of International Financial Reporting Standards (IFRSs) essentially has retroactive effect in accordance with IFRS 1. Accordingly, IFRSs are to be applied for the first time as if IFRSs had hitherto always been applied in preparing financial statements. The following are key differences in accounting and measurement rules in relation to German commercial law:

- Goodwill is subject to an impairment test at regular intervals; there is no systematic amortisation or setting off against reserves.
- The depreciation on fixed assets is based on actual useful lives; no carrying values based on tax considerations are permitted.
- Available-for-sale securities are measured at market value even if it exceeds the cost of acquisition. Price gains and losses resulting from such measurement are reported within equity under reserves not recognized in profit or loss.
- Derivative financial instruments and securities with embedded derivatives are measured at market value even if it exceeds the cost of acquisition. Both gains and decreases in value are recognized in profit or loss.
- Provisions are only recognized when obligations exist in relation to third parties and the likelihood of such provisions being used amounts to at least 50 percent. Non-current provisions are stated at present value. There are no provisions for overdue maintenance and no other provisions for expenses.
- Provisions for pensions are computed in accordance with the projected unit credit method. Deferred taxes are computed applying the balance sheet liability method. Deferred taxes in respect of tax loss carryforwards are recognized insofar as these can be used.

Reconciliation of earnings after taxes as of 31 December 2004

| Reconciliation of earnings as of 31 December 2004, from HGB to IFRSs | |
|--|-------------|
| € million | |
| Earnings for the period in accordance with HGB as of 31 December 2004 | 140.5 |
| Measurement of revenues | (42.6) |
| Depreciation and amortisation | (12.3) |
| Foreign currency result | 38.3 |
| Changes in provisions | 23.6 |
| Changes in market value of derivatives | (26.4) |
| Interest expense for non-current provisions | (13.5) |
| Deferred taxes | (13.6) |
| Others | (7.2) |
| Earnings for the period in accordance with IFRSs as of 31 December 2004 | 86.8 |

Notes and Explanatory Comments Concerning the First-time Application of IFRSs

Reconciliation of equity as of 1 Jan. 2004 as well as 31 Dec. 2004

Reconciliation of equity as of 1 January 2004, from HGB to IFRSs

| € million | |
|---|--------------|
| Equity in accordance with HGB as of 1 January 2004 | 555.4 |
| Property, plant and equipment | 128.3 |
| Intangible assets including goodwill | (0.3) |
| Receivables, payables, cash and cash equivalents | (24.7) |
| Market value of derivatives | 27.7 |
| Securities | 15.4 |
| Deferred tax assets | 106.1 |
| Balances from capital consolidation | 29.5 |
| Provisions | (2.8) |
| of which for mining obligations | 1.6 |
| of which pension provisions | (42.8) |
| Deferred tax liabilities | 4.4 |
| Other adjustments | (3.7) |
| Equity in accordance with IFRSs as of 1 January 2004 | 835.3 |

Reconciliation of equity as of 31 December 2004, from HGB to IFRSs

| € million | |
|---|--------------|
| Equity in accordance with HGB as of 31 December 2004 | 601.4 |
| Property, plant and equipment | 130.0 |
| Intangible assets including goodwill | (0.2) |
| Receivables, payables, cash and cash equivalents | (29.1) |
| Market value of derivatives | 1.3 |
| Securities | 17.2 |
| Deferred tax assets | 93.2 |
| Balances from capital consolidation | 62.3 |
| Provisions | 6.1 |
| of which for mining obligations | 40.1 |
| of which pension provisions | (43.4) |
| Deferred tax liabilities | 10.0 |
| Other adjustments | (11.6) |
| Equity in accordance with IFRSs as of 31 December 2004 | 880.6 |

Seasonal factors

There are seasonal differences over the course of the year that affect sales of fertilizers and salt products. In the case of fertilizers, we generally attain our highest revenues in the first half of the year because of the use of fertilizers in Europe during the spring. This effect can either be enhanced or diminished by overseas sales. Sales of salt products – especially of de-icing salt – largely depend on winter weather conditions during the first and fourth quarters.

In the aggregate, both these effects mean that revenues and earnings in particular are greatest during the first half of the year.

Geographical breakdown of revenues

In addition to the chart showing the geographical breakdown of K+S Group revenues in the Management Report, the following table shows revenues, volume and average prices for our largest business segment, Potash and Magnesium Products:

| Potash and Magnesium Products Business Segment | | Q1/04 | Q2/04 | Q3/04 | Q4/04 | 2004 | Q1/05 | Q2/05 | Q3/05 | Q4/05 | 2005 |
|--|--------------|-------|-------|-------|-------|---------|-------|-------|-------|-------|---------|
| Revenues* | € million | 279.7 | 267.7 | 224.7 | 259.1 | 1,031.2 | 312.2 | 306.4 | 261.4 | 317.2 | 1,197.2 |
| - Europe | € million | 204.0 | 165.6 | 134.0 | 166.5 | 670.1 | 219.4 | 204.1 | 166.3 | 181.4 | 771.2 |
| - Overseas | € million | 75.7 | 102.1 | 90.7 | 92.6 | 361.1 | 92.8 | 102.3 | 95.1 | 135.8 | 426.0 |
| Volume | million tons | 2.22 | 2.07 | 1.69 | 1.91 | 7.89 | 2.11 | 2.06 | 1.77 | 1.92 | 7.86 |
| - Europe | million tons | 1.57 | 1.30 | 1.04 | 1.29 | 5.20 | 1.48 | 1.42 | 1.13 | 1.20 | 5.23 |
| - Overseas | million tons | 0.65 | 0.77 | 0.65 | 0.62 | 2.69 | 0.63 | 0.64 | 0.64 | 0.72 | 2.63 |
| Average price | per ton in € | 126.0 | 129.3 | 133.0 | 135.7 | 130.7 | 148.0 | 148.7 | 147.7 | 165.2 | 152.3 |
| - Europe | per ton in € | 129.9 | 127.4 | 128.8 | 129.1 | 128.9 | 148.2 | 143.7 | 147.2 | 151.2 | 147.5 |
| - Overseas | per ton in € | 116.5 | 132.6 | 139.5 | 149.4 | 134.2 | 147.3 | 159.8 | 148.6 | 188.6 | 162.0 |

* Revenues include prices both inclusive and exclusive of freight costs and are based on the respective USD/EUR exchange rate in the case of overseas revenues. Hedging transactions have been concluded in respect of most revenues, providing us with more attractive EUR revenues than indicated here. These effects are included in other operating income. The details of price provided are only intended to serve as a general guideline.

Foreign currency result in EBIT I

Exchange rates are generally hedged using double-barrier options. The terms of the derivatives employed vary and extend until 2008. It should be noted that hedging transactions are only effective as long as the USD/EUR spot rate remains within agreed barriers: If need be, these can be adjusted by paying additional premiums. For 2006, they currently lie between USD/EUR 1.12 and USD/EUR 1.35.

We have hedged a total of USD 480 million for 2005 (2004: USD 350 million). Average hedged rates per quarter for the Potash and Magnesium Products business segment are as follows:

| Potash and Magnesium Products Business Segment | Q1/04 | Q2/04 | Q3/04 | Q4/04 | 2004 | Q1/05 | Q2/05 | Q3/05 | Q4/05 | 2005 |
|--|-------|-------|-------|-------|------|-------|-------|-------|-------|------|
| USD/EUR hedged rate after premiums | 1.06 | 1.13 | 1.12 | 1.11 | 1.10 | 1.17 | 1.17 | 1.14 | 1.12 | 1.15 |
| Average USD/EUR spot rate | 1.25 | 1.20 | 1.22 | 1.30 | 1.24 | 1.31 | 1.26 | 1.22 | 1.19 | 1.24 |

Notes and Explanatory Comments Concerning the First-time Application of IFRSs

| Interest income, net | | | | |
|---|--------------|--------------|---------------|---------------|
| € million | Q4/05 | Q4/04 | 12M/05 | 12M/04 |
| Interest income | 4.2 | 2.9 | 11.3 | 10.7 |
| Interest expense | (8.6) | (6.6) | (29.1) | (29.2) |
| of which interest expense for pension provisions | (2.4) | (2.4) | (9.5) | (9.6) |
| of which interest expense for provisions for mining obligations | (3.9) | (2.1) | (13.9) | (12.8) |
| Interest income, net | (4.4) | (3.7) | (17.8) | (18.5) |

The actuarial measurement of pension provisions is performed applying the projected unit credit method in accordance with IAS 19. The following parameters have been applied in computing provisions for pensions:

- Trend in salary increases: 1.5%
- Trend in pension increases: 1.5%
- Discount factor: 4.6%

The following parameters have been taken into account in computing most of the provisions for mining obligations:

- Trend in price increases: 1.5%
- Discount factor: 5.0%

| Income tax | | | | |
|----------------------|------------|--------------|-------------|-------------|
| € million | Q4/05 | Q4/04 | 12M/05 | 12M/04 |
| Corporation tax | 2.6 | 1.5 | 14.7 | 5.9 |
| Trade tax on income | 5.0 | 2.1 | 27.3 | 7.7 |
| Foreign income taxes | 0.7 | 1.6 | 7.7 | 8.9 |
| Deferred taxes | 0.3 | (13.6) | 35.5 | 14.1 |
| Income taxes | 8.6 | (8.4) | 85.2 | 36.6 |

Noncash deferred taxes result from tax loss carryforwards as well as other temporary tax-related measurement differences, especially changes in the market value of our options.

Contingent liabilities

There have been no significant changes in contingent liabilities in relation to the annual financial statements for 2004 and they can be classified as immaterial overall.

Summary by Quarter

| Revenues and operating earnings (IFRSs) | 2004 | | | | | 2005 | | | | |
|---|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | 2004 | Q1 | Q2 | Q3 | Q4 | 2005 |
| € million | | | | | | | | | | |
| Potash and Magnesium Products | 279.7 | 267.7 | 224.7 | 259.1 | 1,031.2 | 312.2 | 306.4 | 261.4 | 317.2 | 1,197.2 |
| COMPO | 208.6 | 135.6 | 78.8 | 102.1 | 525.1 | 199.2 | 144.8 | 89.9 | 107.8 | 541.7 |
| fertiva | 115.6 | 122.2 | 132.6 | 143.4 | 513.8 | 120.4 | 138.3 | 170.1 | 139.5 | 568.3 |
| Salt | 121.1 | 65.4 | 73.1 | 98.2 | 357.8 | 136.1 | 65.2 | 75.1 | 121.6 | 398.0 |
| Waste Management and Recycling | 14.4 | 15.4 | 14.8 | 14.6 | 59.2 | 12.5 | 14.8 | 13.7 | 15.0 | 56.0 |
| Services and Trading | 13.5 | 11.7 | 13.0 | 13.3 | 51.5 | 14.7 | 12.7 | 12.2 | 14.9 | 54.5 |
| K+S Group revenues | 752.9 | 618.0 | 537.0 | 630.7 | 2,538.6 | 795.1 | 682.2 | 622.4 | 716.0 | 2,815.7 |
| Potash and Magnesium Products | 23.1 | 12.6 | 19.1 | 16.4 | 71.2 | 36.7 | 46.4 | 31.7 | 37.0 | 151.8 |
| COMPO | 16.8 | 6.6 | (1.7) | 2.2 | 23.9 | 18.3 | 7.3 | (1.4) | 0.8 | 25.0 |
| fertiva | 4.1 | 3.1 | – | 2.9 | 10.1 | 5.4 | 5.3 | 2.5 | 1.6 | 14.8 |
| Salt | 34.2 | 1.5 | 6.0 | 15.0 | 56.7 | 38.9 | 2.0 | 4.4 | 17.4 | 62.7 |
| Waste Management and Recycling | 2.4 | 2.2 | 2.2 | 1.3 | 8.1 | 1.5 | 3.2 | 1.8 | 1.6 | 8.1 |
| Services and Trading | 6.5 | 6.9 | 5.4 | 3.3 | 22.1 | 6.1 | 5.6 | 5.6 | 2.8 | 20.1 |
| Reconciliation | (5.7) | (8.0) | (4.8) | (10.7) | (29.2) | (7.5) | (5.7) | (6.0) | (12.4) | (31.6) |
| K+S Group EBIT I | 81.4 | 24.9 | 26.2 | 30.4 | 162.9 | 99.4 | 64.1 | 38.6 | 48.8 | 250.9 |

| Income statements (IFRSs) | 2004 | | | | | 2005 | | | | |
|--|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | 2004 | Q1 | Q2 | Q3 | Q4 | 2005 |
| € million | | | | | | | | | | |
| Revenues | 752.9 | 618.0 | 537.0 | 630.7 | 2,538.6 | 795.1 | 682.2 | 622.4 | 716.0 | 2,815.7 |
| Cost of sales | 472.0 | 415.6 | 370.5 | 416.6 | 1,674.7 | 498.4 | 451.9 | 421.0 | 439.9 | 1,811.2 |
| Gross profit | 280.9 | 202.4 | 166.5 | 214.1 | 863.9 | 296.7 | 230.3 | 201.4 | 276.1 | 1,004.5 |
| Selling expenses | 180.4 | 157.8 | 131.0 | 157.4 | 626.6 | 186.5 | 164.7 | 143.6 | 178.2 | 673.0 |
| General and administrative expenses | 15.9 | 16.6 | 13.6 | 18.1 | 64.2 | 17.5 | 18.5 | 17.6 | 18.1 | 71.7 |
| Research and development costs | 2.8 | 3.1 | 2.8 | 3.4 | 12.1 | 3.2 | 3.2 | 3.5 | 3.1 | 13.0 |
| Other operating income/expenses | (0.8) | (0.9) | 6.6 | (5.4) | (0.5) | 9.9 | 16.6 | 1.0 | (32.5) | (5.0) |
| Result from investment, net | 0.4 | 0.9 | 0.5 | 0.6 | 2.4 | 0.0 | 3.6 | 0.9 | 4.6 | 9.1 |
| Operating earnings (EBIT I) | 81.4 | 24.9 | 26.2 | 30.4 | 162.9 | 99.4 | 64.1 | 38.6 | 48.8 | 250.9 |
| Market value changes resulting from hedging transactions | (13.0) | 12.9 | 12.9 | (39.2) | (26.4) | 48.6 | (43.8) | 15.0 | 1.0 | 20.8 |
| Earnings after market value changes (EBIT II) | 68.4 | 37.8 | 39.1 | (8.8) | 136.5 | 148.0 | 20.3 | 53.6 | 49.8 | 271.7 |
| Financial result | (3.2) | (5.4) | (3.8) | (0.7) | (13.1) | (4.0) | (1.1) | (2.1) | (4.9) | (12.1) |
| Earnings before taxes | 65.2 | 32.4 | 35.3 | (9.5) | 123.4 | 144.0 | 19.2 | 51.5 | 44.9 | 259.6 |
| Earnings before taxes, adjusted* | 78.2 | 19.5 | 22.4 | 29.7 | 149.8 | 95.4 | 63.0 | 36.5 | 43.9 | 238.8 |
| Taxes on income | 22.5 | 10.7 | 11.8 | (8.4) | 36.6 | 52.7 | 5.7 | 18.2 | 8.6 | 85.2 |
| of which deferred taxes | 11.1 | 6.4 | 10.2 | (13.6) | 14.1 | 34.0 | (11.9) | 13.1 | 0.3 | 35.5 |
| Earnings after taxes | 42.7 | 21.7 | 23.5 | (1.1) | 86.8 | 91.3 | 13.5 | 33.3 | 36.3 | 174.4 |
| Elimination of market value changes | 8.2 | (8.1) | (8.1) | 24.7 | 16.7 | (30.6) | 27.6 | (9.5) | (0.6) | (13.1) |
| Group earnings after taxes, adjusted* | 50.9 | 13.6 | 15.4 | 23.6 | 103.5 | 60.7 | 41.1 | 23.8 | 35.7 | 161.3 |

* adjusted for the effect of market value changes in exchange rate hedging transactions; a tax rate of 37.0 % is assumed for adjusted group earnings

| Other key data (IFRSs) | 2004 | | | | | 2005 | | | | |
|---|--------|--------|--------|------|--------|--------|--------|--------|-------|--------|
| | Q1 | Q2 | Q3 | Q4 | 2004 | Q1 | Q2 | Q3 | Q4 | 2005 |
| € million | | | | | | | | | | |
| Capital expenditure (€ million) ¹⁾ | 18.1 | 28.9 | 38.1 | 46.8 | 131.9 | 13.3 | 24.2 | 28.2 | 41.4 | 107.1 |
| Depreciation and amortisation (€ million) ¹⁾ | 32.2 | 33.4 | 29.8 | 31.2 | 126.6 | 31.8 | 31.9 | 31.5 | 37.0 | 132.2 |
| Gross cash flow (€ million) | 106.6 | 49.4 | 61.0 | 57.1 | 274.1 | 108.2 | 68.9 | 60.4 | 104.0 | 341.5 |
| Earnings per share, adjusted (€) ²⁾ | 1.20 | 0.32 | 0.36 | 0.56 | 2.43 | 1.43 | 0.97 | 0.56 | 0.86 | 3.81 |
| Gross cash flow per share (€) | 2.51 | 1.16 | 1.44 | 1.34 | 6.45 | 2.55 | 1.62 | 1.42 | 2.49 | 8.07 |
| Book value per share, adjusted (€) ²⁾ | 20.56 | 19.76 | 19.95 | – | 20.78 | 22.08 | 22.40 | 22.84 | – | 22.43 |
| Total number of shares (million) | 42.5 | 42.5 | 42.5 | – | 42.5 | 42.5 | 42.5 | 42.5 | – | 42.5 |
| Number of shares outstanding (million) ³⁾ | 42.5 | 42.5 | 42.5 | – | 42.5 | 42.4 | 42.5 | 42.5 | – | 41.3 |
| Average number of shares (million) ⁴⁾ | 42.5 | 42.5 | 42.5 | 42.5 | 42.5 | 42.5 | 42.5 | 42.5 | 41.7 | 42.3 |
| Employees as of the reporting date (number) | 11,120 | 11,058 | 11,080 | – | 10,988 | 11,048 | 10,956 | 11,051 | – | 11,012 |
| Closing price (XETRA, €) | 25.95 | 27.91 | 34.64 | – | 39.10 | 43.62 | 45.78 | 58.74 | – | 51.05 |

¹⁾ for or in connection with property, plant and equipment as well as intangible assets

²⁾ adjusted for the effect of market value changes; 37.0 % tax rate assumed

³⁾ total number of shares less the own shares held by K+S on the reporting date

⁴⁾ total number of shares less the average number of shares held by K+S over the period

| Dates | 2006/2007 |
|---|------------------|
| Annual General Meeting, Kassel | 10 May 2006 |
| Interim report 31 March 2006 | 10 May 2006 |
| Dividend payment for 2005 | 11 May 2006 |
| Interim report 30 June 2006 | 10 August 2006 |
| Interim report 30 September 2006 | 14 November 2006 |
| Analyst conference, Frankfurt am Main | 14 November 2006 |
| Report on business in 2006 | 15 March 2007 |
| Press and analyst conference, Frankfurt am Main | 15 March 2007 |
| Annual General Meeting, Kassel | 9 May 2007 |
| Interim report 31 March 2007 | 9 May 2007 |
| Dividend payment for 2006 | 10 May 2007 |

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