



K+S Aktiengesellschaft

Annual General Meeting

on 9 May 2007

in Kassel

Speech by Dr. Ralf Bethke,

Chairman of the Board of Executive Directors

– The spoken word is binding –



Dear Shareholders,
Dear Shareholder Representatives,
Dear Guests,
Ladies and Gentlemen,

On behalf of the Board of Executive Directors of K+S Aktiengesellschaft and all our employees I welcome you warmly to our Annual General Meeting.

We are pleased that so many of you have come to Kassel again in order to learn about the K+S Group's development in 2006 and about the company's prospects.

The K+S Group has become stronger once again. We are working in growing markets and have expanded our earnings power.

In my report, I shall first focus on the highlights of last year, the best year so far in the history of the K+S Group.

In the second part of my speech, I shall discuss the start to 2007 and our current assessment of the prospects in individual business areas.

Then, I shall address two important topics that are a subject of controversial discussion right now and one of which has even resulted in a counter motions: the planned saline water pipeline from Neuhof to the Hattorf site and the waste heating plant at the Wintershall site.

In conclusion, I shall carry out a brief review of the past because today, after 16 years, I am addressing you as Chairman of the Board of Executive Directors for the last time.



The slide features the K+S Group logo in the top right corner. The main content is a dark blue box with white text listing five highlights. At the bottom of the box, a blue arrow points to the text 'In all areas operating earnings increases attained'. The background of the slide shows a landscape of white salt mounds under a blue sky. The date '9 May 2007' is in the bottom left, and 'K+S Group / 1' is in the bottom right.

K+S Group
Highlights of 2006

- Acquisition of South America's largest salt producer (SPL)
- Favourable trend in fertilizer prices and expansion of the overseas business
- High de-icing salt deliveries in Europe once again
- Further efficiency enhancements implemented successfully
- But: high energy and freight cost increases

→ In all areas operating earnings increases attained

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Ladies and Gentlemen,

First of all, let us take a look at the **highlights of the financial year 2006**.

- At the end of June 2006, we acquired the Chilean company Sociedad Punta de Lobos – SPL –, South America's largest salt producer. Thus, we have considerably expanded our portfolio of products and services, strategically augmented our salt business, and opened up new growth markets.

- At an operative level, we were helped by the attractive international price level for fertilizers. We also succeeded in boosting our overseas exports. Regarding our deliveries to Asia, we increased the use of more economical container shipments. In this way, we achieved a bigger share of the dynamically growing markets for standard and speciality fertilizers there.
- The sale of de-icing salts in Europe again reached a very high volume on account of the long winter at the start of 2006. Once again, we were able to display our particular strengths of delivery at peak periods of demand and to expand our European position.
- Internally, we continued to work on increases in efficiency as sustainable as possible in all the links of our value chains, and implemented these increases promptly. Particularly, business processes in the COMPO consumer business could be tangibly strengthened this time.
- Regarding costs, 2006 was again affected by strong increases in the price of energy and freight shipments, which, however, we more than made up for on the whole.

Thanks to our good market positions, high flexibility and cost-cutting efforts, we achieved significant earnings increases, to varying degrees, in all business areas. Through this, our many efforts, some of them stretching over a considerable amount of time, are being rewarded.

SPL Group
Leading position in international salt business



Salt extraction in the Chilean Atacama desert



Sea salt extraction in Brazil

- SPL is one of the most cost-efficient salt producers worldwide
- Full product range
- Excellent competitive positions
- Favourable growth opportunities in the “Americas” and, in the medium term, in Asia

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Ladies and Gentlemen,

With the acquisition of the SPL Group, we are now as salt producer also active outside Europe, and have acquired a **leading position in the international salt business:**

- SPL has an annual production capacity of some six million tonnes. We mine most of our salt at the surface in the Atacama desert in Chile, and a smaller portion is obtained from the sea water evaporation plant “Salina Diamante Branco” in Northern Brazil.
- As one of the world’s most cost-efficient salt producers, SPL offers a complete range of salts for all requirements and consumer segments.
- SPL enjoys excellent competitive positions. At present, it delivers chiefly to the North American east coast and the South American market.
- With this acquisition, we have created an excellent springboard for further sustained growth. In particular, the dynamic

development of the South American economic area and the continuing industrialisation of Asia are offering us promising opportunities.

K+S Group		Pleasing increases for revenues and earnings		
€ million		2006	2005	%
Revenues	(€ million)	2,957.7	2,815.7	+ 5
Operating earnings (EBIT I)	(€ million)	278.0	250.9	+ 11
Group earnings after taxes, adjusted *	(€ million)	218.1**	161.3	+ 35
Earnings per share, adjusted *	(€)	5.29**	3.81	+ 39
Acquisitions	(€ million)	357.7	-	+ 100
Capital expenditure	(€ million)	130.5	107.1	+ 22

* adjusted for the effect of market value changes from exchange rate hedging transactions; 37.0% tax rate assumed
 ** including non-recurrent deferred tax income of € 41.9 million of € 1.02 per share

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Dear Shareholders and Shareholder Representatives,

The figures for revenues and results in the 2006 business year show that we were able to achieve not only a pleasing growth, but also new record values.

Revenues in 2006 rose to € 2.96 billion, an increase of € 142 million or about 5%. This is mainly attributable to the first-time inclusion of the SPL Group from 30 June 2006. In addition, the price increases in almost every product segment had a positive impact, so that individual volume-dictated shortfalls were more than made up for.

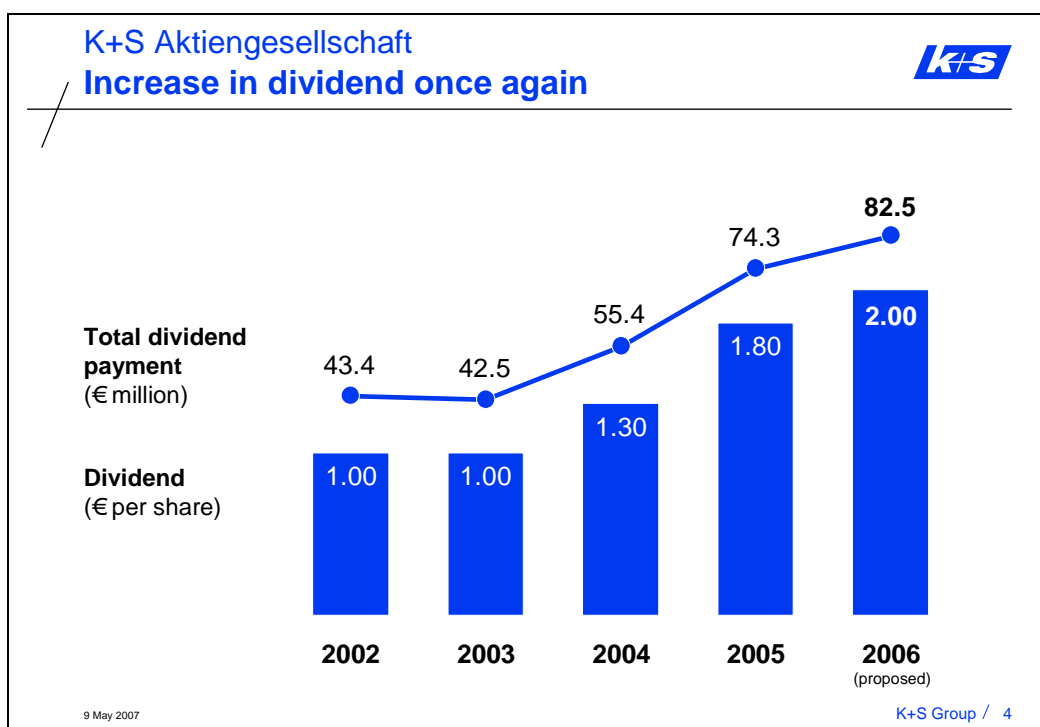
At € 278.0 million, **operating earnings EBIT I** exceeded the previous year's level by € 27.1 million or 11%. This increase was mainly due to the increased prices of standard and special-ity fertilizers and the first-time inclusion of SPL.

Adjusted group earnings, i.e. adjusted for the effects of changes in the market value of our currency option transactions, improved by €56.8 million or 35% to €218.1 million. However, this includes an one-off deferred tax income of €41.9 million as a result of the reorganisation of the SPL Group's corporate structure. Even excluding this effect, the earnings reached a new peak at €176.2 million.

At €5.29, **adjusted earnings per share** were €1.48 or 39% up on last year, of which €1.02 is attributable to the above-mentioned one-off deferred tax income. Eliminating this effect, earnings per share would have improved by 12%.

The purchase of the SPL Group is the biggest **acquisition** in the history of your K+S so far. The cost was about €360 million.

On account of sums carried forward from 2005, among other things, our **volume of capital expenditure** exceeded the previous year's level by about 22% and reached €130.5 million. Projects to reduce the sourcing of energy externally as well as measures related to replacement and the safeguarding of production capacity accounted for most of the capital expenditure.

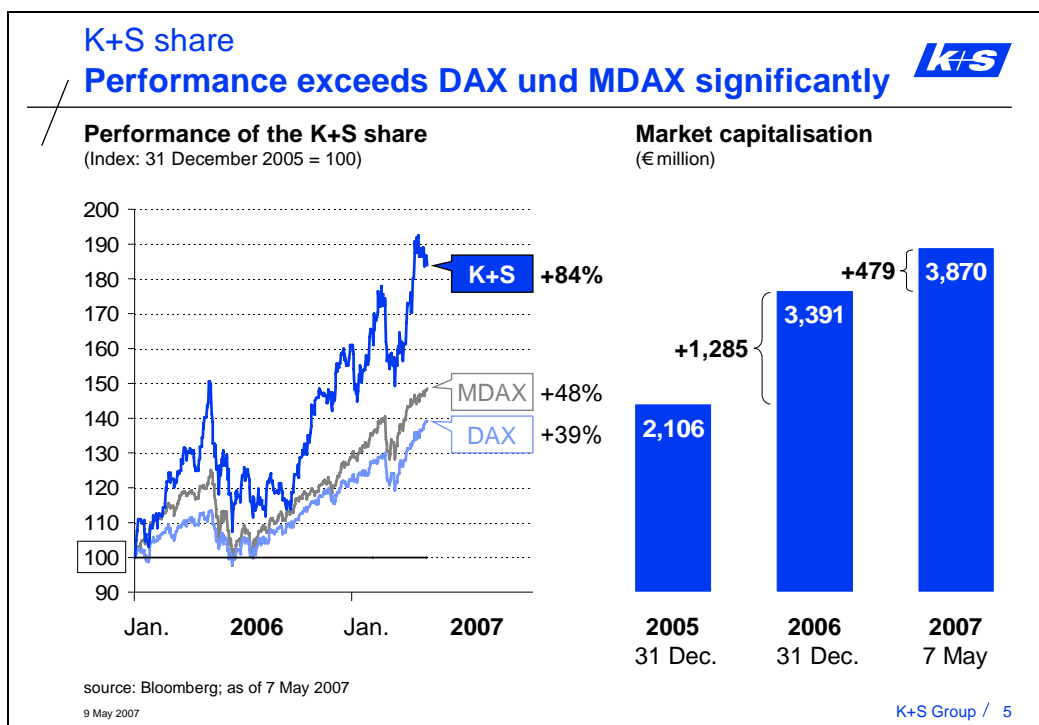


Dear Shareholders,

You know that we have been pursuing an earnings-based dividend policy for many years. On the basis of the increased earnings, the Board of Executive Directors and the Supervisory Board are today proposing to you, under item 2 of the agenda, another increase in the **dividend** for 2006. The suggested dividend of € 2.00 per share is 20 cents or 11% above last year's dividend, and is thus rising in line with the increase in earnings.

With 41.25 million shares with dividend rights, our proposal will lead to a dividend payment of almost € 82.5 million. Without considering the one-off deferred and noncash tax income, this will lead to a dividend payout rate of 46.8% of adjusted earnings after taxes. With this payout rate, we are thus within our target range of between 40% and 50%.

Based on a share price of € 82.20 at the end of the year, our dividend proposal will lead to a dividend yield of 2.4%. Thus, despite the strong increase in the share price in recent years, the K+S share remains an interesting investment.




Ladies and Gentlemen,

Last year, the **price of our share** again increased by an above-average amount and achieved an increase of 61%. Thus, the developments of the again very strong MDAX as well as the DAX were once more clearly exceeded.

Share performance in the first few months of 2007 also displays a pleasing growth trend. In the middle of April, our share achieved an all-time record of almost € 100. In the meantime, the market capitalisation or stock market value of our company has risen to some € 4 billion.

K+S Group
Annual General Meeting 2007



Authorisation sought:

Purchase, sale and cancellation of own shares

Legal action against AGM resolution of 10 May 2006:

Creation of conditional capital and authorisation to issue convertible bonds and bonds with warrants

- **K+S cannot make use of these authorisations**
- ➔ **K+S has filed an appeal against the ruling**

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Ladies and Gentlemen,

Last year's Annual General Meeting again authorised the Board of Executive Directors to **acquire, sell and cancel the company's own shares**. We have not taken advantage of this so far; and the company does not hold any of its own shares for the time being. Because this authorisation is only valid until October 2007, and as we would like to dispose of that instru-

ment further, an extension of this period will be suggested under item 7 of the agenda.

An action has been brought before the Regional Court in Kassel against a resolution by last year's Annual General Meeting to **create conditional capital** and authorise the Board of Executive Directors to issue convertible bonds and bonds with warrants. The same plaintiffs have brought corresponding actions against more or less identical resolutions by the AGM's of other German companies, and yet such resolutions have been absolutely normal in the past.

The court ruled in favour of the plaintiffs, explaining that with regard to the fixing of the bond issue price, the Annual General Meeting gave the Board of Executive Directors too much scope of discretion. The result of this ruling is that we cannot take advantage of this authorisation for the time being.

Just like the other companies involved, we have lodged an appeal because we believe that this court ruling causes a legally undesired limitation of the Annual General Meeting's decision-making prerogatives, apart from which it makes the financial instrument "Conditional Capital" unattractive. This view was shared recently by the Regional Court of Essen in a similar case. We shall keep you informed of developments.

K+S Group
Future-oriented personnel policy



- Increase in number of employees to almost 12,000 (+8%) and stronger internationalisation as a result of the SPL-acquisition
- Involvement in training enhanced further; trainee ratio in Germany rises to 6.2%
- High participation of employees in company success
- Flexible working hours models
- Further training activities stepped up

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Ladies and Gentlemen,

Following the acquisition of the SPL Group, also the number of **employees** of the K+S Group has risen further, and we have become even more international. The proportion of our employees abroad increased by about 1,900, i.e. from 10% to 16%.

Today, we employ 12,000 people around the world, people whose flexibility has contributed to the success of your K+S Group. On behalf of my colleagues too and certainly also on your behalf, I would like to thank our employees for their high degree of commitment.

In order to remain innovative and competitive in future, we are setting ourselves a challenge with a future-oriented personnel policy that should determine our Group's successful further development.

The targeted training of junior executive employees and a practice-oriented recruitment policy are important investments with which we are making sure today that your company can continue to develop. In 2006, we again increased our commitment to training and hired 182 young people. At the end of the

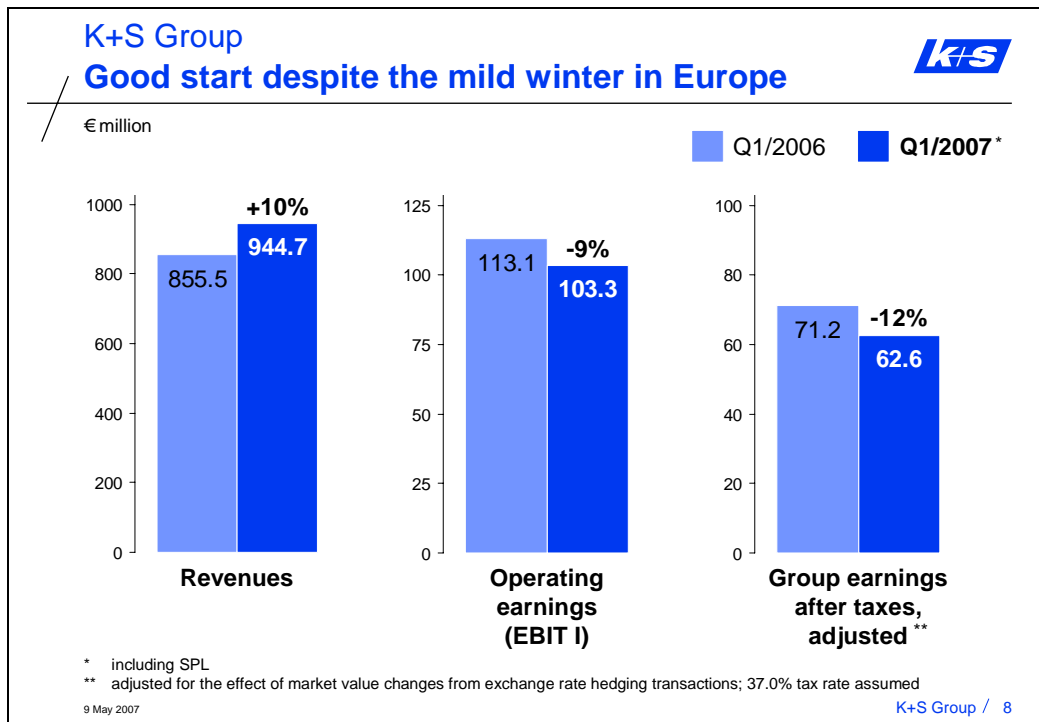
year we had 615 trainees in Germany alone, representing a trainee ratio of 6.2%. As you can see, we also take our social responsibility as an employer very seriously.

Ladies and Gentlemen,

The challenges which our company is facing in an increasingly international environment make it necessary for our employees to think and act more in entrepreneurial terms. Therefore, when reaching decisions, we involve our employees at a very early stage, and we let them participate in the company's success in various ways, depending on the earnings position. In 2006, variable remuneration amounted to 9% of total personnel expenses. We also consider the obtained flexibility of our biggest cost block – wages and salaries – to be indispensable because in this way we can both affect our profitability and also do justice to our socio-political responsibility for jobs, if only to a limited degree.

Not only are our systems of remuneration becoming more flexible, our working hours models are as well. In this way, working hours can be better adapted to our production processes and needs, and our employees are better able to reconcile their careers with their families.

Another major building block for company as well as individual success is the further training of our employees. In 2006, we again increased our efforts to provide our employees with early preparation for their increasing professional challenges.



Ladies and Gentlemen,

Let us now proceed to the present year. All in all, we made a good start to the year in the **first quarter**, despite the mild winter.

At €944.7 million, **revenues** exceeded the previous year's level by €89.2 million or 10 %. Apart from the first-time consolidation of SPL, this increase is mainly attributable to higher prices of fertilizers. This more than made up for negative volume and currency effects. A particularly pleasing increase in revenues was achieved in the Potash and Magnesium Products business segment, on account of both higher sales as well as higher prices than last year. But the COMPO and fertiva business segments also attained a clear increase in revenues.

In the Salt business segment, revenues increased because of the first-time inclusion of SPL. But disregarding this, there was a clear fall in revenues. The reason for this were the very low sales of de-icing salts in Europe on account of the warmest winter in the history of weather recording. Last year, however, we had a record winter that prevailed until April.

Operating earnings EBIT I in the first quarter reached € 103.3 million, down € 9.8 million or 9% on last year. Clear improvements in the earnings of the Potash and Magnesium Products as well as the COMPO business segments were yet unable to fully make up for the comparably low earnings of the Salt business segment. However, this already reflects the particularly positive earnings momentum of the Potash and Magnesium Products business segment.

The fall in EBIT I was accompanied by a fall in **adjusted earnings after taxes**, which in the first quarter amounted to € 62.6 million, € 8.6 million or 12% less than in the first quarter of 2006.

K+S Group Operating earnings in Q1/2007		K+S
€ million		Δ to Q1/2006:
Potash and Magnesium Products	52.8	+ 10.7 (+25%)
COMPO	19.2	+ 2.9 (+18%)
fertiva	4.4	+ 0.6 (+16%)
Salt	6.9 SPL 18.1 25.0	- 22.5 (-47%)
Waste Management and Recycling	3.2	- 0.4 (-11%)
Services and Trading	7.1	- 0.2 (- 3%)
Reconciliation	- 8.4	
K+S Group:	103.3	- 9.8 (- 9%)

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A look at the **operating earnings** of the individual business segments in the **first quarter of 2007** makes it clear that we have achieved a tangible growth in our important business area of fertilizers and plant care.

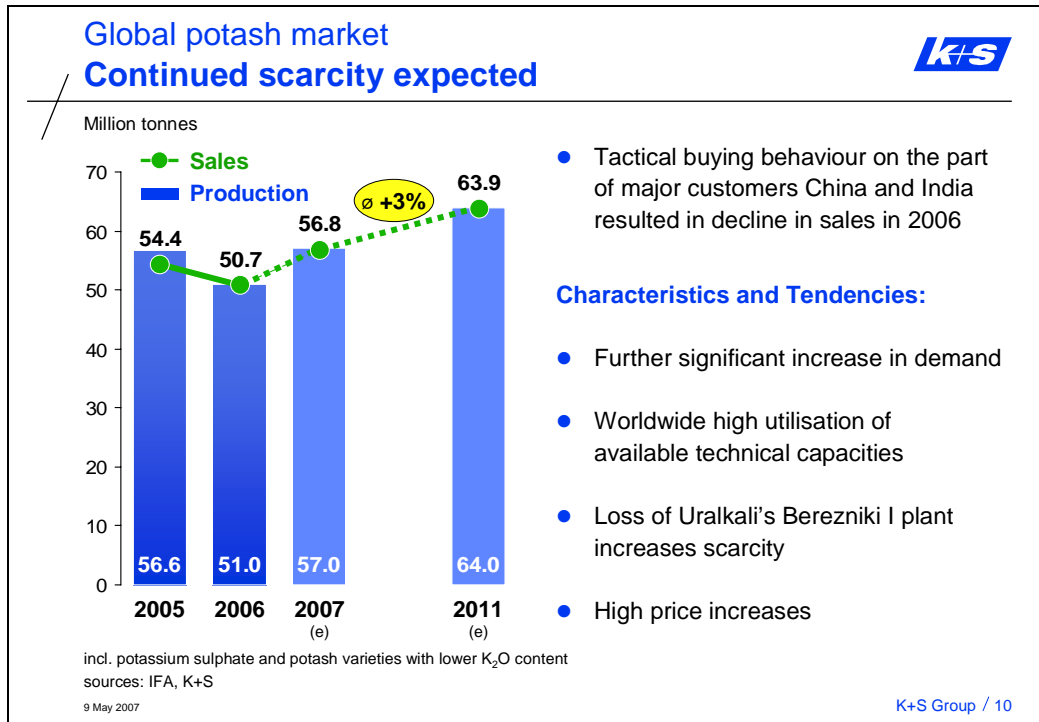
In the Potash and Magnesium Products business segment, earnings rose by € 10.7 million or 25% and reached € 52.8 million. Higher sales and average prices as well as the positive results of currency hedging were the decisive factors here.

At € 19.2 million, the earnings of COMPO also exceeded the previous year's level by € 2.9 million. Here, the contributing factors were the stable price of ammonia, higher average prices and increased sales. In addition, the further implementation of efficiency-boosting measures in the consumer segment had a favourable impact on costs.

The operating earnings of the fertiva trading business increased by € 0.6 million to € 4.4 million. Again, the higher prices of nitrogenous fertilizers could more than offset higher costs of raw materials.

Solely on account of the unusually poor business with European de-icing salts already mentioned, the operating earnings of the Salt business segment, at € 25.0 million, were € 22.5 million below the previous year's very good figure. The newly consolidated SPL contributed € 18.1 million to this figure. In North America too, the weather at the beginning of the year was relatively mild at first. However, the late and strong onset of winter in March had a positive effect.

So far, the Waste Management and Recycling as well as Services and Trading business segments have not quite been able to achieve the previous year's very good operating earnings, but have nevertheless attained the level expected.



Ladies and Gentlemen,

Now let us look at the situation and the prospects for the **world potash market**, so important for us.

At 50.7 million tonnes, world potash sales in 2006 were down about 7% on the previous year. But that was only a result of a tactical buying behaviour by the large potash consumers China and India, which during their unusually long price negotiations with Canadian and Belarussian/Russian producers that lasted until the summer, suspended most of their sales. Following the conclusion of the price negotiations, very large potash orders resumed right away, but not all of them could be shipped by the end of 2006.

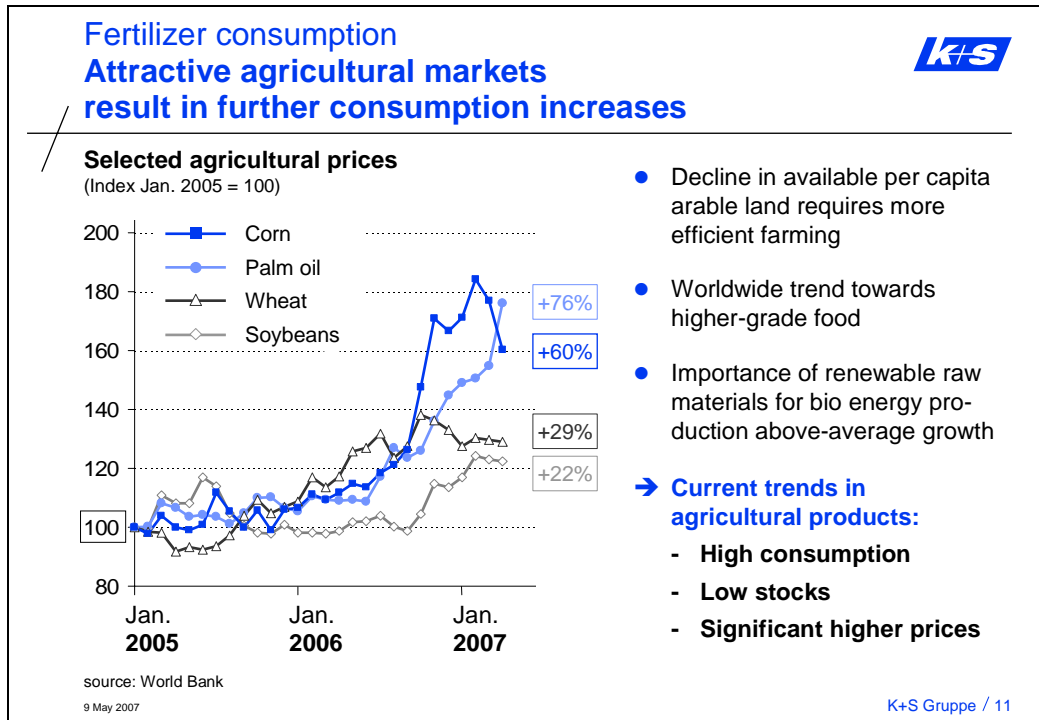
Already in February this year, Russian and Canadian competitors agreed upon higher prices and quantities for China in 2007. This early decision makes us optimistic over further developments in 2007. We are counting on a clear rise in world sales of potash.

Because of the high demand on the world potash market, all international potash fertilizer suppliers are operating at the very limits of their technical capacity. At the same time, the inventories of producers and retailers have clearly sunk.

The shortfalls on the world potash market were exacerbated by the loss of the Berezniki I plant belonging to Russian Uralkali. Consequently, 1.4 million tonnes of production capacity were lost in October last year.

In the meantime, the market has reacted with significant price increases. On the large overseas markets of Brazil and South-East Asia, potash producers from Canada, Belarus and Russia have been able to enforce above-average price increases. Further increases have been announced for the following months. Russian suppliers have not yet concluded their price negotiations with India. They are demanding price increases by some USD 50 or more than 20% per tonne of potassium chloride. The prices are showing a rising trend in Europe as well; our latest price increase of €12 per tonne is a reflection of this worldwide upward trend.

Our expectation for the medium term is that world sales of potash will rise by an average of 3% per year, to reach to some 64 million tonnes in 2011. In other words, the average demand for potash fertilizers is rising by an average of over 1.5 million tonnes per year. This will not be achieved easily. Therefore we are convinced that in the coming years, too, the potash market will be characterised by a continuing restrained supply.



But it is not just on the potash market that we are expecting favourable developments. Remaining fertilizer consumption will also rise as a result of a worldwide increase in the demand for agricultural products:

The demand for agricultural produce continues to be determined by the strong increase in the world's population, accompanied by a decline in the pro capita area of arable land, more refined eating habits and, consequently, increasing meat consumption. Further growth impulses are provided by the greatly increasing demand for renewable raw materials for energy production.

The above developments, plus the weather-induced harvest shortfalls, again led to a major decline in global stocks of agricultural produce last year. This is the reason for the very strong price increases for wheat, corn and palm oil on international commodity exchanges since the beginning of 2005.

The rising prices are encouraging farmers all over the world to make greater use of the arable land at their disposal and also to raise the per-hectare intensity. Both these elements require larger use of fertilizers. With our broad, needs-oriented range of

products, we shall reap an above-average profit from this both in Europe and on our overseas markets.

Ladies and Gentlemen,

How do we rate our **prospects** in the individual business segments for **2007**?

Potash and Magnesium Products
Promotion of our fertilizer specialities



Prospects 2007:

- **Tangible revenue increase**
- **Operating earnings should increase tangibly**
- Rising price levels in important overseas markets as well as in Europe
- Promotion of our specialities with higher value added
- Intensified advice for customers in agriculture and industry with potential for the future

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Against the background of the worldwide increase in the prices of potash, we expect a tangible increase in **revenues** in the **Potash and Magnesium Products** business segment. We assume that that we will continue to offer a volume of 8 million tonnes of goods. However, this revenue increase will be reduced by a further fall in the US dollar exchange rate.

Operating earnings should tangibly increase as a result of higher average prices and stable energy costs. This forecast already includes a significant provision for expenditures in two-digit million figures, should it prove necessary to provide follow-up hedging for the US dollar in order for us to ensure a further favourable exchange rate between the dollar and the euro.

In order to make an even more profitable use of our raw materials potential, we are increasing our sales of high-revenue speciality products for agriculture and industry in accordance with the principles of our processing strategy.

At present, in this process we are focusing on our new specialities containing trace elements. For instance, for the sake of an optimal supply of oil palms, we have developed the product Korn-Kali plus boron and have already launched it successfully to the major overseas markets. As a micro nutrient, boron is of considerable importance in attaining as high a yield as possible.

Also this year, we shall provide intensified advice to promising agricultural and industrial customers on individual overseas markets and also in Eastern Europe.

COMPO
Expansion of plant protection / good start to season 



Prospects 2007:

- ➔ **Tangible revenue increase**
- ➔ **Operating earnings should increase tangibly**
- Good start to the season
- New plant protection products from cooperation with Syngenta
- Regional expansion of professional business in Southern Europe and Latin America
- Successful completion of extensive efficiency enhancement measures

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Ladies and Gentlemen,

The **COMPO** business segment also commenced the season well. The mild temperatures have already caused a big demand for our very well-known brand products very early on.

For 2007 we expect a tangible rise in revenues for consumer products. The increase in revenues for speciality fertilizers for professional use outside Europe should also continue. In addition, we intend to expand our business in Southern Europe and Latin America.

At present, we assume that the pest population increases in summer as a result of the mild winter and that the demand for plant protection products will rise. Here we will benefit in particular from those products that we are introducing into the consumer area in 2007 for the first time as a result of our new cooperation with Syngenta.

Our objective is to develop a complete range of plant protection agents and pesticides for private consumers/hobby gardeners in Europe – with very attractive earnings contributions for us.

Operating earnings at COMPO should increase already tangibly in 2007. The complete implementation of the efficiency enhancement measures in consumer business should contribute to this too.

fertiva

Additional earnings opportunities with new product 



Prospects 2007:

- **Tangible increase in trading revenues**
- **Operating earnings might decline slightly compared to very good previous year**
- Worldwide increase in nitrogen fertilizer use
- Launch of granulated ammonium sulphate opens up additional earnings opportunities

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In the **fertiva** trading business, too, we expect a tangible rise in **revenues** in 2007. On account of the generally favourable framework conditions on the fertilizer markets, we expect the worldwide consumption of nitrogen fertilizers to increase slightly and that nitrogenous fertilizers will provide higher earnings.

However, the higher revenues might not quite make up for possible increases in the costs of raw materials. After the previous year's very good result, this year's **operating earnings** might decline slightly.

By expanding its product range, fertiva has created new earnings opportunities: Last year, we agreed with our cooperation partner, Lanxess AG, that we invest about €5 million in the construction of a new sifting facility, with the accompanying logistics, at the Lanxess plant in Antwerp, thanks to which fertiva will also be able to offer its customers coarse-grained ammonium sulphate, a product for which there is high international demand with attractive profit margins.

Salt

Attractive growth opportunities in the "Americas" 



Prospects 2007:

- Full-year inclusion of SPL results in appreciable revenue increase
- Operating earnings will fall significantly compared to previous year
- Marked decline in de-icing salt sales in Europe
- Expansion of business with salt for chemical use in Brazil
- Doubling of loading capacity at SPL port to about 10 million tonnes per year

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Ladies and Gentlemen,

Now let us proceed to our salt business with its highly increased international backdrop.


For the **Salt** business segment, we expect a appreciable **rise in revenues** this year, attributable to the first-time inclusion of SPL for the whole year. This assumption is based on a normal winter in Europe and the United States in the fourth quarter.

Because of the strong decline in sales of de-icing products in Europe in the first quarter, **operating earnings** might not keep up with the consolidation-related increase in revenues, but will fall significantly compared to previous year.

On the other hand, SPL is developing into a very good spring-board for further sustained increases in earnings. Quite recently, at the end of April, SPL concluded a long-term contract with the Brazilian chemical company Carbocloro for the supply of an additional several hundred thousand tonnes of salt for chemical use per year. In this way, SPL is consistently pursuing the expansion of weather-independent product segments with continuous earnings contribution.

At the same time, this year we shall double the loading capacity in Chile to some 10 million tonnes per year. This is another major step to attractive additional businesses, to open up new markets and to achieve even higher earnings.

Waste Management and Recycling
Further growth in reutilisation



Prospects 2007:

- Revenue level similar to 2006
- Operating earnings might not quite attain previous year's very good level
- Growth in the disposal of flue gas cleaning residues
- Increase in reutilisation capacity
- Good recycling business overall

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For our **Waste Management and Recycling** business segment, we expect **revenues** in 2007 to be at the previous year's high level. Our reutilisation business will develop positively because the quantity of residues from domestic waste incineration is growing further.

The early increase in the capacities of our underground processing plants is allowing us to increasingly participate in the above-average growth of the disposal of flue gas cleaning residues. We expect accelerated business with underground waste reutilisation.

We continue to expect a full use of our capacity in the reutilisation of aluminium salt slag. However, because of the lower prices of aluminium, we expect reduced revenues in this segment.

Against this backdrop, we presently expect that **operating earnings** of this business segment might not quite attain last year's very good level.

Services and Trading Cost advantages in logistics



Prospects 2007:

- ➔ Revenues and earnings should again reach previous year's good figures
- Expansion of storage capacity at Hamburg port
- Again high container shipments to Asia

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The **Services and Trading** business segment, however, should again reach last year's good **revenues and operating earnings**.

The expansion of our overseas fertilizer business with standard and speciality fertilizers requires greater loading and unloading flexibility at the port of Hamburg. Therefore, this year we are again expanding our loading and unloading capacity by expanding the storage area on the Kalikai, of KTG. The storage capacity will be increased by 80,000 tonnes to about 400,000 tonnes. In this way we can further optimise our rail movements to Hamburg and avoid the so far necessary transfer to other ports, especially Gent and Antwerp.

To supply the Asian fertilizer markets, this year too we shall make great use of cost-effective container shipments and at least stabilise our logistics expenses for this important growth region.

K+S Group
Experience growth. 

Also in 2007, we have good opportunities of continuing on our growth course again:

- Tangible increase in revenues
- Tangible increase in operating earnings
- Further acquisitions and cooperations remain short- and medium-term goals that are being worked on intensively

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Ladies and Gentlemen,


Let me summarise: We have a good chance of continuing along our path of growth this year as well. In view of the favourable economic conditions for the world economy as well as for the agricultural and fertilizer markets, we have raised our outlook for the whole of 2007 considerably.

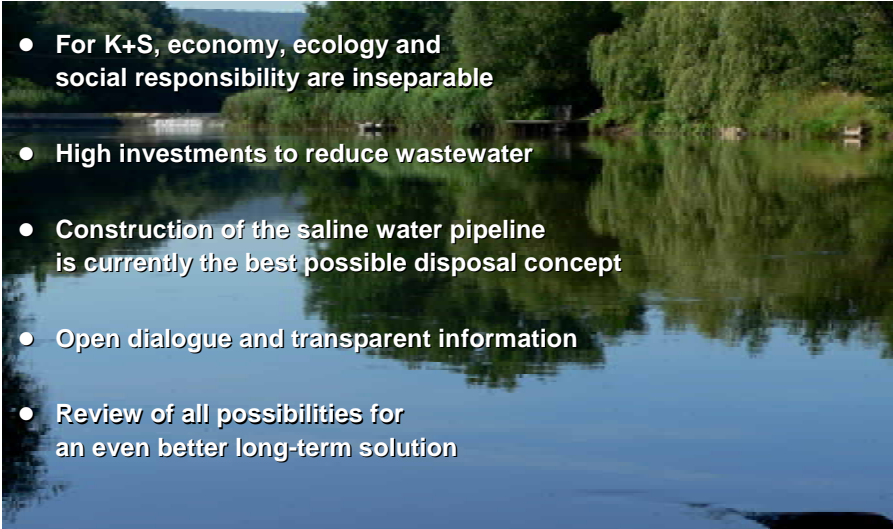
For the Group as a whole, we are counting on a tangible **rise in revenues**, also attributable to the consolidation effect through the first-time inclusion of SPL for the entire year.

The K+S Group's **operating earnings** over the coming three quarters should not only offset the current shortfall but also more than make up for it to a tangible extent. We base our outlook on the following assumptions: a strong worldwide demand for potash fertilizers, an average business with de-icing salt in Europe and North America in the fourth quarter, energy costs at the present level as well as a significant reserve in two-digit million figures for potential follow-up hedges in case the US dollar further declines.

Ladies and Gentlemen,

We want to grow further – not just internally, but also externally. Therefore, acquisitions and cooperations are short- and medium-term objectives on which we are working intensively.

K+S Group
Construction of Neuhof-Hattorf saline water pipeline 



- For K+S, economy, ecology and social responsibility are inseparable
- High investments to reduce wastewater
- Construction of the saline water pipeline is currently the best possible disposal concept
- Open dialogue and transparent information
- Review of all possibilities for an even better long-term solution

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Ladies and Gentlemen,

So far as to the first quarter and the prospects and trends for 2007 that are currently discernible.

Now I would like to discuss two points with which we have been engaged for quite some time already:

Many of you will have read about it in the press: For the sake of a sustained and environmentally-friendly **disposal of saline water** from the Neuhof plant, we are planning to build a relatively expensive pipeline to the Hattorf site of the Werra plant.

Already prior to the application for building permission, this project has not only been the subject of controversial discussion, but has also caused our shareholders, Mr Haupt from

Detmold and Mr and Ms Schmidt from Minden, to seek a non-discharge of the Board of Executive Directors and the Supervisory Board from the performance of their duties during the financial year 2006. Ms and Mr Schmidt are also seeking a different allocation of profits. Here is our opinion:

For K+S, economy, ecology and social responsibility are inseparable:

- We take the concern and fears of our fellow citizens and also of groups representing interests very seriously.
- Just like many industrial enterprise, we cannot avoid limited interference with nature. We are spending a lot of money and engaging in continuous research to keep the burden on the environment as low as possible. Thus, we have halved our waste water over the past 20 years.
- As an employer, we have a great responsibility for many people. Anyone who demands an immediate further reduction in limits is jeopardising the whole of potash production, and therefore thousands of employees and their families.
- Moreover, our considerable social contributions are being questioned, such as major indirect impact on employment figures with suppliers, authorities, schools etc.; tax revenues for the federation, the Federal States and municipalities amounting to several hundred million euros per year; and many tangible and intangible services and value added by the company and its employees in the field of sports, culture and elsewhere in the societal area.
- All this must be carefully weighed up before any far-reaching demands for changes are made.
- We acknowledge our responsibility to seek and attain a further reduction in the ultimate load. On this, we are working intensively and at considerable expense – year by year.

- The dividend, however, is the participation of the shareholders in the company's success after consideration of all income and expenses including those for the precaution of environmental protection. For this reason, we think it would not be right in the interest of our shareholders and also not necessary to dispense with this year's dividend payment using this money as well to seek alternative waste disposal strategies, as our shareholders Mr and Ms Schmidt have suggested.

Ladies and Gentlemen,

In order to keep the burden on the environment as light as possible, we require a reliable framework for our work, and that includes the issue of a building permit and usage permit for the saline water pipeline.

And we need a timely disposal solution in Neuhof. Following in-depth investigations into all thinkable variants of disposal management also by appointed experts, the following becomes clear:

The construction of a saline water pipeline is the best possible concept right now. At the Werra potash plant, the saline water can be used for the production of speciality fertilizers. The saline water obtained from this production process will then be sunk into the dolomite layer or, within the permissible limits, led into the Werra river, but in such a way that the salt concentration in the river will not increase and the quality of the water in the Werra will not deteriorate.

We informed everyone who might be affected by the "saline water pipeline project" about our plans comprehensively and in good time. We have always handled objections from politics and society in a constructive manner. In this way, too, we have demonstrated that we are not concerned with cost benefits, but with sustained potash production in Germany that is accepted by society.

In future, too, we shall make every effort to undertake mining in Germany – a country with particularly stringent environmental requirements – in a responsible manner that is accepted by the majority of the citizens. Regardless of the planned saline water pipeline, we shall continue our intensive search for all possibilities of an even better solution to the energy problem in the longer term.

K+S Group
Energy optimisation at Wintershall site



- Strengthening the region (jobs, investments)
- Easing regional disposal problems
- Efficient energy generation
- Use of state-of-the-art filter technology



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A further project that is a subject of intense discussion in the Werra region concerns our Wintershall potash site. Here, BKB, a subsidiary of E.ON, is building a waste heating plant that will supply a major part of our energy needs for the plant. Permission to build the facility was granted by the regional council in Kassel in March.

We are convinced that this innovative project will afford a variety of fresh opportunities for the people in this relatively structurally weak region:

Thanks to low-priced energy, the Heringen industrial site remains internationally competitive. This is securing the 4,000 jobs at our Werra potash plant. Thanks to this investment, a

further 50 new jobs are being created in Heringen alone – and in the region, too, many companies will be able to count on additional orders and employment.

What is more, the new plant can deflate the regional problem of domestic waste management with which many administrative districts in Northern Hesse are acquainted.

In addition, the new waste heating plant will supply energy in a highly efficient manner: in connection with the Wintershall power station, which is designed for cogeneration, it will supply energy much more effectively than plants which only produce electricity.

Ladies and Gentlemen,

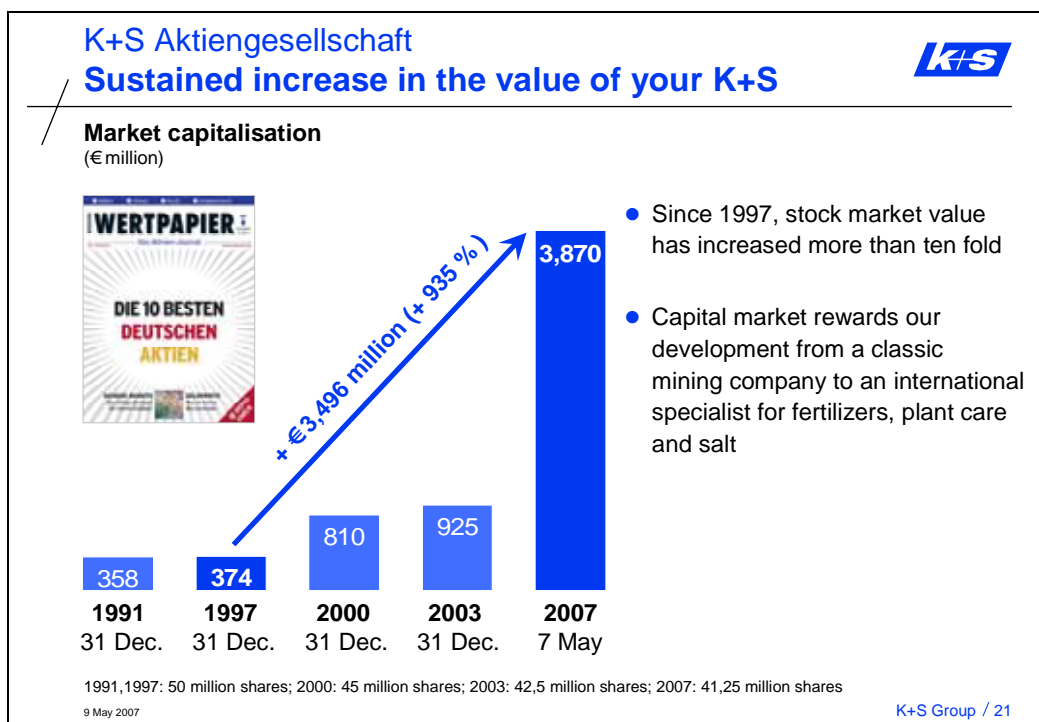
I wish to once more assure all our critics: All involved – BKB, regional council and K+S – take fears and concerns very seriously because a habitable Werra valley is also a subject of concern for us as well as our employees and their families!

- The new heating plant will therefore be equipped by BKB with state-of-the-art filter technology that rules out any danger to man and nature.
- In addition, in the building permission issued to BKB, the regional council in Kassel has laid down numerous additional requirements particularly concerning emissions. Strict limits on emissions have been laid down, and the legal limits kept to for the heavy metals antimony, nickel and cadmium have been made even more stringent. The plant will ensure that these limits are adhered to.

- Furthermore, the generation of electricity and heat from waste (on account of the regenerative substances in the fuel) involve lower CO₂ emissions. This has even been confirmed by the Federal Environment Minister Gabriel, who made this very clear when he visited a completed BKB plant at the end of January.

Ladies and Gentlemen,

The project is merged with a responsible concept for the entire Werra region. Although our entrepreneurial motive was and remains a long-term increase of the enterprise value, this will be accompanied by an even stricter adherence to environmental standards and by a feeling of social responsibility and social acceptance. Everyone who has an interest and engagement in the company – employees, shareholders, the state and all other partners – will benefit from this.



Dear Shareholders,

I believe you have good reasons to be in agreement with the development of your K+S in recent years.

The capital market has acknowledged the strength of K+S – and is rewarding our development from a classic mining company into a specialist for fertilizers, plant care and salt:

In the meantime, our Group has a stock market capitalisation of some 4 billion euros – ten times higher than at the end of 1997.

K+S Group
Key building blocks of our success



- Competent and committed employees
- Clear strategy and forward-looking action
- Innovative and market-oriented products
- Consistent exploitation of market opportunities
- Customer-oriented sales and logistics structures
- Optimisation of value chains
- Successful investment and acquisition policy
- Open and learning corporate culture
- Pro-active dialogue marked by trust with all partners

→ **Constant strengthening of competitiveness and profitability**

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Ladies and Gentlemen,

In a few weeks' time I shall hand over chairmanship of the Board of Executive Directors of K+S Aktiengesellschaft to my successor, Norbert Steiner. Therefore, at the end of today's speech, I wish to add a brief personal résumé.

The potash merger of 1993 was a springboard for much that has been achieved up to now. Only with this step, which also involved drastic cutbacks that were very painful for all concerned, could the shattered German potash industry attain a new starting position and open long-term prospects to its employees. The development we have experienced since then proves that it was worth the long and hard work. We have given

K+S a new shape, a new face, which radiates strength and future ability.

A consolidation of our international competitiveness has always been our overriding goal, in order to withstand the increasingly harsh wind of global competition, attain reasonable yields, and provide our employees with reliable future prospects. I think, in achieving this, we did very well so far.

This success is certainly not attributable to a single man, but has been made possible by a whole team of competent and motivated employees and colleagues. Their skills, motivation, willingness to perform, flexibility and team spirit are the cornerstone of our success.

Added to this are miner's virtues such as reliability, discipline, responsibility and a willingness to help, which I noticed immediately when I joined Kali und Salz 17 years ago.

All of us at K+S are jointly pursuing a clear strategy: We are developing our company further by expanding our market positions in attractive growth segments and by harnessing new, future-oriented markets. In doing so, we are looking not to tomorrow, but the day after tomorrow.

We want to make our products even better for our customers, increase their utility and set ourselves apart from the competition. We have attained much. We have innovative products and a range of goods that is tailored to demand and which provides growth opportunities in virtually every sphere of daily life.

Thanks to our decades of experience and our commitment, we have succeeded in making better use of our market opportunities, especially in recent years.

For this purpose we have established a customer-oriented distribution and logistics network with which we maintain a presence in all of the world's market regions that are important to us. This ensures efficient, flexible and prompt service to our customers.

We are continuously working in improvements along the entire value chain. By optimising structures and processes, we have been able to reduce costs, exploit synergies and boost efficiency. We are consistently seeking to exploit our closely-interwoven business model.

Our successful investment and acquisition policy was and remains a decisive factor of our success. We have expanded our classic spheres of business and added new activities, with which we have expanded our spectrum of services to suit the markets and customers. Since 1993 we have spent over €2.7 billion on investments and acquisitions – most of it out of our own cash flow.

What distinguishes us in all this – and what has always impressed me also personally – is our K+S company culture: We are a company whose employees and managers communicate openly with each other, talk to each other and learn from each other.

Principles such as: “Turn those affected into participants,” “Open to new things” and “It is not the hierarch who wins, but the one who has the best argument” have always been valid to me too. I did not invent them all, but they have convinced me – and I have tried to exemplify them to others through my own behaviour. Our style of management takes every employee seriously and uses his opinions and analyses in the solving of problems.

In the reaching of decisions that will bring success to our K+S in the best possible way, we do not apply hierarchy, but competence, in other words know-how and experience.

For many years we have conducted a confidential dialogue with employee representatives, our external partners and with the representatives of the IG Bergbau, Chemie, Energie trade union (IG BCE). It is not insisting on standpoints, but patient explanatory work and prudent sustainable compromises that are the decisive success factors in this regard. There is no dubious background activity or fiddling here.

And last but not least: we have an open, confident relationship with our Supervisory Board, and especially with Mr Gerhard Wolf, the Chairman, who has helped shape and has decisively influenced the K+S Group's strategic path since 1989. Also for me personally, this was very important because together we were able to chart our course so successfully in the past years.



Dear Shareholders,
Dear Guests,

In conclusion, I would like to thank you very much for your interest in our company, for your constructive and critical comments, and, most of all, for your trust!

Please invest this same trust in my successor, Mr Norbert Steiner, who will assume chairmanship of the Board of Executive Directors on 1 July 2007, and, as you did before, in his team on the Board, in our senior managers and in all our employees at K+S.

Dear Mr Steiner, already today, I wish you every conceivable good fortune, but I wish you especially the committed support of our experienced employees, excellent colleagues on the Board, which you already have, and, last but not least, a modicum of luck, which one requires in the turbulent global markets if one wants to experience continuing success.

I am sure that all employees of the K+S Group will support you and that, just like you, everyone will continue to make a great effort to convince our shareholders, customers and partners of our services.

Thank you very much and all the best!