Remarks by Hagen Duenbostel

at the Annual Shareholders' Meeting of KWS SAAT AG

on December 16, 2010

Ladies and Gentlemen, KWS shareholders,

KWS' business performance has been very gratifying. Our market activities in just about all agricultural economies of the moderate climatic zone are progressing as planned. In the past five years, the KWS Group's net sales have risen by average of more than 10% per annum and stood last fiscal year at 754 million euros.

We were also able to maintain our excellent level of earnings: Over the same period, operating income even increased annually by over 15%, with the result that it is now at 82 million euros and the return on sales is again 11%.

Net sales grew 5% in 2009/2010 compared with the previous year, thanks mainly to the expansion of our foreign business, which improved by more than 6% to 565 million euros and contributes three-quarters of our total revenue.

In this connection, net sales at the individual product segments varied: While we grew our corn and sugarbeet seed business (including tech fees) by over 8%, the Cereals Segment was – as expected – not able to follow up on its outstanding results of the previous year since the winter cereals business in the fall of 2009 was negatively impacted, above all by the poor world market prices for cereals for consumption. Net sales declined from 84 million to 70 million euros.

All in all, we have planned the KWS Group's growth well and worked hard to achieve it. To this end, we also further expanded our distribution organization in 2009/2010. Selling expenses rose as planned by 12% to 129 million euros. As a result, we are able to achieve greater market penetration, which has a positive effect on sales, prices and market share. Not least, this also helps sharpen our brand image in the eyes of farmers.

Our customers buy our seed if it gives them advantages in terms of yield, quality and margins. That is the goal of our research and it is why we have continuously strengthened our R&D activities. The R&D budget rose by 9% to almost 98 million euros.

Other net operating income and expenses was 18 million euros and made a positive contribution to operating income compared with the previous year. This was attributable to the reversal of provisions and positive exchange rate trends at the balance sheet date.

The increase in operating income from 78 million to 82 million euros is due to our strong operating performance. Net sales in the Corn Segment rose to 413 million euro and operating income to 32 million euros. The segment thus accounts for 39% of consolidated income. Sugarbeet again made an outstanding contribution, growing its income by 50% to 35 million euros. The improved earnings strength of both segments more than compensated for the slight decline in operating income at the Cereals Segment from 12 to 11 million euros and the sharp rise in breeding and selling expenses. After interest and taxes, the KWS Group generated net income of 51.5 million euros, compared with 50.1 million euros in the previous year.

The company's growth not only resulted in a good increase in earnings, but also left its mark on our assets situation. Our investments of 58 million euros meant that fixed assets increased to 275 million euros. A particular beneficiary of that was our Einbeck location, where we were able to complete and put into operation our greenhouse complex and the new research and development building. We also built a breeding station in Lipezk, Russia.

The investments in expanding our capacities were rounded out by diverse capital spending on seed production plants. As a result, we again invested more than twice our annual depreciation of 22 million euros in improving the quality of our seed and new production capacities. As usual, our capital spending is solidly financed.

The equity ratio remains at the very high level of 58% and fully covers noncurrent assets. However, our financial situation is still influenced by the long-term effects of the financial crisis. In particular, our business in Eastern Europe continues to suffer from liquidity bottlenecks. Our customers' creditworthiness has improved only insignificantly. In some cases, we therefore had to accept longer payment periods and a related rise in outstanding receivables. We have made reasonable allowances for the associated risks.

The additional working capital tied up in assets, inventories and receivables meant that net liquidity fell from 117 million to 81 million euros at the end of the fiscal year. However, two-thirds of the receivables due at the balance sheet date have now been paid.

Let me now deal in a little more detail with KWS' engagement in China: We are strengthening our activities there as part of our growth strategy. KWS has been supplying Chinese farmers with sugarbeet seed for 30 years. Together with our local partners, we currently generate net sales of around 4 million euros. In addition, we have increasingly allowed competitive corn varieties to be marketed under license in the past ten years.

China has a corn cultivation area in the moderate climatic zone of some 23 million ha. That means we have the chance to tap into a sales market that has two-thirds of the cultivation area of the corn belt in North America. That was the reason why we launched a special business development project to systematically expand our local corn presence. After its successful completion, the activities will be transferred to the Corn Segment.

Unlike in the extremely intensive competitive environment in the US, western corn breeders only have very small market share in China. Professional product development needs a stable commercial platform for seed distribution, as well as good integration of the breeding program with our stations in Southern Europe and South America.

That is why we have established a wholly-owned service company that tests KWS' varietal material in China and enables selective breeding. We intend to cultivate the huge sales market with two partners in the country's Northeast and Northwest. The joint ventures required for this are in preparation.

We will disband the project and transfer the activities to the Corn Segment as soon as they have been established and are running smoothly.

The new fiscal year has gotten off to a good start all in all. We expect KWS to continue growing at the same pace and for its earnings strength to remain stable, despite the planned additional costs for expanding our research and distribution activities. Net sales and operating income should therefore both increase by about 5%.

This development will be sustained by an increase in net sales and income at our Corn Segment, and sugarbeet will again post very good results.

Our continuing success story with good prospects for the current year impressively highlights KWS's growth. This is also to be reflected in the dividend. In continuation of our earnings-oriented dividend policy, the Executive and Supervisory Boards therefore propose increasing the dividend from 1.80 to 1.90 euros a share, an increase of 5.6% over the previous year. A total of 12.5 million euros will be appropriated for this from KWS SAAT AG's net income.

The equity remaining in the company will also help us achieve organic growth on our own. We are therefore confident that we can look forward long-term to a further increase in KWS' value. After all, the objective of our corporate policy is to make and keep you, the shareholders of KWS, satisfied.

Check against delivery.

December 16, 2010

Hagen Duenbostel