K+S Aktiengesellschaft

Annual General Meeting

Stadthalle, Kassel

5 May 2004

Explanatory Comments Relating to Item 1 of the Agenda

Dr. Ralf Bethke
Chairman of the Board of Executive Directors

– The spoken word is binding –
Introductory Slide – A Warm Welcome

Ladies and Gentlemen,

I personally bid you a warm welcome to the 2004 Annual General Meeting of your K+S Aktiengesellschaft and do so too on behalf of my colleagues on the Board of Executive Directors as well as all our employees. We are happy to be able to welcome you, dear shareholders, shareholder representatives, members of the press and guests here in Kassel and in such large numbers once again.

It is your keen interest in the development of the K+S Group that poses a challenge for us – that of once again offering you an Annual General Meeting that is as informative as possible.

First of all, I wish to show that we at K+S made consistent and successful use of the opportunities available to use on various markets in 2003 too, doing so in what was a difficult environment in part. We undertook structural measures with a long-term impact in good time, so as to harness new potential and lay the groundwork for future growth. Next, I will discuss the results and figures for the financial year 2003. Following a report on the how the K+S Group started out in the first quarter of 2004, I will set out our expectations for the whole of 2004.

Slide 1  - Growth Lies at the Heart of Our Vision

Dear Shareholders,

Your K+S is one of the world’s leading suppliers of speciality and standard fertilizers, plant care agents and a very customer-oriented and broad range of salt products. Achieving healthy and sustained growth is our goal as a company and a challenge at the same time – both for the sake of nature and for us too at K+S in our relevant economic environment. In doing so, we assume active responsibility for the sustainable growth of our society, of which we consider our company to be a part. To this end, our
more than 10,000 employees display their commitment toward such goal day in day out by applying all their knowledge and experience.

Healthy growth lies at the heart of our vision for the K+S Group. The theme “Experience Growth” should help us assimilate this awareness and actively impart it to our partners. The 2003 Annual Report you have explores the idea that “growth is not a matter of luck”, a confident assertion based on our long years of successful work for our customers, partners as well as for you our shareholders in particular, and for us ourselves within the K+S Group. We are quite aware that any growth in nature is a miracle. And we are proud that our company makes products that support, protect and nurture such miracles.

Slide 2 - 2003 Market Opportunities Used

Ladies and Gentlemen,

The consolidation and targeted expansion of our market position in growth segments remained important areas on which our activities were focussed in 2003, too.

All in all, demand for the products comprising our market-oriented portfolio of speciality and standard fertilizers as well as plant care agents developed favourably. We have made good use of our opportunities on many markets as global demand for fertilizers has continued to increase. Our joint venture esco – european salt company also consolidated its leading position in Europe.

On the world potash market, demand last year rose by a good 7% to over 28 million tonnes of K₂O. Such a high increase within a single year has occurred only twice in the past 10 years. A major reason for this was a sudden rise in demand in Brazil and in the larger Asian countries. In 2003, K+S profited from this worldwide increase in demand in terms of both volume and prices.

In the case of potash and magnesium products, we have been particularly promoting business with profitable granulates, establishing a successful presence on overseas
markets with potassium chloride and our speciality fertilizers potassium sulphate and ESTA Kieserite. We also succeeded in posting strong gains for the potash industrial products used in the manufacture of pharmaceuticals.

In the case of COMPO, we asserted our position of market leadership with high-end quality products and brands. However, the growth of COMPO markets was hindered by inclement weather conditions in the spring and summer of 2003. This affected our business in plant protection agents in individual professional areas as well as in the home and garden sectors. However, this development was largely offset by our strong positions in liquid fertilizers, ENTEC speciality fertilizers and potting soil.

In the fertiva business segment, the demand for nitrogenous fertilizers also rose in 2003. Particularly in the second half of the year, European trade outlets increased their stocks on an exceptionally large scale in view of the major price increase in the raw material ammonia. We succeeded in forcing through price increases that were in part substantial in Europe and overseas.

esco profited from a more robust market environment overall. The good revenues for salt business were largely attributable to increases in volume and in price for consumer and industrial salts. The high deliveries of de-icing salts for winter road clearance services also made a contribution in this regard.

In the case of the waste management business, competition remained fierce in 2003. Given a further decrease in the volume of waste for storage underground, the prices of waste disposal services in Germany came under strong pressure. By expanding our European business, especially by means of successful marketing and distribution efforts in Italy and south-eastern Europe, we were able to counteract this trend to some extent.

In the case of our services and trading activities, good logistics and trading contributed to the positive development of business.
Therefore, the K+S Group experienced a trend in volume and, in large measure, in prices that was welcome.

Slide 3 - 2003 Directions

Ladies and Gentlemen,

As you know, it is our declared objective, as the K+S Group, to expand further and to create the preconditions for this in good time on markets and within the Group itself.

In the case of potash and magnesium products, various measures have a long-term impact were implemented. The biggest project involves the development of a rich Sylvinite deposit in the Werra area. Trial operations are due to already begin there in October of this year, and we intend to attain full production capacity as of 1 January 2005. Thanks to this project, we will increase our annual delivery capacity by over 200,000 tonnes of goods and attain a further reduction in costs at the same time; the project is proceeding on schedule.

In addition, since the beginning of 2002 we have been implementing comprehensive programmes to boost our efficiency. We are thus cutting production costs, improving the quality of crude salt and making processing more cost effective.

In order to enhance its raw materials base, COMPO acquired a 30% interest in the Latvian Livani Kudras Fabrika (LKF) in the summer of 2003. Located at Livani, some 170 km south east of Riga, LKF exploits extensive deposits of raw materials that are particularly suitable for processing into high-quality COMPO-SANA potting soil.

A further major step with the same aim was the acquisition of the Humuswerke Gnarrenburg Friedrich Meiners AG, which we concluded in January 2004. Meiners AG also possesses extensive deposits of raw materials for producing high-quality potting soil north of Bremen. In addition, the good transport links enjoyed by this site offer important logistical advantages for serving those COMPO markets located centrally in Europe.
In 2003, fertiva expanded its business with straight nitrogen fertilizers containing sulphur. The family of products that contain sulphur was successfully extended through the addition of “ass bor,” a new special product containing a combination of the nutrients nitrogen, sulphur and boron.

In the salt field, we further streamlined our product portfolio in the table and industrial salts segments. In addition, further synergies were achieved by cost-cutting measures in production and logistics and the successful transition to a group-wide IT system. The year 2003 should have seen related expenditures incurred for the last time.

In the case of waste management, following the discontinuation of thermal soil cleaning, we are concentrating mainly on underground waste management services – where we have a mastery that is second to none among European companies and apply the highest safety standards. With regard to the services we offer, we have also successfully expanded our logistics offering in terms of container traffic.

As you can see, ladies and gentlemen, we have engaged in a number of major, as well as lesser, structural improvements that will reduce our costs and/or permanently increase our potential for good results.

Slide 4 – 2003 – A Satisfactory Year

And now, I would like to take a look at the K+S Group’s figures for 2003. We attained revenues of € 2.29 billion, exceeding last year’s good result by about 1%. The increase in revenues is attributable to both volume and price effects. Larger currency-related losses were thus counteracted.

At € 115.7 million €, EBIT was € 17.1 million or about 13% down on last year’s figure. This was mainly due to increases in energy and personnel costs, higher prices for raw materials as well as outlays connected with the development of a new and rich potash deposits in the Werra area. In addition, from the third quarter onwards, the US dollar was no longer hedged on the more attractive terms that had been applied previously. At present, we are hedging the US dollar by means of range and classic options.
Although we will not be able to avoid decreases as a result of exchange rate factors, particularly in business with potash products, we will nevertheless be able to limit their impact.

As a result of the strong improvement in the financial result, net income, at € 101.3 million, was almost on the previous year’s good level; this also applies to earning per share, which amounted to € 2.42.

At € 209.1 million, gross cash flow was almost on the previous year’s level and attests to the K+S Group’s sustained earnings power and high financial strength.

In 2003, we invested € 126.6 million, about 2% less than in 2002. Spending was focused on the opening up of a new potash deposit in the Werra area, an expansion of the brine field in the Netherlands for the Salt business segment, and numerous projects to boost the productivity of our facilities and processes. Maintenance-related expenditure was scaled back as expected – a result of high spending on the renovation and modernisation of our production facilities in previous years.

**Slide 5 - 2003 Yields Slightly Lower**

The K+S Group's high earnings capacity in 2003 is also apparent from the yields attained, which remain on a comparatively good level. The EBIT margin of 5.1% provides confirmation of our continued earnings strength.

Our return on equity, amounting to 17.3%, and the return on total investment, amounting to 7.2 %, illustrate the K+S Group’s repeated good results in both absolute and comparative terms.

During the year under review, the important return on capital employed (ROCE) amounted to 12.7% and was thus once again significantly above our cost of capital of about 8%.
Ladies and Gentlemen,

For years, responsible and transparent company management and control designed to achieve sustainable increases in value has been the basis of all major decision and control processes at K+S. In March this year, the Board of Executive Directors and Supervisory Board resolved a 2004 declaration on conformity with respect to the German Corporate Governance Code. In it, we declare that we comply with the recommendations of the Government Commission on the German Corporate Governance Code with only a few exceptions. K+S also implements in practice those suggestions contained in the Code to the maximum possible extent. The declaration on conformity and explanations about exceptions to the recommendations are also contained in our Annual Report and on the Internet.

Together with the Supervisory Board, in 2003 we again subjected our internal regulations and procedures to critical review and concluded that K+S adheres to the principles of good, responsible corporate management. Naturally, we will continue to adhere to them in the future.

Slide 6 - Attractive Dividend

And now, the subject of dividend. This year, too, we are adhering to our principle of an earnings-oriented policy on dividends. On account of the earnings that have been generated and the good earnings prospects that exist, the Supervisory Board and Board of Executive Directors propose the resolving of a dividend of € 1.00 per share.

Based on the 2003 year-end closing price of € 21.76, our recommended dividend payment results in a comparatively attractive dividend yield of 4.6%.

The dividend payment in 2003 amounted to about 42%. On the basis of my report, dear shareholders, you can also expect attractive dividends in the future, insofar as the important framework environments in which our business sectors function evolve as we expect them to.
The good results and outstanding potential of our group of companies as well as an increasing awareness of this on the capital market have also had a positive effect on the price of the K+S share. Between the beginning of 2003 and the beginning of May 2004, the share price has risen by some 60%. The renaissance of so-called value stocks and a return to classical valuations continued among institutional and private investors. K+S shares enjoy a high degree of confidence not just in Germany, but internationally, too.

The market capitalisation of K+S has once again risen since the beginning of the year 2003, by almost € 400 million reaching about € 1.2 billion, whereby one should bear in mind that in spring 2003, we cancelled a total of 2.5 million of our own shares. Consequently, the number of shares has fallen to 42.5 million, and the share capital of K+S Aktiengesellschaft has declined correspondingly to € 108.8 million.

We have not acquired any of our own shares under the authorisation granted by the last Annual General Meeting. As you can read in our Annual Report, the approximately 900,000 shares deriving from earlier share repurchase programmes were transferred to a long-term investor at the end of the third quarter of 2003.

We also do not hold any shares of our own at the present time. As share repurchase programmes have demonstrated their value in the past, we request appropriate approval under Item 6 once again today. As has always been the case, a decision on further repurchases depends on market conditions as well as our own acquisition and investment considerations.

Our shareholder structure is characterised by a high free float. At present, almost 90% of our shares are in free float. They are held mainly by German and foreign institutional investors and by some 30,000 private investors, including many K+S employees. The biggest individual shareholder is BASF AG, with slightly over 10% of the shares, following its sale of some 7% through the stock exchange in 2003.
Dear Shareholders,

I would now like to discuss our employees. As managers; employees in surface and underground production; marketing, sales and finance specialists; researchers and trainees, our people have made a tangible contribution to the success of your K+S Group with their skill, high degree of commitment and well-developed sense of team work. Once again, on behalf of my colleagues, and undoubtedly on your behalf, too, I would like to express my thanks for this outstanding performance.

The K+S Group employed a total of 10,627 persons at the end of 2003. This number is virtually the same as at the end of the previous year, but internally some things have changed. K+S has been growing continuously over the past few years, and is assuming an increasingly international dimension. This process of internationalisation sets new challenges. With the formation of the esco joint venture and the successful expansion of the Europe-wide COMPO business, the number of employees working for us outside Germany has risen in recent years. Our flexible and future-oriented personnel policy does justice to this development.

We take job security and the protection of our employees' health very seriously. Protecting our employees against work-related dangers and preserving their health by means of prophylactic measures are accorded a very high status at K+S.

Another important fundamental component is our internal suggestions scheme. In this regard, 2003 can be considered as a very successful year. Our employees submitted over 5,150 suggestions for improvements – a further increase of 26% over 2002. The implementation of these suggestions has led to further increases in the efficiency of our complex production processes and to a net cost reduction sustainable of well over € 2 million. This development is also an indicator of what I consider our open as well as dialogue- and team-orientated corporate culture.

Ensuring a qualified stream of next generation employees is the prime objective of our great involvement in vocational training; this is reflected in our training figures. Thus, on
the reporting date, 31 December 2003, we increased the number of trainees in relation to the previous year by 8 to 550. With our continuing high training ratio of over 5%, we will also discharge to assert our particular social responsibility in the economically weaker environment of many of our sites.

In our opinion, the Federal Government's planned training levy is not a suitable instrument, as companies will generally offer more training positions. On the contrary: The levy will only impose an additional burden on them. We would feel wronged if the K+S Group were forced to send an extra €1 million for this. As a company that has displayed an above-average level of commitment to training for many years, we reject the planned training levy.

Slide 9 - Starting Out in Q1/2004 – 62% esco

Ladies and Gentlemen,

Let us look ahead. How did we start the current year? We released our report on the course of business in the first quarter of 2004 today; the esco joint venture is still included in the interim financial statements on a 62% basis.

At €716.4 million, K+S Group first quarter revenues remained unchanged compared to the same period last year, despite a less favourable exchange rate in relation to the US dollar. Price and volume increases almost completely made up for this effect. The COMPO and Waste Management and Recycling business segments posted higher revenues while for the remaining segments, revenues were either almost unchanged or somewhat lower.

At €65.1 million, first quarter EBIT for the K+S Group did not quite attain the previous year's very good level. Increased business in the Salt as well as Waste Management and Recycling business segments could not balance out the cost-related decreases in Potash and Magnesium Products, COMPO and fertiva. In addition to the less attractive hedging of the US dollar, the high raw material price of ammonia has had an adverse effect on our result in particular.
At € 54.9 million, first quarter earnings after taxes were slightly up year-on-year. This reflects the clearly improved financial result because, in contrast to the first quarter of last year, no further write-downs on securities were necessary.

As you know, we already attain a considerable portion of our annual income in the first and second quarters, and therefore it would be misleading to project these figures over the entire year. Nevertheless, this trend says and promises a lot.

Slide 10  - Starting Out in Q1/2004 - 100% esco

Ladies and Gentlemen,

At this point, I would like to provide you with our latest piece of news: We virtually completed our negotiations concerning the acquisition of Solvay’s 38% stake in esco last Friday – after our quarterly report had already been printed – and reached agreement on the content of a takeover agreement. It is just up to the lawyers now to prepare a final version of the text of the agreement, and that should happen within the next few days. The transaction should take retroactive economic effect from 1 January 2004. It was agreed that the purchase price would be kept secret. However, I can assure you that we are paying a reasonable price and that the benefit deriving from this purchase can be considered very positive for us as the sole owners within our K+S group of companies.

In the light of this, I would like to venture today to present the figures for the first quarter of 2004 with esco included in full.

At € 760.6 million, K+S Group revenues exceeded the figure for last year by 6%. At € 78.1 million, EBIT was also significantly better than a year ago (+15%). Earnings after taxes rose 20% year-on-year to total € 65.5 million.

You can see that by acquiring all the equity of esco, we will greatly strengthen the K+S Group once again. The esco takeover will also represent a further milestone in the K+S Group’s successful development, which has continued unbroken for over 10 years now.
As far as potash and magnesium products are concerned, we see high worldwide demand for potash throughout 2004 and beyond, with a simultaneous increase in the prices for agricultural products obtained by our customers. The prices of our potash and magnesium products are also displaying a rising tendency on many markets, which is in part attributable to our active policy on pricing. At the same time, we are promoting our refinement strategy by intensifying sales efforts, especially with regard to our potash specialities that have sulphur and magnesium content, with a view to increasing our value added as a result. This also includes the more selective servicing of our markets. Because we deliver our standard products primarily to those markets that offer us attractive sources of earnings on account of comparatively more favourable freight costs and prices, this has also resulted in changes to our country portfolio, yielding a positive impact on our results.

All in all, we expect revenues for 2004 to be slightly up on the previous year. The development of our rich potash deposit in the Werra area, where we will commence operational testing in October; the cost-cutting measures that we have already implemented as well as further price increases on overseas US dollar markets and in Europe too to some extent should lead to an increase in earnings. Nevertheless, the dramatic worldwide increase in freight costs is having a strongly adverse impact on our price increases and ex-works revenues. High Chinese raw material imports are one reason for this, as they considerably reduce the available space on freighters to Asia.

Making the working week more flexible, coupled with an increased employee share in profits, is a further important component of our current cost reduction programme to improve yields. At the beginning of April, we successfully concluded negotiations with our partners in wage talks on the introduction of appropriate opt-out clauses in respect of the collective wage agreement. In addition, we reached agreement with the works councils as well as the IG BCE trade union in talks that were not easy but always constructive on the key points of agreements that are still to be concluded at the plant level.
In the Potash and Magnesium Products business segment, the changes in working hours involve a reduction in staffing levels of about 350 employees within the next two years. We will avoid operations-related redundancies by applying personnel policy instruments such as part-time work for those approaching retirement, a reduction in overtime, fluctuation, retraining and further training, and the insourcing of services hitherto procured from outside. This will yield regular cost savings of about € 15 million.

Nevertheless, making working hours more flexible is not a one-sided cost reduction programme. In return, employees of the Potash and Magnesium Products business segment will receive an additional share in profits as soon as the business segment has covered its cost of capital. Thus, employees have the opportunity of an above-average share in the increased profits that they themselves have helped to achieve. At the same time, their prospects for the future are better because the potash and magnesium products area will be strengthened in international competition. This decision is a major sign to all our customers and competitors of our unwavering commitment to the potash and magnesium products business in Germany. For many reasons, we in Germany should not create any more unemployed persons.

Dear Shareholders,

I believe that these steps merit great recognition because they above all bolster the confidence with which we can take up our market opportunities in the future.

Slide 12 – COMPO – Prospects for 2004

All in all, COMPO had a good start to the season. An optimistic sectoral trend has made itself felt, especially in the case of speciality fertilizers for the professional area. With regard to the consumer business, our strong brands are helping us in an increasingly tougher competitive environment. Nevertheless, consumer restraint is having a depressing effect on COMPO, especially in Germany. For 2004 as a whole, we expect a tangible increase in revenues over 2003. Both the consumer and the professional areas should contribute to this. In the professional area, the stabilised ENTEC® fertilizer product group merits particular attention and given the increasing
demand for its innovative range of effects, it should contribute to further growth. Regarding the consumer business, we expect a further impetus to growth to come from southern European markets. After a promising start to our new business with high-quality lawn seeds marketed under the brand name COMPO SAAT in Germany, we will successively introduce the full assortment to the remaining COMPO markets in Europe. We also expect a growth regarding COMPO FLORANID lawn fertilizers, which we have introduced to the high-class segment as a new six-month slow-release fertilizer.

In order to bolster our presence on the attractive Spanish growth market, we are in the process of developing a new logistics centre near Valencia. This project will contribute to a further rise in our level of service in Spain and to a further reduction in our costs there. In addition, the location should serve as a platform for further growth in the remainder of the Mediterranean basin.

On account of these sources of growth impetus and the falling price of ammonia, we are confident that COMPO’s EBIT will rise again in 2004.

The particularly high quality of our COMPO brand products is confirmed by a recent survey performed by the “Stiftung Warentest”, which rated our COMPO SANA COMPACT potting soil as the best product. After all, one potting soil is not necessarily the same as another. There are major differences in the quality, on account of the substrate qualities applied and the ingredients of other important components. The top quality of COMPO SANA COMPACT, as revealed in plant tests, and the convenient customer-friendly packaging have contributed to this outstanding success. You can convince yourselves of the particularly high quality of our innovative COMPO products. At the end of the Annual General Meeting, we wish to provide you with a COMPO brand product, so that you too can experience the special growth afforded by a premium product of the market leader COMPO in your own apartment or on your own terrace or balcony.
Slide 13  - fertiva – Prospects for 2004

For fertiva, an increase in competition is likely as a result of the EU’s eastward expansion, and in the case of our overseas markets, significantly higher freight costs are having an adverse impact on our business. Nevertheless, on account of continuing attractive price levels for agricultural fertilizers, we expect 2004 revenues to be closer to those of the previous year. EBIT, too, should again attain the previous year’s level.

Slide 14  - EU Eastward Expansion

Ladies and Gentlemen,

Allow me now to say a few words about the eastward expansion of the EU, a process completed a few days ago. The accession of 10 new countries to the EU could have a major impact on the Potash and Magnesium Products, fertiva and Salt business segments. Recently, the EU Commission adopted transitional arrangements, which will be published in the next few days, regarding potash deliveries from Russia and Belarus to the markets of the 10 new EU countries in particular. This was preceded by a special review of the anti-dumping regulations which will continue to apply until May 2005. The sole purpose of this review is to develop an instrument with which to guarantee deliveries of goods to the markets of the new EU countries at reasonable prices. We assume that on account of the limited scope of the review, not much will change with respect to protecting the markets of the 15 “old” EU members against the dumping of potash imports.

In the meantime, following the EU’s recognition of Russia as a market economy, two Russian producers have requested a review of the current anti-dumping regulations in the light of such new status. By the way, anti-dumping regulations apply not just to potash fertilizers, but also to nitrogenous fertilizers.

We communicated our concerns and arguments to many politicians and personnel in the relevant ministries and to the EU Commission in good time. We have encountered
much understanding for our position – on that is consistent with WTO rules – and assume that in future too, we will enjoy adequate protection against unfair competition.

**Slide 15 - Salt – Prospects for 2004**

Ladies and Gentlemen,

Let us now turn to our Salt business segment, which has been growing continuously and successfully for years.

esco has become Europe’s leading salt provider and produces over 5 million tonnes of salt per year at its sites in Germany, the Netherlands, France, Belgium, Spain and Portugal. Since its founding two years ago, esco has undergone a very positive development and has already been able to achieve comprehensive cost synergies and, consequently, an increase in earnings.

Following our full takeover of esco, we expect a clear increase in revenues in 2004. On the basis of such assumption, earnings should also be about € 10 million to € 15 million up on the previous year’s good level. At the same time, we will implement further process optimisation measures in various areas of production and logistics as well as realize or commence further cost savings. The expansion of esco’s brine field in the Netherlands by an additional two caverns guarantees a long-term supply of raw materials and will be completed within the next few weeks.

Thus, ladies and gentlemen, the prospects for the salt business in 2004 are very good.
In the case of the Waste Management and Recycling complementary business sector, there will be no fundamental change in the difficult competitive situation in 2004. Following the launch of major project involving the disposal of waste underground, we expect a slight increase in revenues; in the case of EBIT, an even stronger increase in percentage terms is expected.

To ensure that the waste management business will once again generate higher, lasting contributions to earnings in the medium-term too, we will intensify our marketing activities in neighbouring European markets and realize further cost reductions by means of process improvements to processes and the more flexible deployment of personnel at waste disposal sites.

In the case of Services and Trading business segment, we expect the course of business to be positive and stable. Revenues and earnings in 2004 too should once again attain the previous year’s pleasing level. The expansion of storage capacity at the port of Hamburg, completed last year, will enable us to load overseas potash product shipments more flexibly and cost effectively.

What is our assessment of how the K+S Group will develop in financial year 2004 as a whole?

As I have explained, our business operations will be characterised by several positive trends. Therefore, regarding revenues, we expect an increase to about € 2.5 billion, taking into account the inclusion of esco in its entirety. Furthermore, COMPO will also continue to grow. In the case of potash and magnesium products, our active policy on pricing, especially regarding our speciality assortment, should also have a positive effect on revenues.
The full inclusion of esco earnings as well as growth in COMPO and waste management and recycling will have a clearly positive impact on EBIT, as might price increases for potash and magnesium products too.

However, our tax position will change as of 2004 as a result of the introduction of the so-called minimum tax. From now on, it will only be possible to set off 60% of losses carried forward against current profits in the case of corporation tax and trade tax. Thus, our domestic profits will be subject to income tax of some 16%. On the other hand, it will be possible to carry forward losses over a longer period of time. For these tax-related reasons, net income for 2004 will increase to a lesser extent than EBIT.

Slide 18 - Measures for Further Growth

Ladies and Gentlemen,

We are continuing to pursue the goal of constantly strengthening the K+S Group and keeping it on a course of continued success.

Externally, we can and wish to further expand our leading market positions. Our speciality assortment is an important point of departure in this regard.

Internally, our operations will continue to be accompanied by consistent process and cost management in all our business segments. As of 2005, our rich potash deposit, and hence the optimization of the entire mining network in the Werra area, will fully impact on our results.

In future, too, an even closer interconnection of all our business segments will create particular opportunities for us to implement further cost-reduction measures and attain particular success among our customers.

In addition, we are considering, in several business segments, a series of projects on a manageable scale with which we can continue to expand our business sectors in a
varied manner through acquisitions and cooperation arrangements while remaining very aware of opportunities and risks.

All these elements should contribute to making the K+S Group even stronger and even better.

Dear shareholders, I wish to thank you personally and on behalf of my colleagues on the Board of Executive Directors for the trust that you have placed in your K+S Group. Rest assured that we are all facing the challenges that exist with undiminished commitment and will do our utmost to attain our ambitious goals for the sake of the lasting and increasing success of your K+S Group.

Thank you very much.