



Q4/2010
OCTOBER – DECEMBER

THE QUARTER IN BRIEF

Fertilizer and salt markets in very good shape

Quarterly revenues up by 26 % to € 1.34 billion

Operating earnings EBIT I reach € 195.2 million
(Q4/09: € 36.5 million)

Adjusted earnings per share at € 0.69 (Q4/09: € 0.10)

Dividend of € 1.00 proposed (2009: € 0.20)

K+S heads into 2011 and 2012 with confidence



Experience growth.

KEY DATA BUSINESS DEVELOPMENT

KEY FIGURES (IFRS)

€ million	Q4/10	Q4/09	%	2010	2009	%
Revenues	1,340.5	1,061.3	+ 26.3	4,993.8	3,573.8	+ 39.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	260.8	104.3	+ 150.0	975.2	411.8	+ 136.8
EBITDA margin in %	19.5	9.8	–	19.5	11.5	–
Operating earnings (EBIT I)	195.2	36.5	+ 434.8	726.9	238.0	+ 205.4
Operating EBIT margin in %	14.6	3.4	–	14.6	6.7	–
Result after operating hedges (EBIT II)	183.6	33.9	+ 441.6	731.5	241.9	+ 202.4
Earnings before income taxes	164.5	15.2	+ 982.2	608.0	126.5	+ 380.6
Earnings before income taxes, adjusted ¹⁾	176.1	17.8	+ 889.3	603.4	122.6	+ 392.2
Group earnings	123.2	15.6	+ 689.7	448.6	96.4	+ 365.4
Group earnings, adjusted ¹⁾	131.6	17.5	+ 652.0	445.3	93.6	+ 375.7
Return on Capital Employed (LTM) in %	–	–	–	20.9	9.3	–
Gross cash flow	246.3	91.2	+ 170.1	830.2	323.9	+ 156.3
Net indebtedness as of 31 Dec.	–	–	–	732.5	1,351.3	(45.8)
Capital expenditure ²⁾	93.8	63.5	+ 47.7	201.0	177.6	+ 13.2
Depreciation and amortisation ²⁾	65.7	67.8	(3.1)	248.3	173.8	+ 42.9
Working capital as of 31 Dec.	–	–	–	959.4	970.5	(1.1)
Earnings per share, adjusted (€) ¹⁾	0.69	0.10	+ 590.0	2.33	0.56	+ 316.1
Gross cash flow per share (€)	1.29	0.55	+ 134.5	4.34	1.95	+ 122.6
Book value per share as of 31 Dec. (€)	–	–	–	13.85	10.94	+ 26.6
Total number of shares as of 31 Dec. (million)	–	–	–	191.40	191.40	–
Outstanding shares as of 31 Dec. (million) ³⁾	–	–	–	191.40	191.40	–
Average number of shares (million) ⁴⁾	191.40	169.84	+ 12.7	191.34	166.15	+ 15.2
Employees as of 31 Dec. (number) ⁵⁾	–	–	–	15,241	15,208	+ 0.2
Average number of employees ⁵⁾	15,246	15,236	+ 0.1	15,168	12,368	+ 22.6
Personnel expenses	269.7	206.6	+ 30.5	1,019.3	756.4	+ 34.8
Closing price (XETRA) as of 31 Dec. (€)	–	–	–	56.36	39.99	+ 40.9
Market capitalisation as of 31 Dec. (€ billion)	–	–	–	10.8	7.7	+ 40.9
Enterprise value as of 31 Dec. (€ billion)	–	–	–	11.5	9.0	+ 27.8

¹⁾ The adjusted key figures unalteredly only include the realised result from operating forecast hedges of the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Related effects on deferred and cash taxes are also eliminated; tax rate for 2010: 28.2% (2009: 27.9%).

²⁾ Cash-effective investments in or depreciation on property, plant and equipment, intangible assets.

³⁾ Total number of shares less the number of own shares held by K+S as of the balance sheet date.

⁴⁾ Total number of shares less the average number of own shares held by K+S.

⁵⁾ FTE: Full-time equivalents; part-time positions are weighted in accordance with their respective share of working hours.

MANAGEMENT REPORT

Detailed information about the past financial year can be found in the Financial Report 2010, which can be downloaded and ordered on our homepage: www.k-plus-s.com.

Business Environment

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

(real in %)

Year	EU-25/ EU-27		
	Germany	EU-27	World
2010	3.6	1.7	4.9
2009	(4.7)	(4.2)	(0.8)
2008	+1.3	+1.2	+3.1
2007	+2.5	+3.1	+4.8
2006	+2.9	+3.3	+5.3

Source: Deka Bank

Macroeconomic environment

After a sharp economic downturn during the 2009 financial crisis, the global economy recovered significantly in 2010. At 4.9%, the increase in the gross domestic product was even higher than expected in the Quarterly Financial Report Q3/10. The upturn came in particular from the emerging market countries, while growth in the industrialised nations lost momentum during the course of the year. The reasons for this were the expiry of economic stimulus programmes in numerous countries and the debt crises in some European countries. Over the year, inflation accelerated tangibly, above all due to rising raw material prices.

In the eurozone the economy was largely robust in 2010. In individual member states, particularly in Germany, a notable upswing was observed. In the second half of the year, however, the pace of expansion slowed slightly. In 2010, the gross domestic product in Germany grew significantly by 3.6% after a decline of 4.7% in the previous year. In some other European countries, on the other hand, the situation was muted: In Spain and Ireland the gross domestic product barely grew during the year, and the Greek economy slid into a deep recession. The gross domestic product of the eurozone as a whole nevertheless rose by 1.7%. The inflation increased to 2.0% towards the end of the year, particularly as a consequence of rising energy prices. The utilisation of the euro parachute by some states did not result in a sustainable calming of the capital markets. The risk premiums for government bonds of individual states were still at a very high level at the end of the year. The European Central Bank's (ECB) base rate remained unchanged at 1.0% throughout 2010.

In the USA, the economic recovery lost some of its momentum in the course of the year. After total economic production had risen dramatically at the start of the year, the increase in production slowed with the expiry of economic stimulus programmes and with the effects of the storage cycle in the summer months. In 2010, the gross domestic product, however, rose by 2.9% and consumer prices by 1.6%. The situation on the employment market improved moderately in the course of the year, while the unemployment rate fell from its high of 9.5% in the middle of the year to only 9.4% towards the end of the year.

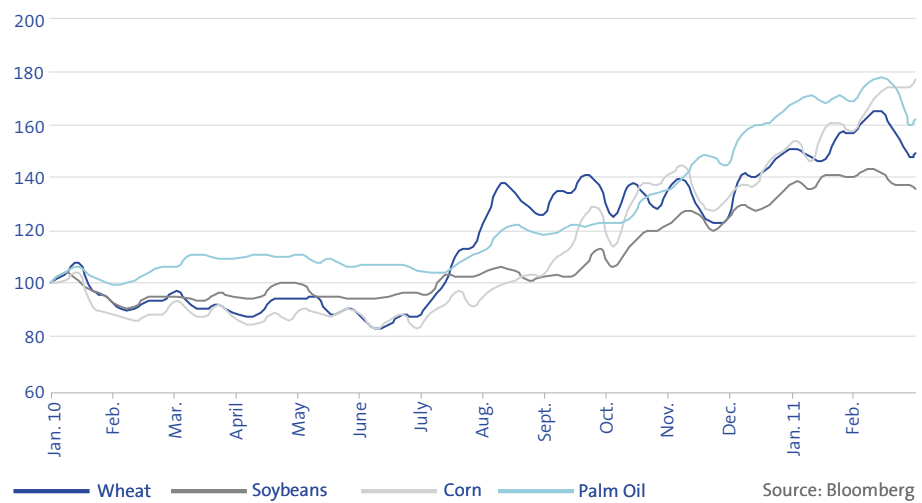
In the emerging market countries too, growth slowed down after a powerful upswing in the first half of the year. The main reason for this was the more restrictive economic and monetary policy towards the end of the year, which was intended to prevent the economy from overheating.

There was no uniform picture on the raw materials markets during the course of the year. After a temporary weakening, the oil price rose tangibly towards the end of the year and hit its high of US\$ 94.75 per barrel at the end of the year. With an average price of a good US\$ 80

during the year, a barrel of oil cost approximately US\$ 17 or 27% more than in 2009. Most basic materials, such as metals, followed the oil price and hit their highs towards the end of the year. Also agricultural commodities rose in price significantly by the end of the year due to harvest shortfalls in Russia and North America after a temporary sideways movement in the first half of the year.

DEVELOPMENT OF PRICES FOR AGRICULTURAL PRODUCTS

Index: beginning of 2010, in %



Developments on the international foreign exchange markets were influenced by the volatile development of the US dollar. After the US dollar weakened to a level of 1.45 USD/EUR at the start of the year, by the middle of the year, it rose to over 1.19 USD/EUR. In the second half of the year, the US dollar again depreciated significantly, and at the end of December, the euro exchange rate was 1.34 USD/EUR, however, 7% stronger than it had been a year before (31 December 2009: 1.44 USD/EUR). In terms of the average for the year, the US dollar stood at 1.33 USD/EUR and thus gained by just under 5% (2009: 1.39 USD/EUR).

Impact on K+S

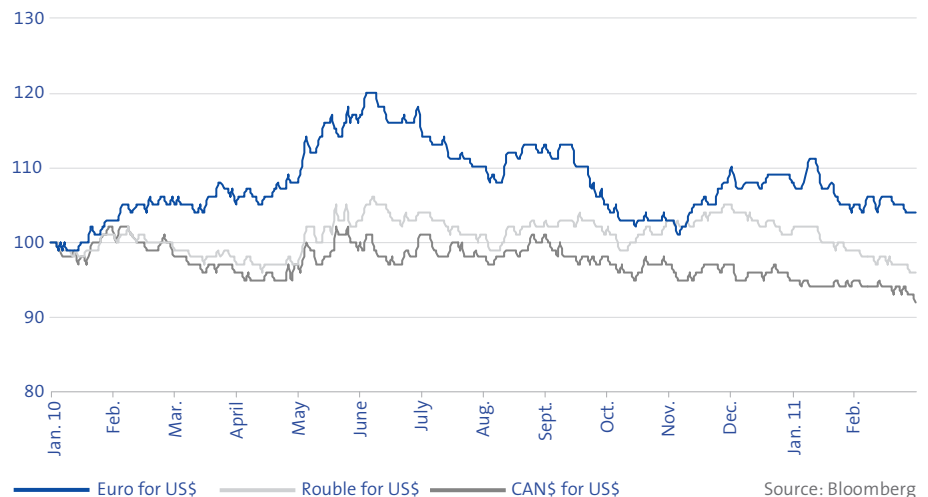
The changes in the macroeconomic environment impacted on the course of business for K+S as follows:

- Above all in the second half of 2010, the recovery in the prices of agricultural products resulted in a tangible increase in demand for fertilizers. After the sales volume of the Potash and Magnesium Products business segment had declined to 4.35 million tonnes in financial year 2009 and only about 50% of the production capacity had been used, the business segment again sold 6.99 million tonnes in 2010 and thus again achieved a high level of utilisation.

- Our production costs are influenced to a considerable degree by energy costs, particularly with regard to gas. As a result of the energy supply clauses agreed with our suppliers, changes in energy prices in the Potash and Magnesium Products business segment are in part only reflected in our cost accounting with a delay of six to nine months. Against this backdrop, the higher level of energy prices at the turn of 2009/2010 resulted in a slight increase in energy costs as of the third quarter of 2010 only. The increase in energy prices observed in the second half of 2010 did not exert a material impact on the K+S Group’s energy costs last year.
- In comparison to a year ago, for the Potash and Magnesium Products business segment, an average of 1.35 USD/EUR incl. hedge costs meant a significantly more favourable conversion rate than in the previous year (2009: 1.48 USD/EUR).
- In addition to the USD/EUR currency relationship, a relative comparison of the euro and the currencies of our competitors each in relation to the US dollar is also of importance for us. For most potash producers in the world, a weak US dollar has a negative impact on earnings capacity in their particular domestic currency; this stems from the fact that the major part of global potash production takes place outside the US dollar zone, but almost all sales, with the exception of the European market, are invoiced in US dollars. The following Figure shows that particularly in the first half of the year, the K+S Group managed to profit from the strength of the US dollar against the euro in its fertilizer business. The advantage was greater in comparison to competitors from Canada and Russia, but diminished again significantly from its highs at the start of June.

DEVELOPMENT OF EUR/USD vs. CAD/USD AND RUB/USD

Index: Beginning of 2010; in %



The market positions of the business segments can be found in the section on Group Structure and Business operations on page 77 et seqq. of the Financial Report 2010.

Industry-specific framework conditions

Fertilizer business sector

In comparison to the previous year, financial year 2010 was characterised by a normalising and thus significantly higher demand for fertilizers. At the start of the year under review, demand from the trade in the northern hemisphere again rose considerably, so that the very low inventories of fertilizers following the reluctance to purchase observed the previous year could again be built up ahead of the spring season. The agricultural industry also returned to sustained consumption behaviour to a large extent: In light of a greatly reduced use of fertilizers in 2009 and the resultant risk for the yield of the coming harvests, due to lower nutrient contents in the soil, the agricultural sector significantly again increased its use of fertilizers worldwide. The sharp increase in international cereal prices that started in the second half of the year and the accompanying improved income situation of farmers then even further boosted the demand for fertilizers.

The significantly rising global demand for potash from 31 million tonnes in 2009 to an estimated 57 million tonnes in 2010 resulted in the utilisation of capacity of most potash producers again achieving a relatively high level against the backdrop of significantly declining inventories during the course of the year. This had effects on the price development of potassium chloride. Following the conclusion of contracts by some potash suppliers with Chinese and Indian customers at the end of 2009 and the beginning of the year under review at US\$ 350 and 370 US\$ per tonne respectively for potassium chloride standard including freight, a global price level of between US\$ 350 and US\$ 400 per tonne was established for potassium chloride including freight in the second quarter. At the end of August, the Russian-Belarusian export organisation BPC announced prices for the Asian market of US\$ 405 per tonne for potassium chloride standard and US\$ 420 per tonne for granulated potassium chloride respectively, and for the Brazilian market of between US\$ 410 and US\$ 420 per tonne for granulated potassium chloride. At the end of November, BPC announced prices of between US\$ 440 and US\$ 450 per tonne respectively for granulated potassium chloride for the Asian and Brazilian markets. K+S also raised its prices for granulated potassium chloride in Europe in the course of the year from € 285 to € 335 per tonne and also adjusted the prices for other potash and magnesium products correspondingly.

In the first half of the year, the European production facilities for nitrogen fertilizers were already operating with a high level of utilisation, and in the second half of the year even at full capacity. The prices for nitrogen fertilizers therefore rose significantly over the year in view of higher input costs.

Salt business sector

De-icing salt – Western Europe

In the first quarter, the exceptional and omnipresent winter resulted in very high demand, which was not possible to meet completely even through the maximal utilisation of the available local production capacities. Against this backdrop, there were more imports, and even food-grade and industrial salts were used as de-icing agents. After a still hesitant early stocking-up in the second quarter, the European tenders in the third quarter were

concluded with tangible higher prices. The short and intensive early stocking-up phase that commenced at that point resulted in all European production facilities operating at full capacity again. The strong onset of winter that occurred once more in December again confronted the European producers with exceptionally great challenges. The record demand could not be fully met despite more imports from overseas.

De-icing salt – North America

While the winter in the USA passed relatively normally during the first quarter, Canada experienced a very mild weather. In terms of early stocking-up, the position was thus made more difficult for suppliers in relation to the local invitations to tender by still relatively high stocks and increasing competitive pressure on the East Coast. This resulted in moderate price declines and generally lower contract volumes. A relatively late onset of winter in the fourth quarter meant that while demand improved in comparison to a weak same quarter in the previous year, it was nonetheless below average.

Industrial salt

The European industrial salt market was characterised by an overall positive demand trend. The performance of the industrial salt market in North America developed relatively stable. A certain degree of reluctance to purchase due to a difficult economic environment was still experienced in the case of water-softening products. In South America, the business was relatively stable.

Food grade salt

The demand for food grade salt in Europe and North America proved to be relatively stable on a high level in the year under review. In South America, the situation on the market for food grade salt normalised during the course of the year, after demand had risen significantly at the start of the year due to the earthquake in Chile.

Salt for chemical use

As for salt for chemical use, demand in Europe normalised thanks to a stabilising economic recovery. However, this was not yet true for the North American market. In the South American market for salt for chemical use, competitive pressure increased as a result of the earthquake and of customers being adversely impacted by higher energy costs.

Key events affecting the course of business

- In 2010, the international fertilizer market was characterised – as has already been pointed out in the “Industry-specific framework conditions” section – by a strong increase in demand. This resulted in the utilisation of capacity of most potash producers again reaching a relatively high level against the backdrop of significantly declining inventories during the course of the year, so that K+S, also in light of a rising global market price level, was able to raise the prices for granulated potassium chloride in Europe in the course of the year from € 285 to € 335 per tonne. The European production facilities for nitrogen fertilizers were already operating at high capacity in the first half of the year and, in the second half, even at full capacity. The prices for nitrogen fertilizers also rose significantly in view of increasing input costs.

- On 2 April 2009, K+S signed an agreement to acquire Morton Salt. Closing took place on 1 October 2009. The initial inclusion of Morton Salt for the whole year in 2010 produced a consolidation effect amounting to € 582.2 million in revenues and € 68.6 million in operating earnings. The contribution to earnings was adversely affected by depreciation on value adjustments to be made within the framework of purchase price allocation, as well as by integration costs and one-off effects from revaluation and consolidation within the valuation of inventories in accordance with IFRS.
- Sales volumes of de-icing salt largely depend on winter weather conditions during the first and fourth quarters. Against this backdrop, the positive de-icing salt business in Europe described in “Industry-specific framework conditions”, which was above the multi-year average in terms of sales volumes, resulted in a significant increase in revenues and earnings in the Salt business segment.

Group structure and business operations

For a comprehensive description of our group structure and business operations, please see the relevant passages in our Financial Report 2010 on page 77 et seqq.

Corporate strategy and enterprise management

For a detailed description of the corporate structure and enterprise management, please see the relevant passages in our Financial Report 2010 on page 87 et seqq.

Products and services

For a comprehensive overview of our Business Segments' products and services, please see the relevant passages on page 77 et seqq. of the Financial Report 2010.

Research and development

Research costs for the quarter under review came to € 4.9 million and were thus slightly above the level of the same quarter in the previous year (2009: € 4.6 million). The majority of research costs were incurred by the optimisation of production processes for reducing solid and liquid residue in potash production.

For a comprehensive description of the research and development activities, please see the relevant passages in our Financial Report 2010 on page 95 et seqq.

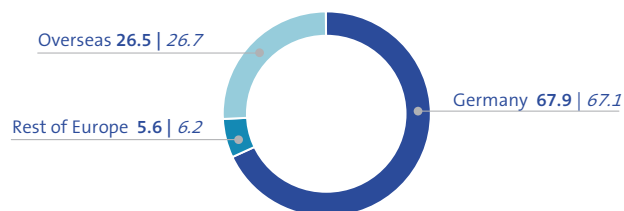
Employees

As of 31 December 2010, the K+S Group employed a total of 15,241 people. Compared with 31 December 2009 (15,208 employees), the number thus remained, as expected, almost unchanged. While the number of employees in the Nitrogen Fertilizers and Salt business segments each declined slightly, the Potash and Magnesium Products business segment started to increase its workforce in order to again achieve the full utilisation of annual capacity. Additionally, the personnel needs of the Potash and Magnesium Products business segment and of the holding companies increased due to greater activity in the sphere of environmental protection. Furthermore, the IT integration of Morton Salt required an increase in the number of employees in K+S IT-Services GmbH, which is one of the holding companies.

In terms of averages, a significant increase in the number of employees can be seen. In the year under review, an average of 15,168 people were employed at K+S (2009: 13,044). The increase, which was as well expected, is mainly due to the inclusion for the whole year of the employees of Morton Salt, who were integrated into the K+S Group as of 1 October 2009 and thus influenced the average of the previous year only for one fourth of the year.

EMPLOYEES BY REGION AS OF 31 DECEMBER 2010

in %; previous year's figures in italics



Personnel expenses

Fourth quarter personnel expenses totalled € 269.7 million and were thus up € 63.1 million or about 31% on the same period in the previous year (Q4/09: € 206.6 million). The increase is attributable in particular to higher performance-related remuneration due to the improved earnings, collective agreement pay increases and the cessation of short-time allowance.

In 2010, the personal expenses of the K+S Group were € 1,019.3 million and therefore significantly above the level of the previous year (2009: € 756.4 million), according to expectations. The increase is attributable in particular to the first-time inclusion of Morton Salt for the whole year, higher performance-related remuneration due to the improved earnings, collective agreement pay increases and the cessation of short-time allowance which was included in the previous year. Without the provision effects, pure personnel costs rose by € 261.6 million or 34% to € 1,026.8 million compared with the previous year for the same reasons. A total of € 199.8 million was attributable to the inclusion of Morton Salt for the whole year, € 149.6 million to the consolidation effect in the first nine months. In the previous year, the share of variable remuneration in personnel expenses accounted for € 95.3 million or a good 9% (2009: € 60.2 million or just under 8%).

For a comprehensive description of our employees, please see the relevant passages in our Financial Report 2010 on page 92 et seqq.

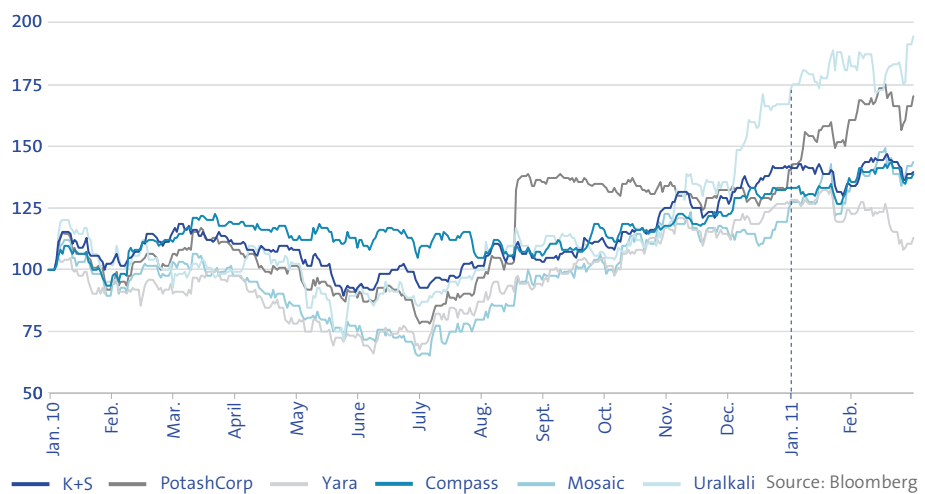
K+S on the Capital Market

Course of the K+S share price in the fourth quarter

- Starting from a level of about € 43 at the beginning of the fourth quarter, the K+S share enjoyed a sharp upwards trend and profited primarily from higher prices for agricultural products.
- The results for the third quarter, pre-published in an ad hoc notification on 2 November, which to some extent significantly surpassed the consensus expectations, and the simultaneous raising of the earnings forecast resulted in a further increase of the K+S share.
- This development was given additional backing at the end of November by the intention of K+S to friendly take over the Canadian potash exploration and development company Potash One, which will lead to an expansion of the potash capacities of the K+S Group in the medium term within the framework of the growth strategy and to a prolongation of the average life of the mines.
- At the end of the year, the share was finally given another stimulus by K+S' announcement of an increase in the price of granulated potassium chloride by a further € 18/t to € 335/t in Europe, as well as by the early onset of winter in Europe, and on 31 December it closed at € 56.36 with an increase of 40.9% compared with the end of 2009 (€ 39.99). If the dividend paid in May 2010 is taken into consideration, the growth in value amounted to 41.4% in total.
- In the last (1 March 2011) of the research surveys that we carry out regularly, 15 banks gave us a "buy/accumulate" recommendation, seven a "hold/neutral", and four a "reduce/sell" recommendation.

PERFORMANCE OF THE K+S SHARE IN RELATION TO PEERS

Index: 31 December 2009; in %



Shareholder structure

On 26 November, we were informed by AXA S.A. that it held 3.06% of K+S shares. Moreover, there were no changes in the shareholder structure in the fourth quarter. Meritus Trust Company Limited, Bermuda, still holds through EuroChem Group SE 14.86% of the shares. Meritus manages the industrial shareholdings of Andrey Melnichenko on a fiduciary basis. BASF SE continues to hold about 10% of our shares. BlackRock Inc. holds 3.63% of the shares. Under the free float definition applied by Deutsche Börse AG, the free float is unchanged and amounts to just under 75%.

The K+S bond

Continued low risk premiums for corporate bonds contributed to the K+S bond being quoted at 107.476% on 31 December 2010. This corresponds to an increase of 2.170 percentage points since the end of 2009. This means that the yield as at the balance sheet date was 2.848% p.a.

Earnings, Financial and Asset Position

Development of orders

Most of the business of the K+S Group is not covered by long-term agreements concerning fixed volumes and prices. The small percentage of the backlog of orders in relation to revenues – for example, less than 10% at the end of the year in the Potash and Magnesium Products business segment – is customary in the industry. The business is characterised by long-term customer relationships as well as revolving framework agreements with non-binding volume and price indications.

Thus, the disclosure of the K+S Group's and its business segments' backlog of orders is of no relevance for assessing the short- and medium-term earnings capacity.

Revenues and earnings position

Fourth quarter revenues strongly up once again

At € 1,340.5 million, revenues for the fourth quarter were up € 279.2 million or 26% on the figure for the same period last year. The increase was especially attributable to volume-related growth. The Nitrogen Fertilizers and Potash and Magnesium Products business segments also achieved considerable revenue growth after the demand for fertilizers increased significantly again. The Salt business segment significantly increased its revenues particular due to the strong winter in Europe in the fourth quarter.

Variance analysis in %	Q4/10	2010
Change in revenues	+ 26.3	+ 39.7
- volume/structure	+ 18.2	+ 27.9
- prices/price-related	+ 4.7	(6.5)
- exchange rates	+ 3.4	+ 2.1
- consolidation	–	+ 16.3

The increase in revenues in 2010 is particularly attributable to positive volume and consolidation effects, which were able to more than make up for negative price effects. The Potash and Magnesium Products and Nitrogen Fertilizers business segments achieved strong revenue increases, since the demand for fertilizers recovered significantly during the year under review. In the Salt business segment, both the consolidation of Morton Salt for the whole year and high sales volumes of de-icing salt in the first and fourth quarters had a positive impact on revenues. The Potash and Magnesium Products business segment again posted the highest revenues of all the K+S Group's business segments, accounting

for just under 37 % of the total, and was followed by Salt and Nitrogen Fertilizers. In Europe, we achieved revenues of € 2.6 billion (+38 %). Thus, this region accounted for approximately 53% of total revenues. The acquisition of Morton Salt contributed to the regional distribution of Group revenues now being very balanced shared between Europe and overseas. Revenues in the overseas markets rose by 41 % to a total of € 2.4 billion, equalling 47% of total revenues.

Development of selected cost items

The most important cost types developed as follows: Personnel expenses in the fourth quarter totalled € 269.7 million, an increase by € 63.1 million due to the reason mentioned on page 9. Material, freight and energy costs increased somewhat stronger than revenues due to volume factors as well as a result of higher input costs and freight rates.

At € 1.02 billion, the personnel expenses of the K+S Group increased by 35 % against the previous year. Without the provision effects, the personnel costs rose by 34% to € 1.03 billion in comparison to 2009, of which € 149.6 million is attributable to the consolidation effect due to the acquisition of Morton Salt. Raw materials, supplies and purchase merchandise (material costs), measured in terms of revenues about 25 %, increased by around 27 % to € 1.29 billion due to consolidation and volume-related effects. Freight costs, measured in terms of revenues about 15 %, rose somewhat stronger than revenues due to consolidation and volume-related effects as well as higher freight rates, by 51% to € 790.0 million. Energy costs, about 5% of revenues, increased primarily due to volume and consolidation-related effects by 26 % to € 265.8 million.

Operating earnings increased strongly in comparison to low basis of previous year

During the fourth quarter of 2010, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by € 156.5 million to € 260.8 million. Depreciation amounted to € 65.7 million and was thus almost stable. In the fourth quarter of 2010, operating earnings (EBIT I) of the K+S Group reached € 195.2 million and thus, seen against the low basis of the previous year (Q4/09: € 36.5 million) improved very strongly. While the Potash and Magnesium Products and Nitrogen Fertilizers business segments improved their earnings as a result of the persistent considerably higher demand for fertilizers from the start of the year, the pleasant earnings in the Salt business segment can be attributed to a strong business for de-icing salt.

During the year under review, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 137% to € 975.2 million. As the EBITDA is not affected by depreciation on valuations made within the framework of purchase price allocations, which have increased significantly after the acquisition of Morton Salt, the EBITDA will now be more important in assessing the operating earnings capacity.

The key control variable of the K+S Group, operating earnings EBIT I, increased by € 488.9 million or 205 % to € 726.9 million (2009: € 238.0 million). This includes depreciation of € 248.3 million, which increased by € 74.5 million in comparison to the previous year. This increase included € 66.5 million attributable to the consolidation effect of Morton Salt.

Depreciation on the value adjustments to be made within the framework of purchase price allocation at Morton Salt amounted to € 52.0 million during the year under review.

Operating earnings were particularly impacted by the following effects: While the Potash and Magnesium Products and Nitrogen Fertilizers business segments improved their earnings as a result of the significantly higher demand for fertilizers throughout 2010, the good earnings of the Salt business segment can be attributed both to a positive consolidation effect (€ 68.6 million) and an above-average business for de-icing salt in Europe in the first and fourth quarter.

The balance of expenses and income that cannot be allocated to the business segments (reconciliation) amounted to € (64.0) million in the year under review. In comparison to the figure for the previous year, the reconciliation thus rose by € 22.8 million. This is mainly to be attributed to the following factors: higher performance-related remuneration for the Board of Executive Directors, the Supervisory Board and for employees, non-recurrent expenses within the framework of reorganisation the long-term remuneration components for the Board of Executive Directors and managers (LTI programme) as well as consultancy costs, in particular within the framework of the corporate carve-out of COMPO.

Operating earnings (EBIT I) include the realised hedging result of the respective reporting period achieved from the operating derivatives used for the hedging of planned foreign currency positions (mainly revenues in US dollars) or future translation risks. The realised hedging result corresponds to the exercise value of the derivative at the time of maturity (difference between the spot rate and hedged rate), less the premiums paid in the case of option transactions. The changes in market value of the operating forecast hedges still outstanding are, however, only taken into consideration in the earnings after operating hedging transactions (EBIT II).

Result after operating hedges (EBIT II)

At € 183.6 million in the fourth quarter (Q4/09: € 33.9 million), earnings after operating hedges (EBIT II) were also very significantly higher than in the corresponding period of the previous year.

Earnings after operating hedging transactions EBIT II achieved € 731.5 million during the year under review, having been € 241.9 million in the previous year. EBIT II benefited from earnings effects resulting from operating forecast hedges of € 4.6 million (2009: € +3.9 million). This amount corresponds to that part of the earnings from operating forecast hedges which was not yet recorded as realised earnings in EBIT I.

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

Stable financial result in the fourth quarter

In the fourth quarter, the financial result was stable at € (19.1) million almost unchanged to the previous year € (Q4/09: € (18.7) million).

The financial result consists of net interest income and other financial result. At € (126.6) million (2009: € (57.0) million), net interest income deteriorated in 2010. In addition to higher interest expenses as a result of financing the acquisition of Morton Salt, there were one-off expenses in the amount of € 20.3 million due to the restructuring of our financial liabilities. Furthermore, non-cash unplanned interest expenses for provisions for mining obligations of € 23.0 million arose. These resulted from a necessary lowering of the average weighted discount rate for provisions for mining obligations of the K+S Group from 5.6% to 4.7% in line with the significantly lower long-term interest level during the course of the year which has been necessary due to IFRS rules. Against this backdrop, non-cash interest expenses for provisions for mining obligations rose to a total of € 44.4 million in comparison to € 8.6 million in the year 2009, which additionally had benefited from a non-recurrent release of a provision. Non-cash interest expenses for pension provisions came to € 7.6 million and were thus at the level of 2009. Other financial result improved by € 61.5 million to € 3.1 million in the year under review. This was mainly attributable to there no longer being any negative extraordinary effects arising from the hedging transactions used for hedging the acquisition price of Morton Salt in 2009. Overall, the financial result was € (123.5) million after having been € (115.4) million in the previous year.

(Adjusted) earnings before income taxes improve strongly

In the fourth quarter, earnings before income taxes totalled € 164.5 million (Q4/09: € 15.2 million). If the earnings are adjusted for the effects from operating forecast hedges, which were not yet recorded as realised earnings in EBIT I (€ (11.6) million), this results in adjusted earnings before income taxes of € 176.1 million. It thus proved possible to increase this by € 158.3 million in comparison to the same period in the previous year.

Earnings before taxes amounted to € 608.0 million for the year under review. If the earnings are adjusted for the earnings from operating forecast hedges which have not yet been recorded as realised earnings in EBIT I (€ 4.6 million), adjusted earnings before taxes amount to € 603.4 million. This financial indicator thus increased by € 480.8 million year on year.

(Adjusted) Group earnings after taxes significantly exceed figures for previous year

Group earnings after taxes and minority interests in the fourth quarter reached € 123.2 million (Q4/09: € 15.6 million). Tax expenses totalling € 41.1 million were incurred. These include a deferred, i. e. non-cash tax income in the amount of € 12.5 million (Q4/09: tax income of € 0.6 million, of which € 14.9 million was deferred). It proved possible to increase adjusted Group earnings after taxes by € 114.1 million to € 131.6 million during the fourth quarter (Q4/09: € 17.5 million).

Group earnings after taxes and minority interests for the year under review were € 448.6 million (2009: € 96.4 million). The anticipated income tax expense was calculated based on a domestic Group income tax rate of 28.2% (previous year: 27.9%).

Tax expense totalling € 158.6 million was incurred in 2010 (2009: € 29.6 million); this amount comprised a deferred and thus non-cash tax income of € 20.6 million (2009: tax income of € 8.7 million).

At € 445.3 million, adjusted Group earnings exceeded the previous year's figure by € 351.7 million (2009: € 93.6 million). The main reason for this were the far higher operating earnings. The adjusted Group tax ratio was thus 26.2% in the year under review, after having been 23.6% in the previous year.

Adjusted earnings per share in the fourth quarter at € 0.69 (Q4/09: € 0.10 per share)

For the quarter under review, adjusted earnings per share amounted to € 0.69 and were thus significantly higher than the previous year's value of € 0.10. It was computed on the basis of 191.40 million no-par value shares, being the average number of shares outstanding (previous year: 169.84 million no-par value shares).

For the year under review, adjusted earnings per share amounted to € 2.33 and were roughly four times higher than the figure for the previous year of € 0.56. They were computed on the basis of an average number of 191.34 million no-par value shares outstanding (previous year: 166.15 million no-par value shares).

We held no shares of our own as of 31 December 2010. At the end of the year, the total number of shares outstanding of the K+S Group was 191.40 million no-par value shares.

Undiluted, adjusted earnings per share are computed by dividing adjusted Group earnings after taxes and minority interests by the weighted average number of shares outstanding. As none of the conditions resulting in the dilution of earnings per share exist in the case of K+S at the present time, undiluted earnings per share correspond to diluted earnings per share. Neither abandoned business segments nor changes in accounting treatment had to be taken account of separately in the earnings per share.

€ million	2010	2009
Gross cash flow	830.2	323.9
Cash flow from operating activities	857.5	534.8
Cash flow for investing activities	(190.2)	(1,345.9)
Free cash flow before acquisitions/divestments	667.3	365.8
Cash flow for/from financing activities	(454.2)	1,168.1

Financial position and capital expenditure

Free cash flow reached € 667.3 million in the year 2010

Gross cash flow reached € 830.2 million in the year under review. It was thus € 506.3 million up on the figure for the previous year (2009: € 323.9 million) mainly due to significantly increased operating earnings.

The cash flow from operating activities reached € 857.5 million after having been € 534.8 million a year earlier. This increase of € 322.7 million was lower than in the case of the gross cash flow. After the inventories had decreased significantly in the previous year partly due to value adjustments in the Nitrogen Fertilizers business segment, in the year under review, there was a slight increase in the inventories of the Salt business segment. The effects of rising receivables and liabilities from the revival of the operating business almost completely offset each other.

Cash flow for investing activities amounted to € (190.2) million in 2010; and was thus substantially below the level of the previous year (2009: € (1,345.9) million). The period in the previous year had included the purchase price payment for the acquisition of Morton Salt (€ (1,089.0) million) as well as disbursements for the associated exchange rate hedging (€ (87.9) million). If the cash flow for investment activities of the previous year is adjusted for these payments, the figure for the year under review would be above the level of the previous year due to higher disbursements for capital expenditure on property, plant and equipment and intangible assets (€ (169.0) million).

Free cash flow before acquisitions/divestitures reached € 667.3 million in the period under review, after having been € 365.8 million in the previous year.

In the reporting year, cash flow for financing activities amounted to € (454.2) million and primarily relates to the settlement of financial liabilities of € 411.6 million. In the previous year, the cash flow from financing activities stood at € 1,168.1 million and principally comprised proceeds from the issuance of a bond and equity contributions from the capital increase carried out in December 2009. At year-end 2010, cash and cash equivalents were € 740.6 million (2009: € 520.1 million).

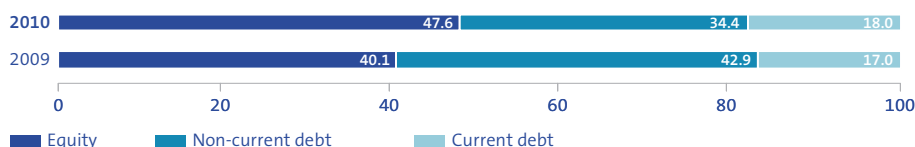
Solid financing structure

In comparison to the end of 2009, the financing structure of the K+S Group has significantly improved: As of 31 December 2010, a good 80% of the financing of the K+S Group results from equity and non-current debt, which itself consists of bond payables and provisions. Furthermore, there are sufficient financing possibilities available at banks, which, if need be, offer us additional borrowing.

Equity increased mainly due to earnings-related effects and the equity ratio rose from 40.1 to 47.6% of the balance sheet total. Due to lower financial liabilities, the proportion of non-current debt including non-current provisions declined to 34.4% of the balance sheet total (31 December 2009: 42.9%). The proportion of the current debt remained almost stable at 18.0%.

EQUITY AND LIABILITIES

in %



As of 31 December 2010, the K+S Group's debt consisted of approx. 40% provisions, just under 27% financial liabilities, around 18% accounts payable trade, and 12% tax liabilities from income tax and deferred taxes. The main non-current provisions of the K+S Group are provisions for mining obligations (€ 528.4 million) as well as for pensions and similar obligations (€ 184.8 million). As of 31 December 2010, financial liabilities amounted to € 786.6 million, of which only € 17.5 million was classified as current.

Financial liabilities in foreign currencies are predominantly denominated in US dollar. As at 31 December 2010, they totalled € 19.0 million. Additionally, financial liabilities in Canadian dollar (€ 5.6 million) as well as Chilean peso (€ 10.3 million) existed.

Fourth quarter capital expenditure above the level of the previous year

In the fourth quarter of 2010, the K+S Group invested a total of € 93.8 million; an increase of € 30.3 million. In 2010, the K+S Group invested a total of € 201.0 million, of which € 49.2 million was accounted for by Morton Salt. Adjusted for the effect of the consolidation of Morton Salt (€ 24.8 million), the volume of capital expenditure was at about the same level as the previous year. In the 2009 Financial Report, we had reckoned with capital expenditure of € 260 million for 2010. In the H1/10 Half-yearly Financial Report, we revised this forecast downward initially by € 50 million, and then in the Q3/10 Quarterly Financial Report by a further € 10 million to about € 200 million. The volume of capital expenditure, which was lower than expected at the beginning of the year, can be attributed to the delays in investment projects, and mainly also in the realisation of the package of measures on water protection on the basis of the still outstanding agreement between K+S and the federal states of Hesse and Thuringia pursuant to the public law agreement. A certain degree of seasonality is evident for capital expenditure; investment undertakings are largely implemented predominantly in the third and fourth quarters, since we use the pauses in production that arise then to implement larger-scale investment undertakings.

At the end of the year, there were capital expenditure obligations totalling € 59.8 million, which relate to as yet uncompleted investment undertakings from 2010.

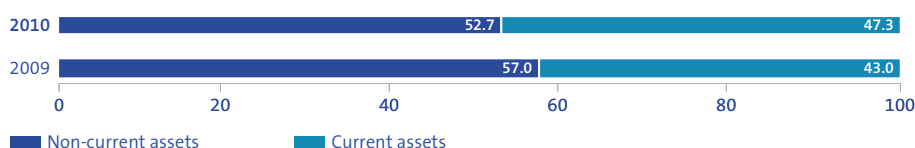
Of the investments made, € 145.5 million or a good 72% was accounted for by measures relating to replacing and ensuring production. This was significantly less than the depreciation of € 248.3 million.

Asset position

The K+S Group balance sheet total rose by 6.8% to € 5,573.7 million as of 31 December 2010. This was primarily due to the increase in cash and cash equivalents, receivables and inventories. At 53:47, the ratio of non-current to current assets is still regarded as very balanced. At the end of 2010, cash and cash equivalents totalled € 748.4 million (previous year: € 529.1 million). After the inclusion of cash and cash equivalents, the provisions for pensions and for mining obligations (€ 184.8 million and € 528.4 million respectively) as well as financial liabilities (€ 786.6 million), and taking into consideration reimbursement claims in connection with a bond at Morton Salt of € 18.9 million, K+S Group net indebtedness at the end of the year amounted to € 732.5 million (previous year: € 1,351.3 million). The decline can be attributed to the strong free cash flow, which resulted in an increase in cash and cash equivalents and was used for the reduction of financial liabilities.

ASSETS

in %



Subsequent Events

No material changes have occurred in the economic environment or in the position of our industry since the close of the quarter under review.

K+S acquires majority interest in Potash One

On 22 November 2010, K+S Aktiengesellschaft and Potash One had signed an agreement under which K+S made an offer to all Potash One shareholders to acquire all shares at a price of CAN\$ 4.50 (transaction volume: CAN\$ 434 million, equivalent to around € 325 million). Potash One holds several potash exploration licences in the Canadian province of Saskatchewan including the Legacy Project – an advanced greenfield project for the construction of a potash solution plant. The formal takeover bid was sent to the holders of the Potash One shares on 13 December 2010. The term of acceptance ended initially on 18 January 2011.

On 19 January 2011, K+S announced that about 81% of the Potash One shares had been tendered by the offer deadline. The deadline was extended until 4 February in order to give the remaining shareholders the opportunity to tender their shares. On 7 February, we announced that the tender ratio had risen to 90.9%. As the bid was accepted by more than 90% of the Potash One shareholders, the remaining outstanding Potash One shares will be acquired by means of an exclusion procedure within the framework of the Canada Business Corporations Act. By mid-May 2011, the acquisition of Potash One should be completed.

Apart from this, no other events of material importance for the K+S Group requiring disclosure have occurred.

Risk Report

For a comprehensive description of our risk and opportunity management system as well as possible risks, please see the relevant passages in our Financial Report 2010 on page 129 et seqq.

Opportunity Report

For a comprehensive description of possible opportunities, please see the relevant passages in our Financial Report 2010 on page 157 et seq. There is no offsetting of opportunities and risks as well as their positive and negative changes

Forecast Report

More detailed information about the future Group direction, future macroeconomic situation, future industry situation, the anticipated revenue and earnings positions by business segments and capital expenditure can be found in the Financial Report 2010, which can be downloaded or ordered on our homepage k-plus-s.com.

Future earnings position

The following forecasts relate exclusively to the expected organic development of revenues and earnings; increases resulting from possible acquisitions and cooperations are not taken into consideration.

For a number of years, K+S has been principally pursuing a clearly defined forecast policy:

- In the Financial Report, an outlook for two years is given. In terms of quality, the outlook uses the expressions “slight”, “moderate”, “tangible”, “significant” and “strong”. The respective expressions normally follow an internal classification depending on the expected percentage change in comparison to the figures for the previous year.
- In the Quarterly Financial Report for the first quarter, the outlook for the current year is taken up and, if necessary, adjusted. The outlook uses the same qualitative classification as the Financial Report.
- In the Half-yearly Financial Report the outlook is quantified for the first time and ranges are specified for the expectations regarding revenues, EBITDA, operating earnings EBIT, Group earnings and earnings per share.
- In the Quarterly Financial Report for the third quarter, the ranges are, if necessary, adjusted and narrowed for the current year. Furthermore, the qualitative outlook of the Financial Report for the following year is taken up again and, if necessary, changed.

K+S Group with attractive prospects

In 2011, revenues should increase tangibly in comparison with the previous year's figure. Following the estimates in the outlook for the third quarter of 2010 and against the background of the positive demand and price trends emerging at the end of the year and during the course of the first quarter of 2011, revenues of the K+S Group should rise tangibly in financial year 2011 against the previous year (previously: moderately). While in the Potash and Magnesium Products business segment we are assuming a tangible increase in revenues and, in the Nitrogen Fertilizers business segment, a significant (previously: slight) one, in the Salt business segment we expect a stable (previously: moderately declining) revenue level. The revenue forecast assumes an average US dollar exchange rate of 1.35 USD/EUR (2010: 1.33 USD/EUR).

Costs will probably rise tangibly, but by a lower proportion

The following forecast of the development of costs is structured by cost type: The total costs of the K+S Group should rise tangibly year on year. As far as personnel expenses are concerned, in light of a slightly higher number of employees and the most recent higher pay settlements under collective bargaining agreements, we anticipate a tangible increase. Energy and freight costs too should rise tangibly and significantly, respectively, in relation to the preceding year. Finally, higher input prices will probably also result in a significant increase in material costs. We expect depreciation/amortisation charges to be at a moderately higher level.

Operating earnings likely to rise significantly

For the financial year 2011, we are forecasting significantly higher operating earnings EBIT I in comparison to last year's figure. This is primarily due to the expected significantly higher earnings in the Potash and Magnesium Products business segment as well as a moderate (previously: tangible) improvement in operating earnings in the Nitrogen Fertilizers business segment. On the other hand, the operating earnings of the Salt business segment will probably fall moderately (previously: significantly). On the basis of our US dollar estimate of 1.35 USD/EUR (average rate for 2010: 1.33 USD/EUR) this does not result in a material currency-related effect.

Group earnings after taxes will probably improve significantly

In 2011, the adjusted Group earnings after taxes should also be significantly higher in line with the development of operating earnings. Our projection is based not only on the effects described for revenues and operating earnings, but also on the following circumstances expected from today's perspective:

- a significantly better financial result, after this was negatively impacted by special effects in 2010;
- a domestic Group tax rate of 28.2% and an adjusted Group tax ratio of 26 to 27% (2010: 26.2%).

Forecast for 2012 also positive

In 2012, revenues will probably develop in a largely stable manner in comparison to the previous year. Moderately higher revenues in the Potash and Magnesium Products business segment will probably be accompanied by stable revenues in the Nitrogen Fertilizers business segment and moderately lower revenues in the Salt business segment. Owing to the high profitability of the Potash and Magnesium Products business segment, for operating earnings we see realistic opportunities for a moderate increase year on year, which should also have a correspondingly positive impact on the adjusted Group earnings after taxes.

Expected development of dividends

Dividend proposal for financial year 2010 raised substantially

On 12 May 2010, the dividend of € 38.3 million for 2009 was paid from the existing accumulated profit of € 46.2 million of K+S Aktiengesellschaft available at the end of 2009. In the financial year 2010, the K+S Aktiengesellschaft achieved net income for the year of € 217.8 million (2009: € 42.8 million). After the inclusion of profit carried forward amounting to € 7.9 million, € 225.7 million are disclosed as accumulated profit.

As a result of the strong increase in the adjusted earnings of the K+S Group and in line with our long-term dividend policy, the Board of Executive Directors proposes to the Annual General Meeting that a dividend of € 1.00 per share (previous year: € 0.20 per share) be paid.

Assuming that we will not hold any own shares on the date of the Annual General Meeting, this will result in a total dividend payment of € 191.4 million; the dividend payout rate of 43% is within the payout corridor of 40 to 50% of the adjusted K+S Group earnings that we are basically seeking to achieve.

Future dividend policy

We pursue an essentially earnings-based dividend policy. According to this, a dividend payout rate of 40 to 50% of the adjusted Group earnings forms the basis for future dividend recommendations to be determined by the Board of Executive Directors and the Supervisory Board. The significant increase of the adjusted Group earnings after taxes expected for 2011 should have a corresponding impact on the future dividend payment. For 2012, due to the anticipated improvement in the earnings level, an appropriate increase in the dividend is possible.

DEVELOPMENT OF DIVIDENDS

(in €)

Year	Dividend per share
2010 ¹⁾	1.00
2009	0.20
2008	2.40
2007	0.50
2006	0.50

¹⁾ The figure for 2010 corresponds to the dividend proposal.

Expected financial position

Expected financing structure characterised by high equity ratio

With net indebtedness (including long-term provisions) of € 732.5 million and thus a level of indebtedness of only 29.7% and as a result of a high operating cash flow the K+S Group has a strong financial base. Both these factors mean that we are able to respond flexibly to investment and acquisition opportunities. In light of the earnings development expected for 2011 in comparison to the previous year, our net indebtedness should remain at a stable level. This assumption takes into consideration e.g. the investment budget expected for 2011, the purchase price payment for the Potash One shares as well as the dividend amount resulting from the dividend proposal of the Board of Executive Directors. It does not include capital expenditure at Potash One, further acquisitions or share repurchase transactions. In 2011 and 2012, we will, under these conditions, in all likelihood display an equity ratio of around 50%, while the level of indebtedness should be less than 30%.

Planned capital expenditure

Our aim is essentially that capital expenditure related to replacement and safeguarding production capacity will not exceed the level of depreciation. Also, cash flow from operating activities should offer sufficient scope for profitable investments in expansion and rationalisation projects.

In 2011, the K+S Group's level of capital expenditure should be at least € 300 million. Capital expenditure at Potash One is not yet included in this figure. However, initial investment in the infrastructure as well as first drillings will be needed for this project to be continued systematically. It is planned that the funds for investment necessary for the implementation of the overall first phase of expansion will be determined in the second half of 2011. Capital expenditure of about € 35 million is being set aside for the package of measures on water protection for the Hesse and Thuringia potash district. Investments in measures relating to replacement and ensuring production should account for about 80% of the total amount of capital expenditure; this share should thus be slightly below the expected depreciation of € 250 million.

In 2012, the K+S Group's capital expenditure should, in the light of expenditure of a good € 50 million accounted for by the package of measures, amount to € 320 million. Capital expenditure at Potash One is not yet included in this figure for the reasons stated above. Measures relating to replacement and ensuring production will account for about 80% of this.

Positive development of liquidity expected for the coming two years

The earnings development forecast for 2011 and 2012 should also have a positive impact on the cash flow provided by business activities. The latter might tangibly exceed outlays connected with capital expenditure (excluding Potash One) and the purchase price payment for the Potash One shares, so that we can expect to generate a positive free cash flow over the next two years.

Guarantee of the Legal Representatives of K+S Aktiengesellschaft

FORWARD-LOOKING STATEMENTS

THIS REPORT CONTAINS FACTS AND FORECASTS THAT RELATE TO THE FUTURE DEVELOPMENT OF THE K+S GROUP AND ITS COMPANIES. THE FORECASTS ARE ESTIMATES THAT WE HAVE MADE ON THE BASIS OF ALL THE INFORMATION AVAILABLE TO US AT THIS MOMENT IN TIME. SHOULD THE ASSUMPTIONS UNDERLYING THESE FORECASTS PROVE NOT TO BE CORRECT OR SHOULD CERTAIN RISKS – SUCH AS THOSE REFERRED TO IN THE RISK REPORT – MATERIALISE, ACTUAL DEVELOPMENTS AND EVENTS MAY DEVIATE FROM CURRENT EXPECTATIONS. THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THE STATEMENTS CONTAINED IN THE MANAGEMENT REPORT, SAVE FOR THE MAKING OF SUCH DISCLOSURES AS ARE REQUIRED BY THE PROVISIONS OF STATUTE.

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

Kassel, 1 March 2011

K+S Aktiengesellschaft
The Board of Executive Directors

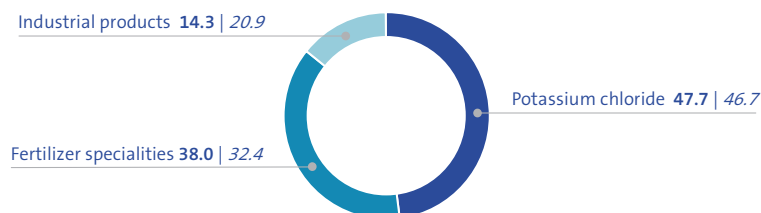
Business Segments of the K+S Group

Potash and Magnesium Products Business Segment

Variance analysis in %	Q4/10	2010	€ million	Q4/10	Q4/09	%	2010	2009	%
Change in revenues	+ 29.0	+ 29.8	Revenues	465.0	360.6	+ 29.0	1,844.7	1,421.7	+ 29.8
- volume/structure	+ 28.5	+ 47.1	Earnings before interest, taxes, depreciation and amortisation (EBITDA)	155.7	52.2	+ 198.3	567.1	317.2	+ 78.8
- prices/price-related	(3.0)	(19.7)	Operating earnings (EBIT I)	126.7	26.9	+ 371.0	475.9	231.7	+ 105.4
- exchange rates	+ 3.5	+ 2.4	Capital expenditure	46.3	27.5	+ 68.4	96.9	107.4	(9.8)
- consolidation	–	–	Employees as of reporting date (number)	–	–	–	7,900	7,818	+ 1.0
Potassium chloride	+ 30.6	+ 32.4							
Fertilizer specialities	+ 48.9	+ 51.9							
Industrial products	(10.5)	(10.7)							

REVENUES BY PRODUCT GROUP 2010

in %; previous year's figures in italics

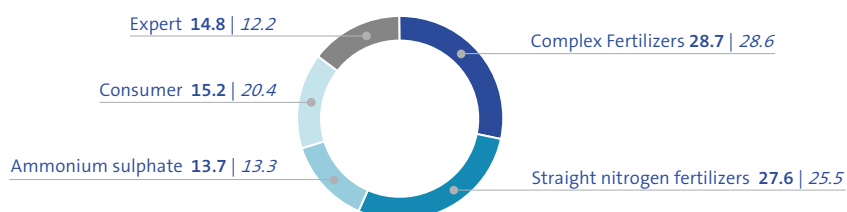


Nitrogen Fertilizers Business Segment

Variance analysis in %	Q4/10	2010	€ million	Q4/10	Q4/09	%	2010	2009	%
Change in revenues	+ 44.8	+ 26.6	Revenues	307.2	212.2	+ 44.8	1,286.2	1,016.2	+ 26.6
- volume/structure	+ 21.1	+ 24.0	Earnings before interest, taxes, depreciation and amortisation (EBITDA)	15.8	(37.8)	–	67.4	(94.4)	–
- prices/price-related	+ 20.4	+ 1.0	Operating earnings (EBIT I)	12.6	(42.3)	–	55.7	(108.1)	–
- exchange rates	+ 3.3	+ 1.6	Capital expenditure	5.2	5.2	–	12.9	11.2	+ 15.2
- consolidation	–	–	Employees as of reporting date (number)	–	–	–	1,226	1,249	(1.8)
Consumer	(20.6)	(5.6)							
Expert	+ 100.9	+ 53.2							
Complex fertilizers	+ 38.5	+ 26.8							
Straight nitrogen fertilizers	+ 57.2	+ 37.4							
Ammonium sulphate	+ 37.6	+ 30.3							

REVENUES BY SEGMENT 2010

in %; previous year's figures in italics



QUARTERLY FINANCIAL REPORT Q4/10 OF THE K+S GROUP

□ BUSINESS ENVIRONMENT □ EARNINGS, FINANCIAL AND ASSET POSITION □ SUBSEQUENT EVENTS □ RISK REPORT
□ OPPORTUNITY REPORT □ FORECAST REPORT ■ BUSINESS SEGMENTS OF THE K+S GROUP

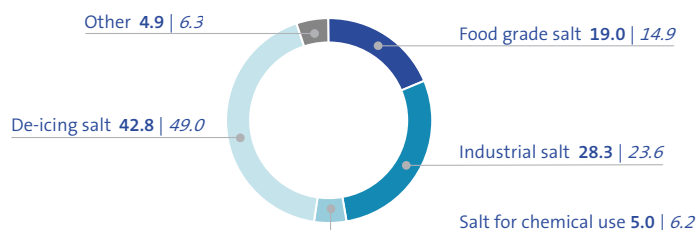
Variance analysis in %	Q4/10	2010
Change in revenues	+ 16.8	+ 70.4
- volume/structure	+ 9.7	+ 6.9
- prices/price-related	+ 3.5	+ 3.7
- exchange rates	+ 3.6	+ 2.4
- consolidation	–	+ 57.4
Food grade salt	+ 2.0	+ 117.5
Industrial salt	+ 6.6	+ 104.4
Salt for chemical use	+ 36.9	+ 38.0
De-icing salt	+ 23.6	+ 48.6
Other	+ 41.5	+ 33.1

Salt Business Segment

€ million	Q4/10	Q4/09	%	2010	2009	%
Revenues	531.8	455.3	+ 16.8	1,728.7	1,014.6	+ 70.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	106.2	81.4	+ 30.5	369.7	200.3	+ 84.6
Operating earnings (EBIT I)	76.6	47.3	+ 61.9	238.1	140.4	+ 69.6
Capital expenditure	37.3	27.0	+ 38.1	79.0	48.0	+ 64.6
Employees as of reporting date (number)	–	–	–	5,235	5,279	(0.8)

REVENUES BY PRODUCT GROUP 2010

in %; previous year's figures in italics



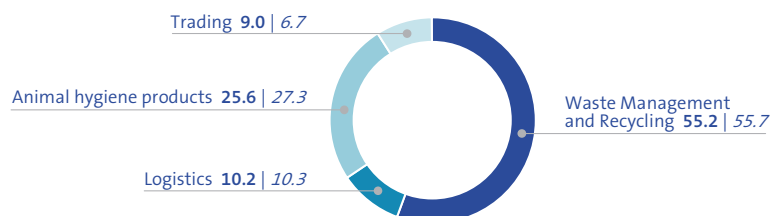
Variance analysis in %	Q4/10	2010
Change in revenues	+ 10.3	+ 10.8
- volume/structure	+ 5.1	+ 9.5
- prices/price-related	+ 4.8	+ 1.3
- exchange rates	–	–
- consolidation	–	–
Waste Management and Recycling	+ 9.6	+ 9.7
Logistics	+ 16.1	+ 9.7
Animal hygiene products	(3.2)	+ 4.0
Trading	+ 65.0	+ 49.4

Complementary Business Segments

€ million	Q4/10	Q4/09	%	2010	2009	%
Revenues	36.5	33.1	+ 10.3	133.7	120.7	+ 10.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	6.2	8.0	(22.5)	27.7	21.7	+ 27.6
Operating earnings (EBIT I)	4.3	5.7	(24.6)	21.2	15.2	+ 39.5
Capital expenditure	0.5	0.7	(28.6)	4.2	4.6	(8.7)
Employees as of reporting date (number)	–	–	–	280	278	+ 0.7

REVENUES BY SEGMENT 2010

in %; previous year's figures in italics



- STATEMENT OF INCOME
- STATEMENT OF COMPREHENSIVE INCOME
- OPERATING EARNINGS (EBIT I)
- STATEMENT OF CASH FLOWS

FINANCIAL SECTION

STATEMENT OF INCOME

€ million	Q4/10	Q4/09	2010	2009
Revenues	1,340.5	1,061.3	4,993.8	3,573.8
Cost of sales	833.6	732.6	3,075.6	2,343.9
Gross profit	506.9	328.7	1,918.2	1,229.9
Selling expenses	242.6	207.9	971.9	712.4
General and administrative expenses	61.1	39.9	183.6	123.1
Research and development costs	4.9	4.6	15.5	18.7
Other operating income	42.5	52.6	206.1	154.5
Other operating expenses	45.0	85.7	209.0	253.3
Income from investments, net	1.6	(1.9)	4.8	0.9
Result from operating forecast hedges	(13.8)	(7.4)	(17.6)	(35.9)
Result after operating hedges (EBIT II) ¹⁾	183.6	33.9	731.5	241.9
Interest income	3.2	1.9	7.6	4.7
Interest expenses	(24.2)	(19.6)	(134.2)	(61.7)
Other financial result	1.9	(1.0)	3.1	(58.4)
Financial result	(19.1)	(18.7)	(123.5)	(115.4)
Earnings before income taxes	164.5	15.2	608.0	126.5
Taxes on income	41.1	(0.6)	158.6	29.6
- of which deferred taxes	(12.5)	(14.9)	(20.6)	(8.7)
Net income	123.4	15.8	449.4	96.9
Minority interests in earnings	0.2	0.2	0.8	0.5
Group earnings after taxes and minority interests	123.2	15.6	448.6	96.4
Earnings per share in € (undiluted \triangleq diluted)	0.6	0.09	2.34	0.58
Operating earnings (EBIT I)	195.2	36.5	726.9	238.0
Earnings before income taxes, adjusted ²⁾	176.1	17.8	603.4	122.6
Group earnings, adjusted ²⁾	131.6	17.5	445.3	93.6
Earnings per share in €, adjusted ²⁾	0.69	0.10	2.33	0.56
Average number of shares in million	191.40	169.84	191.34	166.15

STATEMENT OF COMPREHENSIVE INCOME

€ million	Q4/10	Q4/09	2010	2009
Net income	123.4	15.8	449.4	96.9
Foreign currency translation	51.3	31.9	148.8	6.3
Cash flow hedge	-	28.8	-	-
Earnings without recognition in profit or loss (after taxes)	51.3	60.7	148.8	6.3
Comprehensive income	174.7	76.5	598.2	103.2
Minority interests in comprehensive income	0.2	0.2	0.8	0.5
Group comprehensive earnings after taxes and minority interests	174.5	76.3	597.4	102.7

OPERATING EARNINGS (EBIT I)

€ million	Q4/10	Q4/09	2010	2009
Result after operating hedges (EBIT II) ¹⁾	183.6	33.9	731.5	241.9
+/- Result from operating forecast hedges	13.8	7.4	17.6	35.9
+/- Realized earnings from operating forecast hedges	(2.2)	(4.8)	(22.2)	(39.8)
Operating earnings (EBIT I)	195.2	36.5	726.9	238.0

¹⁾ Management of the K+S Group is handled on the basis of operating earnings (EBIT I). Reconciliation of EBIT II to operating earnings (EBIT I) is recorded below the income statement.

²⁾ The adjusted key figures unalteredly only include the realised result from operating forecast hedges of the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Related effects on deferred and cash taxes are also eliminated; tax rate for 2010: 28.2% (2009: 27.9%).

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STATEMENT OF CASH FLOWS FOR THE PERIOD

€ million	Q4/10	Q4/09	2010	2009
Result after operating hedges (EBIT II)	183.6	33.9	731.5	241.9
Income(-)/expenses(+) from market value changes of hedging transactions not yet due	9.7	(1.1)	0.8	9.7
Neutralising previous market value changes of derecognised hedging transactions	1.9	3.7	(5.4)	(13.6)
Operating earnings (EBIT I)	195.2	36.5	726.9	238.0
Depreciation (+)/write-ups (-) on intangible assets, property, plant and equipment and financial assets	65.7	67.8	248.3	173.8
Increase(+)/decrease(-) in non-current provisions (without interest rate effects)	25.5	14.8	33.2	6.5
Interests, dividends received and similar income	(0.1)	1.7	6.4	4.4
Gains (+)/losses (-) from the realisation of financial assets and liabilities	3.6	0.8	(1.0)	1.6
Interest paid (-)	(2.0)	(19.7)	(58.5)	(63.8)
Income taxes paid(-)/received(+)	(54.7)	(14.2)	(123.2)	(38.2)
Other non-cash expenses(+)/income(-)	13.1	3.5	(1.9)	1.6
Gross cash flow	246.3	91.2	830.2	323.9
Gain(-)/loss(+) on the disposal of fixed assets and securities	(1.1)	0.4	(0.6)	0.4
Increase(-)/decrease(+) in inventories	(14.9)	66.2	(30.0)	210.2
Increase(-)/decrease(+) in receivables and other assets from operating activities	(198.3)	9.3	(118.1)	171.8
- of which premium volume for derivatives	(9.8)	3.9	(16.4)	38.2
Increase (+)/decrease (-) in liabilities from operating activities	111.8	61.6	172.4	(138.7)
- of which premium volume for derivatives	3.8	1.1	10.8	(3.3)
Increase(+)/decrease(-) of current provisions	(10.2)	(18.1)	6.3	(30.5)
Out-financing of provisions	0.2	(0.2)	(2.7)	(2.3)
Cash flow from operating activities	133.8	210.4	857.5	534.8
Proceeds from disposals of fixed assets	2.4	3.1	6.5	5.5
Disbursements for intangible assets	(14.2)	(2.5)	(18.1)	(4.5)
Disbursements for property, plant and equipment	(72.9)	(56.1)	(176.2)	(168.2)
Disbursements for financial assets	1.8	(0.7)	(2.4)	(1.8)
Disbursements for the acquisition of consolidated companies	-	(1,089.0)	-	(1,176.9)
Cash flow for investing activities	(82.9)	(1,145.2)	(190.2)	(1,345.9)
Free cash flow	50.9	(934.8)	667.3	(811.1)
Dividends paid	-	-	(38.3)	(396.0)
Payments from the issuance of new shares (less ancillary costs)	-	668.1	-	668.1
Payments from allocations to equity	-	-	6.1	7.9
Purchase of own shares	-	-	(8.4)	(13.9)
Sale of own shares	-	-	0.5	-
Increase(+)/decrease(-) in liabilities from finance lease	(1.4)	(1.1)	(2.5)	(1.2)
Taking out (+)/repayment of (-) loans	(15.7)	(282.5)	(411.6)	156.2
Incoming payments (+)/repayments (-) from the issuing of bonds	-	0.0	-	747.0
Cash flow for/from financing activities	(17.1)	384.5	(454.2)	1,168.1
Change in cash and cash equivalents affecting cash flow	33.8	(550.3)	213.1	357.0
Change in cash and cash equivalents resulting from exchange rates	2.0	6.6	7.4	1.6
Consolidation-related changes	-	-	-	0.9
Change in cash and cash equivalents	35.8	(543.7)	220.5	359.5
Net cash and cash equivalents as of 1 January	-	-	520.1	160.6
Net cash and cash equivalents as of 31 December	-	-	740.6	520.1

Explanations to the statement of cash flows can be found on page 16.

BALANCE SHEET - ASSETS

€ million	2010	2009 ¹⁾
Intangible assets	999.7	932.4
- of which goodwill from acquisitions	615.3	563.5
Property, plant and equipment	1,803.6	1,725.6
Investment properties	7.8	7.9
Financial assets	24.1	22.4
Receivables and other assets	43.0	254.5
- of which derivate financial instruments	6.4	-
Deferred taxes	57.8	32.7
Recoverable income taxes	0.4	0.5
Non-current assets	2,936.4	2,976.0
Inventories	740.2	680.4
Accounts receivable – trade	949.8	849.6
Other receivables and assets	174.3	152.2
- of which derivate financial instruments	35.4	19.6
Recoverable income taxes	24.6	29.8
Cash on hand and balances with banks	748.4	529.1
Current assets	2,637.3	2,241.1
ASSETS	5,573.7	5,217.1

¹⁾ The previous year's figures were adjusted on account of the final purchase price allocation of Morton Salt.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

€ million	Subscribed capital	Additional paid-in capital	Accumulated profit/other reserves
Balances as of 1 January 2010	191.4	648.8	1,263.0
Comprehensive income	-	-	448.6
Dividend for the previous year	-	-	(38.3)
Issuance of shares to employees	-	(1.3)	-
Other changes in equity	-	-	(1.6)
Balances as of 31 December 2010	191.4	647.5	1,671.7
Balances as of 1 January 2009	165.0	4.5	1,564.2
Comprehensive income	-	-	96.4
Dividend for the previous year	-	-	(396.0)
Issuance of shares to employees	-	(1.6)	-
Capital increase from cash contributions	26.4	662.4	-
Capital increase costs (after taxes)	-	(16.5)	-
Other changes in equity	-	-	(1.6)
Balances as of 31 December 2009	191.4	648.8	1,263.0

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BALANCE SHEET - EQUITY AND LIABILITIES

€ million	2010	2009 ¹⁾
Subscribed capital	191.4	191.4
Additional paid-in capital	647.5	648.8
Other reserves and accumulated profit	1,810.1	1,252.6
Minority interests	2.6	1.8
Equity	2,651.6	2,094.6
Bank loans and overdrafts	769.1	1,146.4
Other liabilities	22.8	18.6
- of which derivative financial instruments	4.6	4.5
Provisions for pensions and similar obligations	184.8	194.3
Provisions for mining obligations	528.4	419.2
Other provisions	152.4	220.1
Deferred taxes	261.6	237.1
Non-current debt	1,919.1	2,235.7
Bank loans and overdrafts	17.5	120.5
Accounts payable – trade	511.2	346.9
Other liabilities	86.7	77.4
- of which derivative financial instruments	12.5	3.3
Income tax liabilities	82.4	41.9
Provisions	305.2	300.1
Current debt	1,003.0	886.8
EQUITY AND LIABILITIES	5,573.7	5,217.1

¹⁾The previous year's figures were adjusted on account of the final purchase price allocation of Morton Salt.

Differences from foreign currency translation	Total K+S AG shareholders' equity	Minority interests	Equity
(10.4)	2,092.8	1.8	2,094.6
148.8	597.4	0.8	598.2
–	(38.3)	–	(38.3)
–	(1.3)	–	(1.3)
–	(1.6)	–	(1.6)
138.4	2,649.0	2.6	2,651.6
(16.7)	1,717.0	1.3	1,718.3
6.3	102.7	0.5	103.2
–	(396.0)	–	(396.0)
–	(1.6)	–	(1.6)
–	688.8	–	688.8
–	(16.5)	–	(16.5)
–	(1.6)	–	(1.6)
(10.4)	2,092.8	1.8	2,094.6

NOTES

Explanatory Notes; changes in the legal Group and organisational structure

The interim report of 31 December 2010 is prepared in accordance with the International Financial Reporting Standards (IFRSs) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as those have been recognised by the European Union. The report is prepared as abridged financial statements with selected explanatory notes as stipulated by IAS 34. With the exception of adjustments made as a result of changes to accounting standards, the accounting and valuation principles used for this interim report correspond to those used for the consolidated financial statements as of 31 December 2009.

Assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. In 2010, income and expenses were translated for the first time applying the average exchange rates for the quarter. Previously, income and expenses had been translated at the average exchange rate for the year.

Accounting standards and interpretations to be applied in the financial year 2010 for the first time are of no relevance to the consolidated financial statements of the K+S Group.

There were no noteworthy changes to the composition and responsibilities of the Board of Executive Directors and the Supervisory Board as described in the Financial Report 2009.

Changes in scope of consolidation

Information regarding the scope of consolidation is presented in the Financial Report 2010 on page 174.

Information concerning material events since the end of the interim reporting period

You will find such information in our Subsequent Events section on page 18 f.

Seasonal factors

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

Auditor's review

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

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Development of revenues, sales volumes and average prices by region

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT*

	Unit	Q1/10	Q2/10	Q3/10	Q4/10	2010	2009	%
Revenues	€ million	498.4	463.5	417.8	465.0	1,844.7	1,421.7	+ 29.8
- Europe	€ million	316.6	233.4	224.8	248.4	1,023.1	624.2	+ 63.9
- Overseas	US\$ million	250.5	292.4	249.2	294.3	1,086.4	1,116.3	(2.7)
Volumes	t eff. million	1.94	1.73	1.58	1.74	6.99	4.35	+ 60.7
- Europe	t eff. million	1.26	0.89	0.83	0.94	3.92	1.88	+ 108.6
- Overseas	t eff. million	0.68	0.84	0.75	0.80	3.07	2.47	+ 24.2
Average Prices	€/t eff.	256.2	268.7	265.8	266.6	264.1	327.1	(19.3)
- Europe	€/t eff.	250.6	262.5	273.2	263.5	261.1	332.3	(21.4)
- Overseas	US\$/t eff.	367.5	350.0	332.6	367.0	354.1	452.0	(21.7)

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

SALT BUSINESS SEGMENT*

	Unit	Q1/10	Q2/10	Q3/10	Q4/10	2010	2009	%
De-icing salt								
Revenues	€ million	376.5	26.8	58.1	277.8	739.2	497.6	+ 48.6
Sales volumes	t million	7.05	0.49	1.10	4.85	13.49	8.96	+ 50.6
Average prices	€/t	53.4	54.5	52.8	57.3	54.8	55.5	(1.3)
Industrial salt, salt for chemical use and food grade salt								
Revenues	€ million	217.4	232.0	228.2	227.4	905.0	453.5	+ 99.6
Sales volumes	t million	2.20	2.26	2.23	2.35	9.04	5.85	+ 54.5
Average prices	€/t	98.9	102.8	102.4	96.8	100.1	77.5	+ 29.1
Other								
Revenues	€ million	22.5	16.5	18.9	26.6	84.5	63.5	+ 33.1
Salt business segment								
Revenues	€ million	616.4	275.3	305.2	531.8	1,728.7	1,014.6	+ 70.4

* Revenues include prices both inclusive and exclusive freight costs. The price information is also affected by the respective product mix and is therefore to be understood as providing a rough indication only.

Foreign currency hedging

For 2010, the price realised by the Potash and Magnesium Products business segment was 1.35 USD/EUR including costs, and the realised price for the Salt business segment was 1.39 USD/EUR.

POTASH AND MAGNESIUM PRODUCTS BUSINESS SEGMENT

	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
USD/EUR exchange rate after premiums	1.48	1.39	1.29	1.33	1.39	1.35
Average USD/EUR spot rate	1.39	1.38	1.27	1.29	1.36	1.33

OTHER OPERATING INCOME/EXPENSES

€ million	Q4/10	Q4/09	2010	2009
Gains/losses on foreign currency exchange rates	0.7	9.1	7.3	(7.8)
Change in provisions	21.0	(21.1)	35.2	(8.9)
Other	(24.2)	(21.1)	(45.4)	(82.1)
Other operating income/expenses	(2.5)	(33.1)	(2.9)	(98.8)

FINANCIAL RESULT

€ million	Q4/10	Q4/09	2010	2009
Interest income	3.2	1.9	7.6	4.7
Interest expenses	(24.2)	(19.6)	(134.2)	(61.7)
- of which interest expenses for pension provisions	(2.9)	(2.6)	(7.6)	(7.6)
- of which interest expenses for provisions for mining obligations	(5.9)	5.3	(44.4)	(8.6)
Interest income, net	(21.0)	(17.7)	(126.6)	(57.0)
Income from the realisation of financial assets/liabilities	3.6	3.4	(1.0)	(57.5)
Income from the valuation of financial assets/liabilities	(1.7)	(4.4)	4.1	(0.9)
Other financial result	1.9	(1.0)	3.1	(58.4)
Financial result	(19.1)	(18.7)	(123.5)	(115.4)

The actuarial measurement of pension provisions is performed applying the projected unit credit method in accordance with IAS 19. The average weighted discount factor for pensions and similar obligations as of 31 December 2010 was 5.1 after 5.7 % in the previous year. The average weighted discount factor for provisions for mining obligations as of 31 December 2010 fell from 5.6 to 4.7%.

The lowering of the discount rates took place in line with the significant drop in the long-term interest rates that occurred in 2010. While this resulted in a non-cash increase in interest expense for provisions for mining obligations (€ 23.0 million), the lowering of the discount rate for pensions and similar obligations due to the corridor method applied under IFRSs had effects neither on the interest expense nor on equity.

TAXES ON INCOME

€ million	Q4/10	Q4/09	2010	2009
Corporate income tax	18.9	(7.7)	74.0	2.4
Trade tax on income	15.5	6.7	62.1	10.4
Foreign income taxes	19.2	15.3	43.1	25.5
Deferred taxes	(12.5)	(14.9)	(20.6)	(8.7)
Taxes on income	41.1	(0.6)	158.6	29.6

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

Material changes in individual balance sheet items

Compared with the 2009 annual financial statements, the balance sheet total as of 31 December increased by € 356.6 million. On the asset side, non-current assets decreased by € 39.6 million, while current assets increased by € 396.2 million. The decline in non-current assets largely resulted from lower long-term receivables; in contrast to this is a currency-related increase in intangible assets and property, plant and equipment. The increase in current assets related to an increase in cash in hand and balances with banks, and the increase in current receivables to trade receivables and inventories compared to 31 December 2009. On the liabilities side, equity increased by € 557.0 million, due to the positive result for the financial year 2010 and changes not recognised in profit and loss due to changed currency relations. Borrowing decreased by € 200.4 million, largely due to the amortisation of financial liabilities.

Material changes in equity

Equity is affected by transactions contributing to profit or loss and those not recognised in profit or loss, as well as by capital transactions with shareholders. The increase in equity is based mainly on the positive earnings for the period of the financial year 2010 (after taxes and minority interests) amounting to € 448.6 million; in contrast to this is the dividend distribution of € 38.3 million effected in May 2010. Changes in equity without recognition in profit or loss also had to be accounted for, resulting from foreign currency translation of subsidiaries in the functional foreign currency (mainly the US dollar). Differences resulting from currency translation will be recorded in a special currency translation reserve (see the development of equity on p. 28 et seq.); this has increased since the beginning of the year on the basis of exchange rate fluctuations, by € 148.8 million as at 31 December 2010.

NET INDEBTEDNESS

€ million	2010	2009
Net indebtedness as of 1 January	1,351.3	(570.0)
Net cash and cash equivalents as of 31 Dec.*	748.4	529.1
Bank loans and overdrafts	(786.6)	(1,266.9)
Net financial liabilities as of 31 Dec.*	(38.2)	(737.8)
Provisions for pensions and similar obligations	(184.8)	(194.3)
Provisions for mining obligations	(528.4)	(419.2)
Reimbursement claim bond Morton Salt	18.9	–
Net indebtedness as of 31 Dec.*	(732.5)	(1,351.3)

* Without cash invested with respectively received from affiliated companies.

TOTAL REVENUES Q4

€ million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	465,0	23,7	488,7
Nitrogen Fertilizers	307,2	3,0	310,2
Salt	531.8	1.4	533.2
Complementary Business Segments	36.5	12.0	48.5
Reconciliation	0.0	(40.1)	(40.1)
K+S Group Q4/10	1,340.5		1,340.5
Potash and Magnesium Products	360.6	18.0	378.6
Nitrogen Fertilizers	212.2	1.0	213.2
Salt	455.3	1.0	456.3
Complementary Business Segments	33.1	9.1	42.2
Reconciliation	0.1	(29.1)	(29.0)
K+S Group Q4/09	1,061.3		1,061.3

TOTAL REVENUES

€ million	Third-party revenues	Intersegment revenues	Total revenues
Potash and Magnesium Products	1,844.7	85.4	1,930.1
Nitrogen Fertilizers	1,286.2	11.5	1,297.7
Salt	1,728.7	4.6	1,733.3
Complementary Business Segments	133.7	41.6	175.3
Reconciliation	0.5	(143.1)	(142.6)
K+S Group 2010	4,993.8		4,993.8
Potash and Magnesium Products	1,421.7	78.3	1,500.0
Nitrogen Fertilizers	1,016.2	3.3	1,019.5
Salt	1,014.6	4.2	1,018.8
Complementary Business Segments	120.7	35.1	155.8
Reconciliation	0.6	(120.9)	(120.8)
K+S Group 2009	3,573.8		3,573.8

Contingent liabilities

There have been no significant changes in contingent liabilities in comparison with the annual financial statements 2009 and they can be classified as immaterial overall.

Related parties

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

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REVENUES & OPERATING EARNINGS (IFRS)

€ million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Potash and Magnesium Products	366.0	354.3	340.8	360.6	1,421.7	498.4	463.5	417.8	465.0	1,844.7
Nitrogen Fertilizers	342.1	257.4	204.5	212.2	1,016.2	385.5	287.4	306.1	307.2	1,286.2
Salt	338.3	99.3	121.7	455.3	1,014.6	616.4	275.3	305.2	531.8	1,728.7
Complementary Business Segments	29.1	27.6	30.9	33.1	120.7	33.2	32.2	31.8	36.5	133.7
Reconciliation	0.2	0.1	0.2	0.1	0.6	0.1	0.1	0.3	0.0	0.5
K+S Group revenues	1,075.7	738.7	698.1	1,061.3	3,573.8	1,533.6	1,058.5	1,061.2	1,340.5	4,993.8
Potash and Magnesium Products	97.0	53.8	54.0	26.9	231.7	150.6	119.2	79.4	126.7	475.9
Nitrogen Fertilizers	8.1	(26.6)	(47.3)	(42.3)	(108.1)	14.5	26.0	2.6	12.6	55.7
Salt	80.2	(0.6)	13.5	47.3	140.4	107.9	21.8	31.8	76.6	238.1
Complementary Business Segments	2.0	3.2	4.3	5.7	15.2	6.4	6.2	4.3	4.3	21.2
Reconciliation	(13.3)	(11.7)	(15.1)	(1.1)	(41.2)	(11.7)	(17.7)	(9.6)	(25.0)	(64.0)
K+S Group EBIT I	174.0	18.1	9.4	36.5	238.0	267.7	155.5	108.5	195.2	726.9

INCOME STATEMENT (IFRS)

€ million	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Revenues	1,075.7	738.7	698.1	1,061.3	3,573.8	1,533.6	1,058.5	1,061.2	1,340.5	4,993.8
Cost of sales	663.5	473.5	474.3	732.6	2,343.9	904.6	651.3	686.1	833.6	3,075.6
Gross profit	412.2	265.2	223.8	328.7	1,229.9	629.0	407.2	375.1	506.9	1,918.2
Selling expenses	188.5	160.3	155.7	207.9	712.4	282.6	229.4	217.3	242.6	971.9
General and administrative expenses	27.1	32.5	23.6	39.9	123.1	39.8	44.5	38.2	61.1	183.6
Research and development costs	4.0	4.5	5.6	4.6	18.7	3.7	3.8	3.1	4.9	15.5
Other operating income/expenses	(6.4)	(39.3)	(20.0)	(33.1)	(98.8)	(24.6)	30.3	(6.1)	(2.5)	(2.9)
Income from investments, net	0.4	0.4	2.0	(1.9)	0.9	1.1	0.7	1.4	1.6	4.8
Result from operating forecast hedges	(33.7)	8.7	(3.5)	(7.4)	(35.9)	(16.5)	(34.4)	47.1	(13.8)	(17.6)
Result after operating hedges (EBIT II)	152.9	37.7	17.4	33.9	241.9	262.9	126.1	158.9	183.6	731.5
Financial result	(8.4)	(76.6)	(11.7)	(18.7)	(115.4)	(30.2)	(21.5)	(52.7)	(19.1)	(123.5)
Earnings before income taxes	144.5	(38.9)	5.7	15.2	126.5	232.7	104.6	106.2	164.5	608.0
Taxes on income	37.1	(8.8)	1.9	(0.6)	29.6	60.2	28.1	29.2	41.1	158.6
- of which deferred taxes	(4.5)	(2.3)	13.0	(14.9)	(8.7)	(15.7)	7.0	0.6	(12.5)	(20.6)
Net income/loss	107.4	(30.1)	3.8	15.8	96.9	172.5	76.5	77.0	123.4	449.4
Minority interests in earnings	0.1	0.1	0.1	0.2	0.5	0.2	0.2	0.2	0.2	0.8
Group earnings after taxes and minority interests	107.3	(30.2)	3.7	15.6	96.4	172.3	76.3	76.8	123.2	448.6
Operating earnings (EBIT I)	174.0	18.1	9.4	36.5	238.0	267.7	155.5	108.5	195.2	726.9
Earnings before income taxes, adjusted ¹⁾	165.6	(58.5)	(2.3)	17.8	122.6	237.5	134.0	55.8	176.1	603.4
Group earnings, adjusted ¹⁾	122.5	(44.3)	(2.1)	17.5	93.6	175.8	97.5	40.4	131.6	445.3

OTHER KEY DATA (IFRS)

	Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10	Q3/10	Q4/10	2010
Capital expenditure (€ million) ²⁾	29.1	41.5	43.5	63.5	177.6	27.3	34.4	45.5	93.8	201.0
Depreciation and amortisation (€ million) ²⁾	35.1	35.0	35.9	67.8	173.8	65.4	61.5	55.7	65.7	248.3
Gross cash flow (€ million)	172.3	41.4	19.0	91.2	323.9	321.2	181.6	81.1	246.3	830.2
Working Capital (€ million)	1,064.1	907.3	828.8	–	985.7	956.4	954.5	897.9	–	959.4
Net indebtedness (€ million)	535.6	827.6	833.1	–	1,338.9	1,048.6	862.1	789.1	–	732.5
Earnings per share, adjusted (€) ¹⁾	0.74	(0.27)	(0.01)	0.10	0.56	0.92	0.51	0.21	0.69	2.33
Gross cash flow per share (€)	1.05	0.25	0.11	0.54	1.95	1.68	0.95	0.42	1.29	4.34
Book value per share (€)	11.14	8.43	8.16	–	10.94	12.45	13.57	12.94	–	13.85
Number of shares outstanding (million) ³⁾	164.84	165.00	165.00	–	191.40	191.20	191.40	191.40	–	191.40
Average number of shares (million) ⁴⁾	164.84	164.90	165.00	169.84	166.15	191.23	191.33	191.40	191.40	191.34
Closing price (XETRA, €) ⁵⁾	34.93	40.03	37.29	–	39.99	44.93	37.88	43.92	–	56.36
Employees as of the reporting date (number)	12,334	12,233	12,378	–	15,208	15,164	15,102	15,255	–	15,241

¹⁾ The adjusted key figures unalteredly only include the realised result from operating forecast hedges of the respective reporting period. The changes in the market value of operating forecast hedges still outstanding, however, are not taken into account in the adjusted earnings. Related effects on deferred and cash taxes are also eliminated; tax rate for 2010: 28.2% (2009: 27.9%).

²⁾ Cash-effective investments in or depreciation on property, plant and equipment, intangible assets.

³⁾ Total number of shares less the number of own shares held by K+S as of the balance sheet date.

⁴⁾ Total number of shares less the average number of own shares held by K+S.

⁵⁾ The price of the K+S share since the capital increase in December 2009 has been traded ex subscription right. Historical values were not adjusted.



1:1 SCALE
 12.5 mm
 0.5 inch



FINANCIAL CALENDAR	2011/2012
Annual General Meeting, Kassel	11 May 2011
Quarterly Financial Report, 31 March 2011	11 May 2011
Dividend payment	12 May 2011
Half-yearly Financial Report, 30 June 2011	11 August 2011
Quarterly Financial Report, 30 September 2011	10 November 2011
Report on business in 2011	15 March 2012
Press and analyst conference, Frankfurt am Main	15 March 2012

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Picture
 Lower Werra rock salt,
 Flöz Thuringia,
 240 million years old,
 hard salt, sylvinit