



K+S Aktiengesellschaft

Financial Report Press Conference

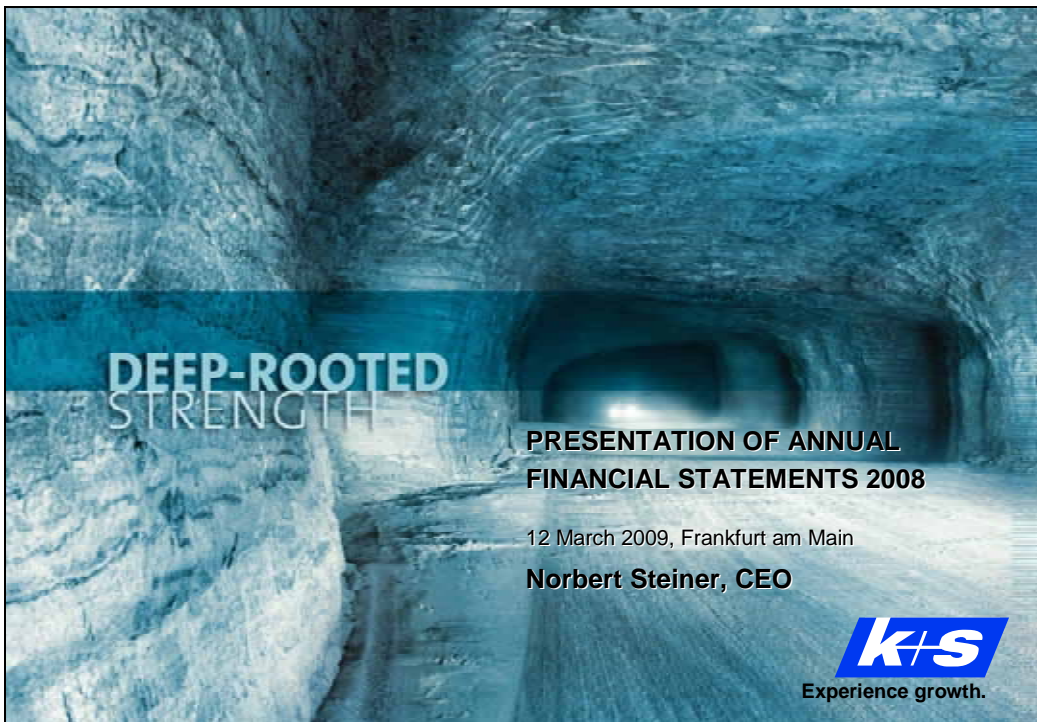
on 12 March 2009

in Frankfurt am Main

Norbert Steiner,

Chairman of the Board of Executive Directors

– The spoken word is binding –



Ladies and Gentlemen,

I would like to warmly welcome you to this year's Financial Report Press Conference! We have a very successful but also very eventful financial year behind us. I shall be informing you comprehensively about the development of business of the K+S Group in 2008 and will describe to you – from today's perspective – our expectations and objectives for 2009 as a whole. After I have finished speaking, Mr Felker and I will be pleased to answer your questions.

Firstly, I would like to draw your attention to one further matter: Our new financial report as well as the corporate and sustainability report are available to you on our webpage as of this morning. With the motto "Deep-rooted Strength", we would like to make it clear that K+S is, on the basis of natural raw materials, ensuring more growth, health and quality of life: We are helping to increase yields in agriculture and are therefore making an important contribution towards feeding the world's growing population.

Since September 2008 we have been represented on the DAX as the only commodity stock. This also demonstrates that raw materials from Germany are of central macroeconomic significance, constitute an important basis for all industrial production, and – given the right framework conditions – have a great future ahead of them!

K+S Group
**Comprehensive Package of Measures
for Water Protection**



- We are significantly reducing the occurrence of saline water in production as much as is technically feasible and economically acceptable today
- We are creating the basis for preserving production and jobs in the Hesse-Thuringia potash district for the future too
- The public-law agreement with the federal states of Hesse and Thuringia acknowledges our proactive stance and ensures that the reconciliation of interests we are seeking will enjoy political support

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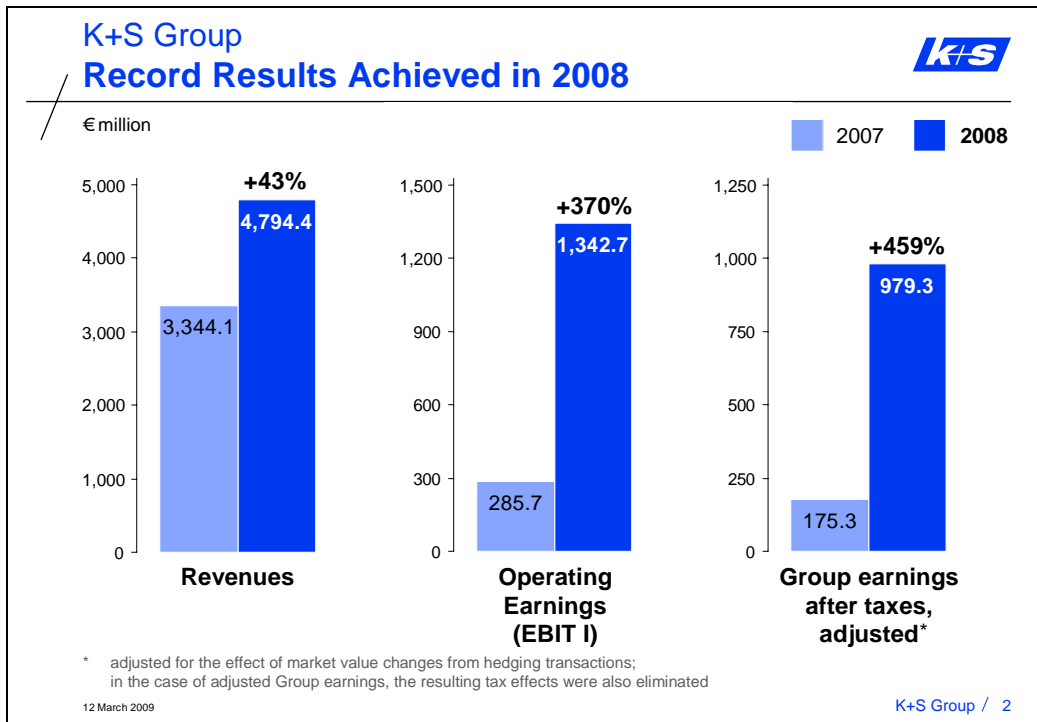
Ladies and Gentlemen,

A necessary condition is in particular that economic, ecological and social objectives in an industrial society are not played out against one another but are treated as being of equal rank.

Why do I say that?

Because I am proud that we, in the past year, have established a concept for even more environmental and water protection for our potash production in Hesse and Thuringia, but also for our Company and our employees, that is sustainable in the long term: In the coming years, K+S will, with a € 360 million package of water protection measures, ensure that the saline water from our production in the Hesse and Thuringia potash district is halved by 2015. As a result, the state of the Werra and Weser will continue to improve.

The public law agreement with the federal states of Hesse and Thuringia, signed at the beginning of February, acknowledges this proactive stance and ensures that the reconciliation of interests we are seeking will essentially enjoy political support over the next 30 years. We will present an overall strategy by the end of May 2009, making it possible to end the injection of liquid residues in Hesse and to further reduce saline water discharges into the Werra.



Ladies and Gentlemen,

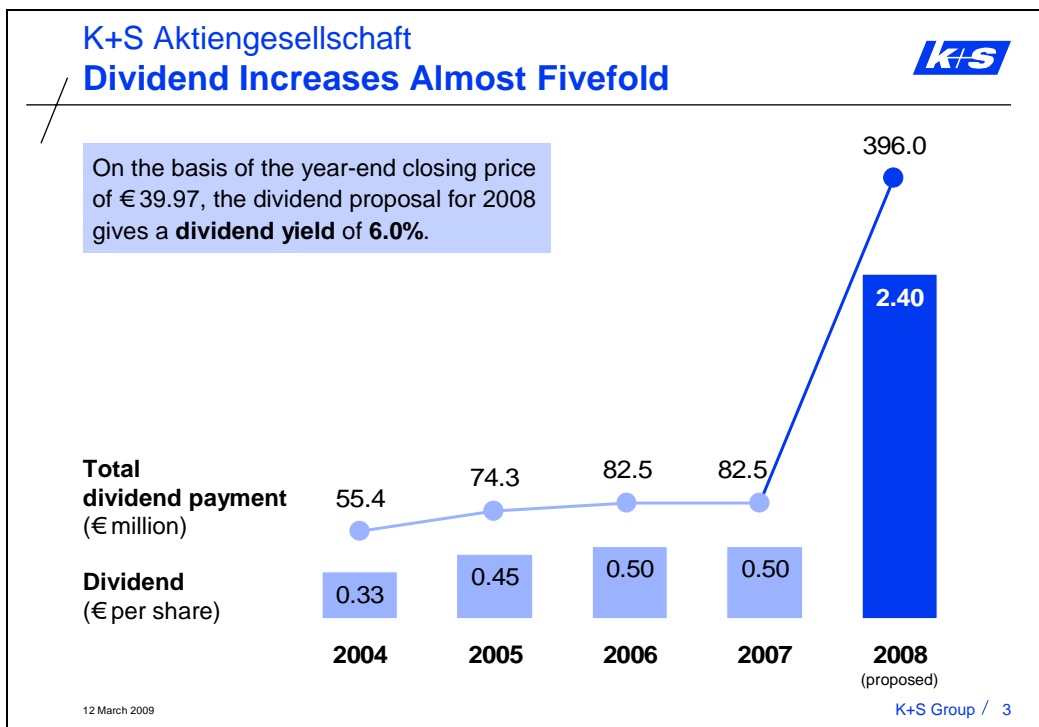
I would now like to take a look at the development of business in 2008.

To come to the point: 2008 was – despite the financial crisis increasingly spilling over onto the real economy in the course the year – a good year for K+S, and even more! It was by far the best year in the over 100-year history of the K+S Group! In presenting the financial results for 2007, we had already believed in our capacity to double our operating earnings for the financial year 2008. Today, I can even present far better figures:

- Group revenues were up 43% year on year and totalled approximately € 4.8 billion,
- operating earnings increased almost fivefold, by a factor of 4.7, to more than € 1.3 billion,
- adjusted Group earnings after taxes, at approximately € 1 billion, exceeded the figure for the preceding year by almost 460%, and
- adjusted earnings per share reached € 5.94 – after € 1.06 in the previous year.

The figures speak for themselves! But not only that: They also confirm that the K+S Group is in the right position with its product and service portfolio for important global megatrends

– namely, the increasing world population, changes in dietary patterns in the emerging market countries, and a growing demand for biofuels. In this way, we can also manage to be consistently successful in times of financial and economic crises - and precisely during those times.



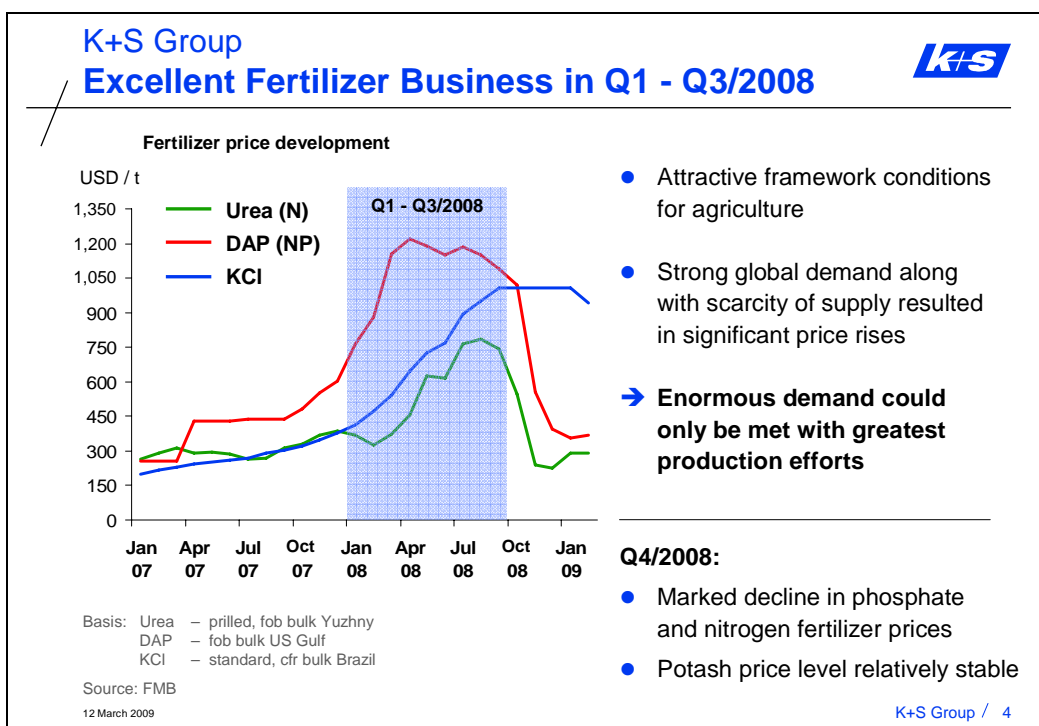
We would again like to let our shareholders participate in the very positive course of business – in accordance with our earnings-based dividend policy that we have pursued for a long time.

The Board of Executive Directors and the Supervisory Board will therefore propose to the Annual General Meeting that a dividend of €2.40 per share be paid for the past financial year 2008 – in line with the growth in earnings achieved last year, this is an almost fivefold increase compared to the previous dividend payment. This is also an expression not only of our financial solidity, but also of our medium- and long-term confidence.

Assuming that on the day of the Annual General Meeting we do not hold any shares of our own, the total dividend payment will amount to €396 million. With a dividend payout rate of 40%, this is within the payout corridor of 40% to 50% of the adjusted Group earnings of the

K+S Group that we are seeking to sustainably achieve. Based on a share price of € 39.97 at the end of the year, our dividend proposal will lead to a dividend yield of 6.0%.

We do not want to comply with populist demands from the political world in particular not to make a dividend payment in view of the crisis. The dividend is the shareholders' participation in the Company's value added, after all earnings but also expenses have been taken into account: for the Company, the employees and the public sector! All have already profited from the success of the Company in the past year, without cutbacks!









Ladies and Gentlemen,

What were the reasons for the outstanding increase in earnings during 2008?

Above all, a key factor in this success was the heavy demand for potash fertilizers in the first three quarters: Because international potash fertilizer producers have already been producing close to their full technical capacity for years, in the past year the increase in demand led to availability bottlenecks at all suppliers. The resulting close supply and demand ratio, but also the considerable increase in agricultural prices that could be

observed worldwide until the middle of the year, made it possible for us and our competitors to raise the prices of potash fertilizers in the first three quarters substantially.

But not only potash fertilizer but also nitrogen fertilizer markets developed splendidly until the autumn, before the first signs of the financial and economic crisis depressed the fourth quarter of 2008.

K+S Group Strong Fertilizer Performance			
Operating earnings EBIT I as of 31 Dec. 2008 (€ million)		Δ to 2007:	
Potash and Magnesium Products	 1,203.2	+1,025.3	(+576%)
COMPO	 79.0	+ 47.0	(+147%)
fertiva	 42.4	+ 17.1	(+68%)
Salt	 45.2	- 2.6	(-5%)
Complementary Business Segments	 25.1	- 12.6*	(-33%)
Reconciliation	- 52.2	- 17.2	
K+S Group:	1,342.7	+1,057.0	+370%

* 2007 includes proceeds from the sale of biodata (€3.3 million)

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The increase in the demand and price of fertilizers that has been outlined is reflected in the significantly improved operating earnings in our core Fertilizer and Plant Care business sector:

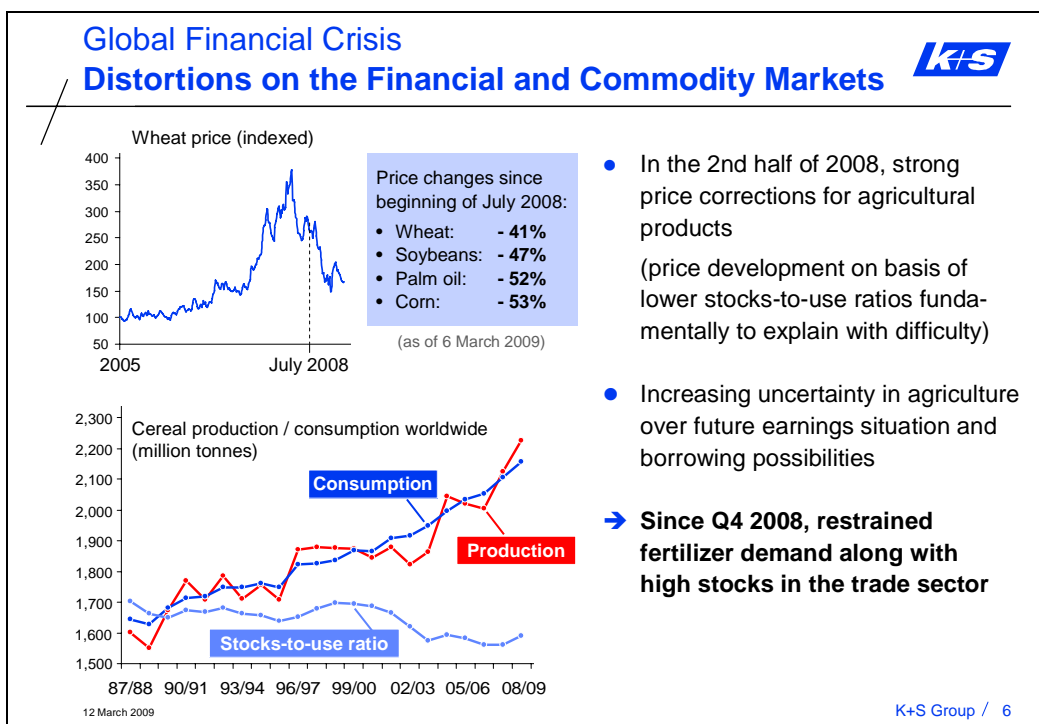
- In the **Potash and Magnesium Products** business segment, operating earnings (EBIT I) increased approximately sevenfold to reach a figure of about € 1.2 billion;
- At € 79.0 million, operating earnings for **COMPO** were up about 147% year on year; and

- with its trading business, the **fertiva business segment** achieved operating earnings of € 42.4 million, representing a strong gain of just under 68%.

These figures show that higher average prices could clearly more than make up for increased costs – primarily for materials and energy in the case of potash and magnesium products, and for raw materials in the case of COMPO and fertiva. In addition, sales volume decreases in the fourth quarter could also be more than offset.

However, in the past year, the **salt business** was fair to middling: Despite a revenue increase by just under 14% due to volume and price factors, operating earnings were below the figure for the preceding year as a result of higher costs, particularly for energy and freight, and also due to a lower foreign currency result – they reached € 45.2 million and therefore fell by approximately 5%.

Operating earnings of the **complementary business** segments and the reconciliation were unable to match the previous year's figures.



Ladies and Gentlemen,

As I already indicated, the global financial and economic crisis has already impacted on our business:

After cereal prices fell sharply from the middle of the year in the wake of the financial crisis, our customers in agriculture ordered much less fertilizer, especially in the fourth quarter, on account of the uncertainty they felt over their future earnings situation. You can see from the slide that prices for agricultural products fell by more than 50% in some cases since July 2008 alone. European farmers above all now fear substantial declines in earnings although the prices for agricultural products are still higher than in 2007 and many cost items are significantly lower than they were for most of last year.

Restrictive lending to farmers for the purpose of financing inputs as a result of the financial crisis, especially in South America, also depressed fertilizer demand. In the last few months of the past year, there was no stimulation of demand from the trade sector too, because it had heavily built up stocks until the autumn in view of rising fertilizer prices.

Ladies and Gentlemen,

The collapse in the prices of agricultural products can only be explained with difficulty in terms of fundamentals. This is because – despite the great efforts made on the production side – over the past few decades more cereals and corn have tended to be consumed than produced. Against this backdrop, the stocks-to-use ratio continues to be at a relatively low level, although farmers in 2008 achieved above-average crop yields as a result of ideal weather conditions the world over.

Over the medium term, the low stocks-to-use ratios should give a boost to agricultural prices again. Attractive price levels will once again encourage farmers worldwide to increase the intensity of cultivation and utilise any additionally available land: Both these elements require greater use of fertilizers.



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- In the 2nd half of 2008, global potash production fell by approx. 2.4 million tonnes year on year – following an increase in the 1st half of the year of approx. 600,000 tonnes (Δ 2008 versus 2007: - 2 million tonnes)

- For the 1st half of 2009, global potash producers have already announced cutbacks in production of more than 6 million tonnes

K+S also cuts production to balance demand:

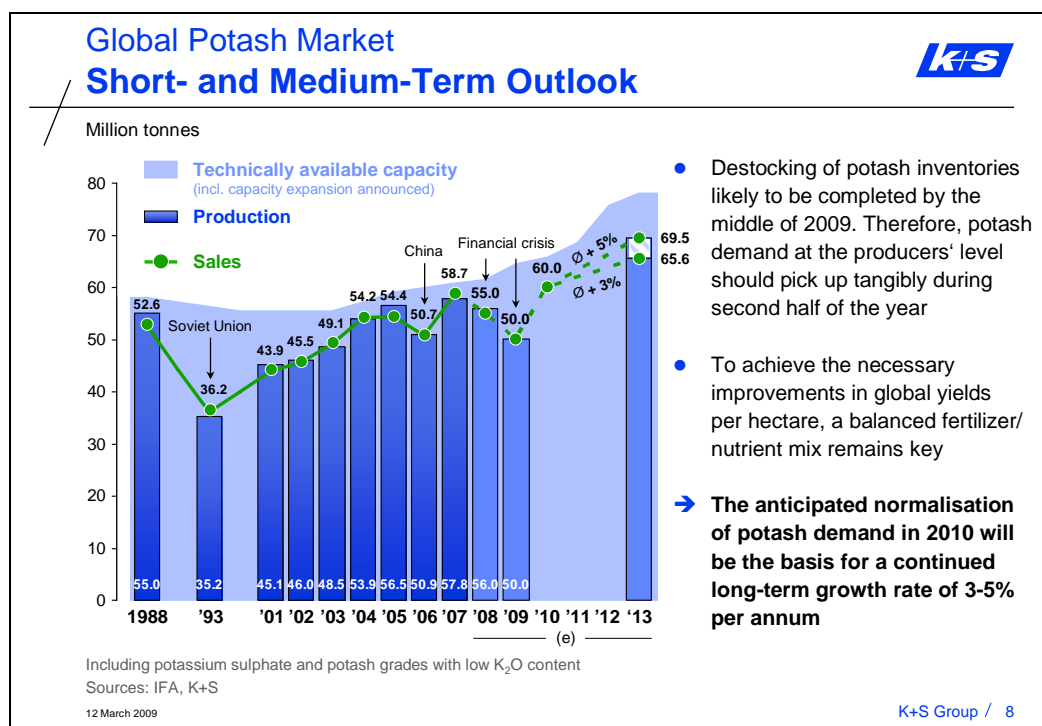
- Production cut by 400,000 tonnes in Q4 2008
- In the 1st half of 2009, further reductions of up to 1.3 million tonnes; short-time working at several potash sites

Ladies and Gentlemen,

The decline in demand that began in the fourth quarter also had consequences for the production volume of international fertilizer producers: Not only did numerous producers of nitrogenous fertilizers significantly cut back their output worldwide, but potash producers too responded to the decrease in demand in evidence on the spot markets above all by scaling back output substantially. Overall, global potash production in the second half of 2008 fell by about 2.4 million tonnes compared with the same period in the preceding year, after having initially even risen by about 600,000 tonnes in the first half of the year because of the development of demand until then. The end result was that last year, the volume of potash fertilizers produced worldwide was down about 1.8 million tonnes on 2007.

The start to 2009 has also seen lower sales figures in the fertilizer area. Against this background, global potash producers have announced cutbacks in output of more than 6 million tonnes for the first half of 2009. However, this also explains why the high price level attained for potash fertilizers last year is relatively stable.

K+S too has responded to the sharp fall in demand and rising stocks with the most obvious business measure available, namely, adjusting output: In the last months of the previous year, we produced about 400,000 tonnes less of potassium chloride and we also envisage production cutbacks in the first half of 2009, on a scale of up to 1.3 million tonnes for now. That is why we had to introduce short-time work for a limited period at several sites starting in January.



Ladies and Gentlemen,

The global decrease in demand and sales in the first half of the year will see total sales for 2009 down significantly on the previous year. However, we expect that the fertilizer stocks available on the markets will be depleted by the middle of the year, with the result that global potash demand will pick up appreciably again in the second half of the year.

This is because potash will be needed – there is no substitute for it: A possible reduction in the use of fertilizers would inevitably lead to decreases in crop yields and thus still further exacerbate the already scarce availability of grain, corn and soya worldwide. Balanced, sustainable fertilizer use will thus also remain a key factor in the future for countering the

decline in the land available for cultivation as a result of urbanisation, erosion and flooding by means of more intensive farming.

The normalisation of global potash demand should result in global potash sales in 2010 being far higher than those for 2009 as a whole. Over the medium term, we expect an annual growth in demand of between 3% and 5% in the light of the megatrends described at the outset. The indicators for healthy and profitable growth for the K+S Group thus still remain favourable and should have an impact again – sooner than many assume.

Ladies and Gentlemen,

We want to participate in the growth in demand that can be expected again in the future **by expanding our capacities too**. For that, the K+S Group has a strong financial basis as well as a high potential for operating earnings. Both these factors mean that we are able to respond flexibly to investment and acquisition opportunities if they make sense strategically and satisfy our profitability criteria.

Over the past week, there has been much speculation about possible interest on the part of our Company in various acquisition targets in North America or the Netherlands. At this point, I would like to make it clear once again that, essentially, our Company does not comment on market rumours.

K+S Group
Restructuring of Nitrogenous
Fertilizer Business from 1 July 2009



- Combining of nitrogen fertilizers distributed by fertiva with ENTEC / Nitrophoska products from the COMPO professional business in one company ("K+S nitrogen")
- ➔ More efficient distribution structures and greater concentration on major consumers
- ➔ Stronger positioning of the K+S Group in the fertilizer sector

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Ladies and Gentlemen,

Although the fundamental business outlook for the coming years remains positive for K+S, it is important to make the Company fit for the future in good times too. That is why, as we already announced in the middle of 2008, the business models for the COMPO and fertiva business segments will be developed further. The aim is to enhance the position of the K+S Group in the Fertilizer business sector even more.

Essentially, this new direction envisages that the nitrogenous fertilizers distributed by fertiva and the ENTEC as well as the sulphur-containing Nitrophoska products hitherto distributed by COMPO will be grouped together in a new company, **K+S nitrogen**.

With efficient distribution structures, K+S Nitrogen will be able to concentrate more on bulk consumers in agriculture and special crops such as fruit, vegetables and grapes.



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- Future portfolio will concentrate on slow-release and coated fertilizers, NPK specialities, nutrient salts as well as consumer products
- Headcount adjustment
 - In Germany, reduction of about 80 full-time positions
 - Personnel concepts for foreign companies being given concrete form
- ➔ **More effective in working the market**
- ➔ **Significant improvement in earnings capacity envisaged**

What will happen with **COMPO**?

Slow-release fertilizers, coated fertilizers, NPK specialities as well as nutrient salts in the professional sector along with consumer products will continue to be sold under the traditional primrose logo. Thus, COMPO has good prospects of being able to work successfully in the future too.

Following its reorganisation, COMPO will continue its business in the professional - as it has been called until now – and consumer segments with much leaner structures and higher efficiency, and it should be able to work the market more effectively. In addition, new growth areas in the market should be tapped into for COMPO. Overall, the measures should lead to a significant improvement in earnings capacity.

An adjustment of the headcount is, however, also necessary. This affects about 80 jobs at German sites, with up to 20 employees being able to move to K+S nitrogen. In addition, our goal is to avoid operations-related redundancies as much as possible by providing further employment within the Group. All the employees concerned will be offered free positions within the K+S Group on a priority basis, thus largely excluding social hardship cases. A definite determination of the measures necessary for the entire COMPO group

will be possible after the concepts for the foreign companies in Europe and overseas are presented, which will still occur in the first half of 2009.

The “new” COMPO will continue to offer a broad product range to customers from commercial horticulture, public green areas and nurseries.

esco – european salt company
**Efficiency Improvement Programme and
Launch of 40-hour Week**



- Strong de-icing salt business in Q4/2008 and at the start of 2009
- Over the past few years, cost increases reduced the profitability of esco
- Securing the future viability by
 - increasing the working week under collective bargaining agreements by an average two hours from 1 November 2008
 - socially responsible cutting of about 110 jobs (FTE) by the end of 2009
- Additional participation of employees in economic success

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Ladies and Gentlemen,

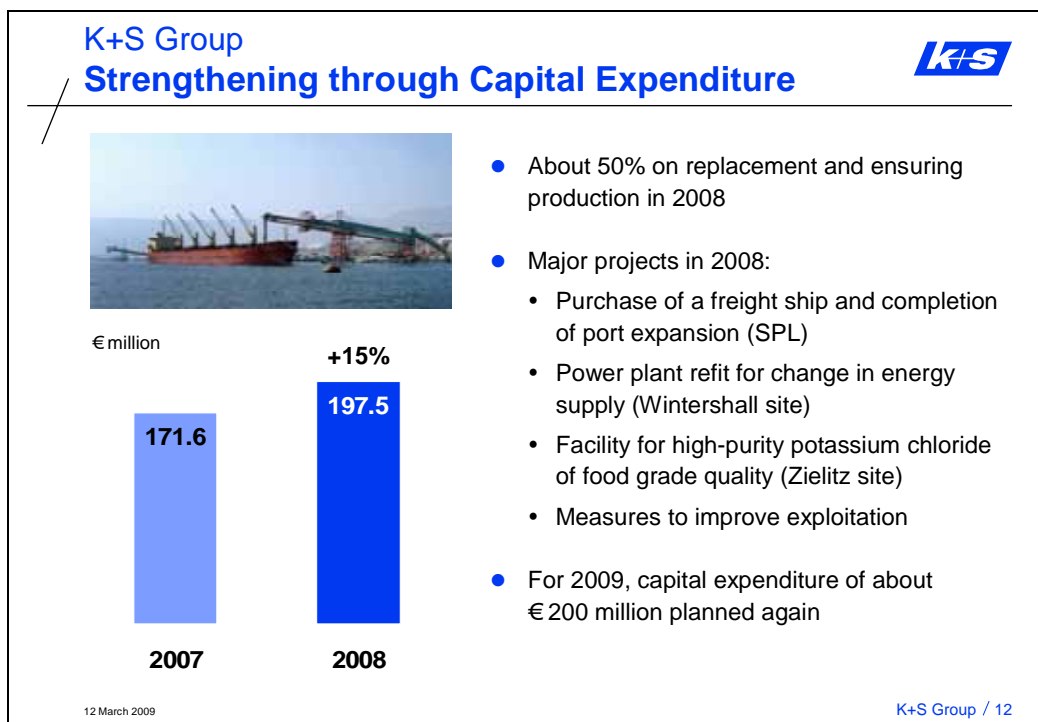
The fact that de-icing salt will continue to be needed to ensure road safety has again been demonstrated during the past few months on both sides of the Atlantic.

However, it is also true that, in the light of the two previous very weak years for de-icing salt and, in particular, because of rising costs, the profitability of esco has been reduced. That is why we approved a package of efficiency-enhancing and cost-cutting measures in 2008. It should secure the future and competitiveness of esco – european salt company.

First, a cost optimisation programme should improve the efficiency of esco sites - it has shown that the comprehensive implementation of best practice at each other esco sites will open up considerable potential to be realised.

In addition, esco reached an agreement with the works councils and the IG BCE trade union in August 2008 on securing the German sites over the long term: From 1 November 2008, the weekly working time, as established under collective bargaining agreements, was increased by an average of two hours per week without direct wage-based compensation but with the opportunity of additional profit participation.

Altogether, about 110 jobs across Europe will be affected by these measures. Here too it is intended to prevent operations-related redundancies wherever possible by providing further employment within the Group.



We are continuing to strengthen the K+S Group through **capital expenditure** too:


In **2008**, we invested a total of €197.5 million in property, plant and equipment and intangible assets, about 15 % more than in the previous year. Measures relating to


replacement and ensuring production accounted for about half of the capital expenditure. The depreciation charges totalling € 141.7 million were able to thus fund these measures completely and, furthermore, cover part of the investments in expansion and rationalisation projects.

The expansion of SPL was a focal point of our capital expenditure activity once again. Further important capital expenditure projects in 2008 were the refitting of a power plant in connection with changing the supply of energy at the Wintershall site, the construction of a facility for the production of high-purity potassium chloride of food quality as well as measures to improve exploitation in the Potash and Magnesium Products business segment.

For **2009 overall**, we expect a volume of capital expenditure of about € 200 million once again. Measures related to replacement and ensuring production account for a good 60% of this figure and should again be fully financed through the anticipated depreciation charges of about € 150 million.

K+S Group
Headcount Increases





Number	2008 31.12.	2007 31.12.	+/-
K+S Group *	12,368	12,033	+335
Trainees	615	614	+1

* core workforce + trainees + temporary employees adjusted for part time (FTE)


- Workforce larger in Potash business segment and at SPL
- No change in high commitment to training

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Ladies and Gentlemen,

Without our committed employees we would scarcely be where we are today: As of 31 December 2008, the K+S Group employed a total of 12,368 people – an increase of 335 employees or 2.8% on the reporting date for the previous year.

We are, of course, continuing to provide training in times of crisis too, because the future success of our Company depends not least on our young people: As of 31 December 2008, we employed a total of 615 trainees (2007: 614), of which 610 were employed at our German sites. At about 6%, the trainee ratio for our domestic companies remains on a high level.

K+S Group
Revenue and Earnings Expectations for 2009/10 

- **Revenues should decline markedly in 2009**
 - Although average prices of Potash and Magnesium Products will be tangibly higher, significantly lower sales volumes should rather offset the aforementioned price effect.
 - While the tendency of a lower average price level for nitrogenous fertilizers should result in much lower revenues for COMPO and fertiva, the good start with de-icing salt should cause Salt business segment revenues to rise significantly.
 - The revenue forecast assumes an average US dollar exchange rate for 2009 of about 1.30 USD/EUR (2008: 1.47 USD/EUR).
- **Significantly lower operating earnings expected in 2009**

The decreasing sales volumes in the Potash and Magnesium Products business segment and the much lower expected earnings in COMPO and fertiva should cause operating earnings of K+S group to fall significantly. A stronger US dollar exchange rate and higher earnings from Salt are not inclining us to change this forecast.
- **Markedly rise in revenues and significant rise in earnings expected for 2010**

Revenues will likely increase markedly based primarily on significantly higher sales volumes in the Potash and Magnesium Products business segment. Given that, we see realistic chances of a significant increase also in operating earnings.

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Ladies and Gentlemen,

How do we assess the business development of the K+S Group in 2009 from today's perspective?

In view of the global financial and economic crisis we are experiencing, we expect that the hitherto positive performance of the K+S Group will suffer a temporary setback this year.

Initially, we assume, against the background of the price level for potash and magnesium products evident in the first quarter, tangibly higher average prices for 2009 as a whole compared with the previous year. However, we now expect significantly lower sales, which should rather offset the aforementioned price effect.

While the revenues of the COMPO and fertiva business segments should be down significantly, mainly in view of substantial price decreases for nitrogen fertilizers, we expect significantly higher revenues for the Salt business segment because of the good start with de-icing salt.

Overall, the **revenues** of the K+S Group in 2009 should be down markedly on the previous year. The revenue forecast assumes an average US dollar exchange rate for 2009 of about 1.30 USD/EUR (2008: 1.47 USD/EUR).

For the financial year 2009, we forecast significantly lower **operating earnings EBIT I** in comparison to the record level experienced last year. This is primarily due to the already described decreasing sales volume in the Potash and Magnesium Products business segment. Even a stronger US dollar exchange rate and higher earnings from salt against last year are not inclining us to change this forecast.

Ladies and Gentlemen,

The year 2009 faces us with challenges such as we have not experienced in a long time. The financial and economic crisis has assumed dimensions that all of us would have considered almost impossible a few months ago. No one can predict when the bottom of this recession will be reached.

For us at K+S too, the crisis once again vividly made us aware of what it means to live in a globalised world: Cereal prices quoted on the Chicago commodity exchange, the oil price level, the strength of the US dollar, the access of Brazilian farmers to the credit market – all these factors have an in part significant impact on our business success.

This is all the more reason why we will do everything possible to make K+S even stronger, more competitive and thus, resistant to crises. We will also lead our K+S safely through the in places difficult terrain that lies ahead of us.

For **2010**, we already think it highly probable that revenues will again increase appreciably; this assessment is based primarily on a normalisation of significantly higher revenues in the Potash and Magnesium Products business segment due to volume factors. Given that, we see realistic chances of a significant increase also in operating earnings, an increase that should then also have a positive impact on adjusted Group earnings after taxes.

I would like to thank you for your attention – we will be pleased to answer your questions now.