Remarks by Dr. Christoph Amberger

at the Annual Shareholders' Meeting of KWS SAAT AG

on December 16, 2010

Ladies and Gentlemen, we stayed on course, continued our growth in the Corn Segment and closed out fiscal 2009/2010 with good results, despite the tough conditions for cereals. We are investing strongly and are optimistic that we will be able to give you a similar report following the current fiscal year.

The Corn Segment continues to grow. Net sales increased by more than 8% to stand at €413 million. Its income grew even faster – by 25% year-on-year – and is now almost €32 million.

We invested about €15 million in production, distribution and administration in this segment – almost as much as in the previous year. Our headcount rose by more than 140 to 1,074; we are reaping the benefits of economies of scale and know-how transfer between the individual markets and are pleased to be able to make a key contribution to KWS' good business.

Our corn segment remains KWS'

No. 1 growth driver!

We now sell approximately 3.8 million units in **Europe** and have further consolidated our position as No. 2 in the European corn market, with a share of 16%. We are the undisputed leader in the silage Corn Segment. Ronaldino is now Europe's biggest corn variety.

We are the biogas experts among all corn breeders, and our special varieties in this field have benefited from a market that continues to grow. KWS has been able to win more share in all European markets, especially in Germany and Northern Europe, where we generate approximately 53% of our European corn seed sales.

We were able to make good last year's drop in volumes in Southeastern, Eastern and Central Europe. The stable market situation, as well as our good variety portfolio, were crucial in helping us gain market share in those regions.

In **North America**, our joint venture AgReliant is growing far more strongly than the market. While cultivation area expanded by 1%, we were able to increase our sales volume by around 14%. This is largely due to the good performance of our corn hybrids – above all in the later maturity zones of North America – and genetically modified properties that meet the market's needs.

Our net sales from genetically modified corn and soybean varieties continued to grow. We now generate sales of around €140 million solely from varieties with genetically enhanced traits – or 34% of our global sales volume in the Corn Segment. Without genetically engineered products in our portfolio, we would no longer be in the market in North America – or in Argentina in the near future. By comparison, our net sales from corn seed for organic farming are modest at around €1.5 million, although we have special ecological tests in our variety development work and produce ecological seed in accordance with demand. Our customers – and not we – decide whether they want organic, conventional or genetically modified seed.

As in the previous year, we continued to invest particularly in expanding corn production in Europe and the U.S. Construction of the processing plant in Romania has been completed. Our plant at Buzet in Southwest France took delivery of the first batch of harvested seed for drying and pre-cleaning. We intend to continue our capital spending program this year to enable us to cultivate most of our seed on our own in Europe and process it in our own plants. That will help us produce good quality, keep production costs at an acceptable level and optimize logistics so that our customers can obtain our seed quickly and at an attractive price.

One problem still facing us is that government authorities are not providing us with standards for determining minimal traces of genetically modified organisms (GMOs) in conventional seed. We currently spend more than half a million euros for the examination of our seed lots for the existence of GMO trace levels, and we only market seed that has a negative result. However, since there is no definition of when zero is really and reliably zero, either in Germany or the EU, we cannot be sure that minimal traces will not be discovered in subsequent tests.

And that calls into question the success of our **conventional** breeding and seed production. We use our locations in the southern hemisphere to continue our breeding activities there when it is winter in Europe and to quickly establish seed production for new varieties. The reality is that Europe is surrounded by continents that grow genetically modified varieties on a large scale and that there can be no such thing as absolute purity in biological systems.

To ensure zero risk of adventitious traces of GMOs, we would have to erect walls around Europe, and our breeding progress would suffer – at the expense of our customers and ultimately the economy as a whole.

KWS and our customers, the farmers, need practicable threshold values and a technical definition of the value “zero”!

Now, Ladies and Gentlemen, to cereals.

Net sales in our Cereals Segment fell by around €14 million, or 17% year-on-year. Its income was €10.6 million, down around 12% from the previous year, but its return was still very high at 15%. Our Cereals Segment has almost 200 employees, 16 more than in the previous fiscal year. In what was overall a difficult year – with low cereal prices and the increasing use of farm saved seed – our Cereals Segment held its own against the competition and defended its special earnings position.

Our hybrid rye sales were hit by low prices and reduced cultivation areas, declining by 18% year-on-year and denting our income in Germany and Central Europe. However, we were able to expand our market position as the strongest breeder of hybrid rye.

We also saw lower sales volumes for winter rapeseed and particularly for summer barley. It is therefore all the more gratifying that we managed to increase sales of winter wheat by 7% and winter barley by 3%. As a result, we were able to pick up where the previous good year left off, with good results in Northern Europe and especially in the UK.

We are the clear market leader in winter wheat in the UK.

We are the market leader in winter barley in Germany and France!

Our investments in production, distribution and administration in the segment were just under €3 million, well down from the previous year, but at about the same level as our annual depreciation.

We know that progressive farmers are complaining about the decline in breeding progress for cereals and that the quality of seed does not always live up to its promises.

That is why, despite lower net sales, we have increased our expenditure on breeding, production and distribution.

We are investing in technological methods of cereal breeding with the specific goal of enhancing the quality of our seed. In preparation for the 2011 harvest, we have focused our production structure and reduced the number of processors we use to one tenth. We will supervise every processor and multiplier ourselves. Seed will only be processed in plants that can comply with our standards of quality and are audited by us. The seed produced will be examined in our own laboratory and then offered to customers under the seal "Quality Plus."

Quality Plus means "quality well above the standards required by law" – quality we have controlled and for which we vouch with our name.

This approach has brought us a lot of irritation from production partners who can no longer work for us, as well as from competitors who do not want to go to this much trouble to ensure quality seed.

It costs us money and involves a higher risk. We are doing it to turn cereal seed back into a brand product our customers can rely on.

In the future, we intend to offer our seed in our packaging.

And the name KWS or KWS Lochow has to be on it.

Our customers should not only know the variety, but also that it comes from KWS and that KWS vouches for it.

That is what we have done up front. From our customers, and in particular from the involved associations, we expect fairness when it comes to paying fees for farm saved seed – in their own long-term interests. Farmers who use farm saved seed also use our intellectual property, and the less they pay for it, the less breeding progress we can achieve – to the detriment of our customers.

So, Ladies and Gentlemen, let me sum up 2009/2010:

We again made good progress, conceptually and in terms of earnings. And both are good for KWS and our shareholders.

And now the outlook for 2010/2011.

We now have the first sales results for fiscal 2010/2011.

The quantity and quality of the cereals harvest was not satisfactory, and the situation with rapeseed and corn varied from region to region. Consumer prices are at a good level, so that should give us a further boost.

Our net sales and contribution margin in rapeseed business declined as a result of the reduction in cultivation area, but also because of the varietal weakness we have in Germany and France.

Our cereals business is going better than last year. However, our expenditure on production and distribution will be higher.

Corn business has gotten off to a good start. Cultivation areas in Europe and North America will tend to rise. The initial results for variety performance are promising. We therefore have a good foundation for surpassing the net sales and income we generated with corn last year.

We will continue to hire new employees in production and distribution. We will become even more international. We will invest to expand production and improve process controlling and leverage the fact that, especially in the Corn Segment, we are able to supply a wider and wider range of good varieties.

Foresight, team spirit, independence, closeness and reliability: Those are KWS' brand values. Our colleagues act in this spirit and make KWS a success. That has made us an internationally successful German plant breeder, the seed specialist for farmers.

I call on you, our shareholders, to remain well-disposed toward us.

Check against delivery.

December 16, 2010

Christoph Amberger