

COMPASS MINERALS INTERNATIONAL INC
Form DEF 14A
April 04, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

Compass Minerals International, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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COMPASS MINERALS INTERNATIONAL, INC.

9900 West 109th Street, Suite 600
Overland Park, Kansas 66210

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 10, 2007**

To Our Stockholders:

We cordially invite you to attend the 2007 annual meeting of stockholders of Compass Minerals International, Inc. The meeting will take place at the Doubletree Hotel Overland Park-Corporate Woods, 10100 College Blvd., Overland Park, Kansas 66210-1462 on Thursday, May 10, 2007, at 9:00 a.m. We look forward to your attendance either in person or by proxy.

The purpose of the meeting is to:

1. Elect two directors, each for a term of three years;
2. Ratify the appointment of Ernst & Young LLP as Compass Minerals independent auditors for fiscal year 2007; and
3. Transact any other business that may properly come before the meeting and any postponement or adjournment of the meeting.

Only stockholders of record at the close of business on March 23, 2007 may vote at the meeting or any postponements or adjournments of the meeting.

By order of the Board of Directors,

Vice President, Chief Financial Officer,
Secretary and Treasurer

April 4, 2007

Please complete, date, sign and return the accompanying proxy card. The enclosed return envelope requires no additional postage if mailed in either the United States or Canada.

Your vote is very important. Please vote regardless of whether or not you plan to attend the meeting.

COMPASS MINERALS INTERNATIONAL, INC.

9900 West 109th Street, Suite 600
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2007 PROXY STATEMENT

Compass Minerals International, Inc. (Compass Minerals or the Company) is the second-leading salt producer in North America and the largest in the United Kingdom (U.K.). The Company operates 10 production and packaging facilities, including the largest rock salt mine in the world in Goderich, Ontario. In addition, Compass Minerals is North America's leading producer of sulfate of potash, which is used in the production of specialty fertilizers for high-value crops and turf, and magnesium chloride, which is a premium deicing and dust control agent. The Company produces products for highway and consumer deicing, water conditioning, food preparation, agriculture and other consumer and industrial applications. The Company also provides records management services to businesses throughout the U.K. Compass Minerals International, Inc. is comprised of its wholly owned subsidiary, Compass Minerals Group, Inc. and Compass Minerals Group's subsidiaries.

The Board of Directors of Compass Minerals is furnishing you this proxy statement in connection with the solicitation of proxies on its behalf for the 2007 annual meeting of stockholders. The meeting will take place at the Doubletree Hotel Overland Park-Corporate Woods, 10100 College Blvd., Overland Park, Kansas 66210-1462 on Thursday, May 10, 2007, at 9:00 a.m. At the meeting, stockholders will vote on the election of two directors and the ratification of the appointment of Ernst & Young LLP as Compass Minerals' independent auditors for fiscal year 2007, and will transact any other business that may properly come before the meeting although we know of no other business to be presented.

By submitting your proxy (by signing and returning the enclosed proxy card), you authorize Rodney L. Underdown, an officer of Compass Minerals, Richard S. Grant, the Lead Independent Director of Compass Minerals, and Vernon G. Baker, II, a director of Compass Minerals, to represent you and vote your shares at the meeting in accordance with your instructions. They also may vote your shares to adjourn the meeting and will be authorized to vote your shares at any postponements or adjournments of the meeting.

Compass Minerals' annual report to stockholders for the fiscal year ended December 31, 2006 that includes Compass Minerals' audited annual financial statements is being sent with this proxy statement. It does not constitute a part of the proxy solicitation materials and is not incorporated by reference into this proxy statement.

We are first sending this proxy statement, form of proxy and accompanying materials to stockholders on or about April 4, 2007.

***YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING,
PLEASE PROMPTLY SUBMIT YOUR PROXY IN THE ENCLOSED ENVELOPE.***

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting?

At the annual meeting, the stockholders will be asked to:

1. Elect two directors, each for a term of three years; and
2. Ratify the appointment of Ernst & Young LLP as Compass Minerals independent auditors for fiscal year 2007.

Stockholders will also transact any other business that may properly come before the meeting. Members of Compass Minerals management team and a representative of Ernst & Young LLP, Compass Minerals independent auditors for 2006, have been invited to be present at the meeting to respond to appropriate questions from stockholders.

Who is entitled to vote?

The record date for the meeting is March 23, 2007. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. Each outstanding share of common stock is entitled to one vote for all matters before the meeting. At the close of business on the record date there were 32,165,972 shares of Compass Minerals common stock outstanding.

Am I entitled to vote if my shares are held in street name?

If your shares are held by a bank or brokerage firm, you are considered the beneficial owner of shares held in street name. If your shares are held in street name, these proxy materials are being forwarded to you by your bank or brokerage firm (the record holder) along with a voting instruction card. As the beneficial owner, you have the right to direct your record holder how to vote your shares and the record holder is required to vote your shares in accordance with your instructions. If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares with respect to discretionary items but will not be permitted to vote your shares with respect to non-discretionary items. In the case of a non-discretionary item, your shares will be considered broker non-votes on that proposal.

As the beneficial owner of shares, you are invited to attend the annual meeting. If you are a beneficial owner, however, you may not vote your shares in person at the meeting unless you obtain a proxy form from the record holder of your shares.

How many shares must be present to hold the meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

Who may attend the annual meeting?

All Compass Minerals stockholders as of the record date, March 23, 2007, may attend the annual meeting.

What if a quorum is not present at the meeting?

If a quorum is not present at the scheduled time of the meeting, the stockholders who are represented may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken and no other notice will be given.

What does it mean if I receive more than one proxy card?

It means that your shares are held in more than one account at the transfer agent and/or with banks or brokers. Please vote all of your shares by completing and returning each proxy card you receive.

How do I vote?

If you properly complete and sign the accompanying proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in either the United States or Canada.

If your shares are held in street name, you may be able to vote your shares electronically by telephone or on the Internet. A large number of banks and brokerage firms participate in a program provided through ADP Investor Communications Services that offers telephone and Internet voting options. If your shares are held in an account at a bank or brokerage firm that participates in the ADP program, you may vote those shares electronically by telephone or on the Internet by following the instructions on the voting form provided to you.

If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Additionally, we will pass out written ballots to registered stockholders who wish to vote in person at the meeting. Beneficial owners of shares held in street name who wish to vote at the meeting must obtain a proxy form from their record holder.

Can I change my vote after I submit my proxy?

Yes, you may revoke your proxy and change your vote:

- by signing another proxy form with a later date; or
- if you are a registered stockholder, by giving written notice of such revocation to the Secretary of Compass Minerals prior to or at the meeting or by voting in person at the meeting.

Your attendance at the meeting itself will not revoke your proxy unless you give written notice of revocation to the Secretary before your proxy is voted or you vote in person at the meeting.

Who will count the votes?

Compass Minerals transfer agent, UMB Bank, n.a., will tabulate and certify the votes. A representative of the transfer agent will serve as the inspector of election.

How does the Board of Directors recommend I vote on the proposals?

Your Board recommends that you vote:

- FOR the election of the two nominees to the Board of Directors; and
- FOR the ratification of Ernst & Young LLP as Compass Minerals independent auditors.

What if I do not specify how my shares are to be voted?

If you submit a proxy, but do not indicate any voting instructions, your shares will be voted:

- FOR the election of the two nominees to the Board of Directors; and
- FOR the ratification of Ernst & Young LLP as Compass Minerals independent auditors.

Will any other business be conducted at the meeting?

We know of no other business that will be presented at the meeting. If any other matter properly comes before the stockholders for a vote at the meeting, however, the proxy holders will vote your shares in accordance with their best judgment.

How many votes are required to elect the director nominees?

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the two nominees as directors. This means that the two nominees will be elected if they receive more affirmative votes than any other person. If you mark **Withhold Authority** with respect to one or more nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for purposes of determining whether there is a quorum.

What happens if a nominee is unable to stand for election?

If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee unless you have withheld authority.

How many votes are required to ratify the appointment of Compass Minerals independent auditors?

The ratification of the appointment of Ernst & Young LLP as Compass Minerals independent auditors requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote.

How will abstentions be treated?

Abstentions will be treated as shares present for quorum purposes and entitled to vote, so they will have the same practical effect as votes against a proposal.

How will broker non-votes be treated?

Broker non-votes will be treated as shares present for quorum purposes but not entitled to vote, so they will not affect the outcome of any proposal.

Where can I find the voting results of the annual meeting?

We plan to announce preliminary voting results at the annual meeting and to publish final results in our Quarterly Report to the Securities and Exchange Commission (SEC) on Form 10-Q for the quarter that ends June 30, 2007.

PROPOSAL 1 ELECTION OF DIRECTORS

Current Nominees

The Board of Directors currently consists of eight directors divided into three classes (Class I, Class II and Class III). Directors in each class are elected to serve for three-year terms that expire in successive years. The terms of the Class I directors will expire at the upcoming annual meeting. The Board of Directors has nominated Angelo C. Brisimitzakis and Timothy R. Snider for election as Class I directors for three-year terms expiring at the annual meeting of stockholders to be held in 2010 and until their successors are elected and qualified. Dr. Brisimitzakis and Mr. Snider currently serve as Class I directors.

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee unless you have withheld authority.

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the two nominees as directors. This means that the two nominees will be elected if they receive more affirmative votes than any other person.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE TWO NOMINEES.

The following table sets forth, with respect to each nominee, his name, age, principal occupation and employment during the past five years, the year in which he first became a director of Compass Minerals and directorships held in other public companies.

NOMINEES FOR ELECTION AS CLASS I DIRECTORS FOR A THREE-YEAR TERM EXPIRING AT THE 2010 ANNUAL MEETING

Director	Age	Principal Occupation, Business and Directorships
Dr. Angelo C. Brisimitzakis	48	Angelo C. Brisimitzakis has been a director since May 2006, when he was appointed to the Board and retained as President and CEO of the Company. Dr. Brisimitzakis was employed from 1998 until 2005 at Great Lakes Chemical Corporation last serving as Executive Vice President and General Manager of the flame retardants and performance products division. Dr. Brisimitzakis joined Great Lakes Chemical Corporation after 15 years of service with General Electric.
Mr. Timothy R. Snider	56	Timothy R. Snider has been a director since March 2006. Mr. Snider currently serves as the President and Chief Operating Officer of Freeport-McMoran Copper and Gold, Inc. Prior to his current position, he was President and Chief Operating Officer of Phelps Dodge Corporation. Mr. Snider joined Phelps Dodge Corporation in 1970 in its copper division.

Continuing Directors

The terms of Compass Minerals three Class II and three Class III directors expire at the annual meeting of stockholders in 2008 and 2009, respectively. The following tables set forth, with respect to Class II and Class III directors, their names, ages, principal occupations and directorships during the past five years, the year in which they first became directors of Compass Minerals and directorships in other public companies.

**CLASS II DIRECTORS CONTINUING IN OFFICE
WHOSE TERMS EXPIRE AT THE 2008 ANNUAL MEETING**

Director	Age	Principal Occupation and Directorships
Mr. Vernon G. Baker, II	53	Vernon G. Baker, II has been a director since May 2005. Mr. Baker is Senior Vice President and General Counsel for ArvinMeritor, Inc., a global supplier of motor vehicle systems and components. He joined ArvinMeritor's predecessor in interest, Meritor Automotive, Inc., in 1999 as Senior Vice President, General Counsel and Secretary.
Mr. Bradley J. Bell	54	Bradley J. Bell has been a director since December 2003. Mr. Bell has been Executive Vice President and Chief Financial Officer of Nalco Holding Company since November 2003. From 1997 to 2003, Mr. Bell served as Senior Vice President and Chief Financial Officer of Rohm and Haas Company. Mr. Bell is also a director and chairman of the audit committee of IDEX Corporation.
Mr. Richard S. Grant	60	Richard S. Grant has been a director since April 2004. From January 1998 through December 2002, Mr. Grant served as Chief Executive Officer of BOC Process Gas Solutions, a global business providing utilities and services primarily to the chemical, petrochemical and metals industries. Concurrently he served as a director of the BOC Group plc and Chairman of CNC sa, a Mexican joint venture. Mr. Grant is also a director of BlueLinx Holdings, Inc. and Distributed Energy Systems Corporation.

**CLASS III DIRECTORS CONTINUING IN OFFICE
WHOSE TERMS EXPIRE AT THE 2009 ANNUAL MEETING**

Director	Age	Principal Occupation and Directorships
Mr. David J. D Antoni	62	David J. D Antoni has been a director since November 2004. In September 2004, Mr. D Antoni retired from Ashland, Inc. where he served as Senior Vice President and Group Operating Officer of APAC and Valvoline since March 2000. He also served as President of APAC from July 2003 until January 2004. Mr. D Antoni is a director of State Auto Financial Corporation and Omnova Solutions, Inc.
Mr. Perry W. Premdas	54	Perry W. Premdas has been a director since December 2004. Mr. Premdas was the Chief Financial Officer of Celanese AG and a member of its board of management from 1999 to 2004. From 1997 to 1998, Mr. Premdas served as a Senior Executive Vice President and Chief Financial Officer of Centeon LLC, a joint venture of Hoechst AG and Rhone Poulenc SA. Mr. Premdas is a director of Ferro Corporation.
Mr. Allan R. Rothwell	59	Allan R. Rothwell has been a director since March 2006. In April of 2006, Mr. Rothwell retired from Eastman Chemical Company where he served as Executive Vice President and President of its Voridian Division. Mr. Rothwell joined Eastman Chemical in 1969 and held various positions including President, Chemicals Group, Chief Financial Officer and Vice President, Strategy and Mergers and Acquisitions.

INFORMATION REGARDING BOARD OF DIRECTORS AND COMMITTEES

Director Independence

As required by the rules of the New York Stock Exchange (the "NYSE"), the Board of Directors evaluates the independence of its members at least annually and at other appropriate times when a change in circumstances could potentially impact the independence of one or more directors (e.g., in connection with a change in employment status).

Under NYSE rules, a director is independent if the Board determines that he currently has no direct or indirect material relationship with the Company, and for the last three years:

- the director has not been an employee of the Company, and no member of the director's immediate family has served as an executive officer of the Company;
- neither the director nor any member of the director's immediate family has received more than \$100,000 per twelve-month period in direct compensation from the Company (excluding director or committee fees, pensions or deferred compensation for prior service);
- the director has not been affiliated with or employed by, and no member of the director's immediate family has been affiliated with or employed in a professional capacity by, the Company's present or former internal or external auditors;
- neither the director nor any member of the director's immediate family has been employed as an executive officer by any company whose compensation committee includes an executive officer of the Company; and
- the director has not been employed by, and no member of the director's immediate family has been an executive officer of any company that makes payments to or receives payments from the Company for property or services in amounts exceeding the greater of \$1 million or two percent of such company's consolidated gross revenues for any fiscal year.

In making this determination, the Board broadly considers all relevant facts and circumstances, including:

- the nature of any relationships with the Company, including personal and business relationships as well as any relationships with the director's employer or any company on whose board the director serves;
- the significance of the relationship to the Company, the other organization and the individual director;
- whether or not the relationship is solely a business relationship in the ordinary course of the Company's and the other organization's businesses and does not afford the director any special benefits; and
- any commercial, banking, consulting, legal, accounting, charitable and familial relationships.

After considering the standards for independence adopted by the NYSE and the various other factors described above, the Board of Directors has determined that, in its judgment, Vernon G. Baker, II, Bradley J. Bell, David J. D'Antoni, Richard S. Grant, Perry W. Premdas, Allan R. Rothwell and

Timothy R. Snider are independent. In making these determinations, the Board has considered all relevant facts and circumstances. The Board has also determined that, in its judgment, except as described below, there are no other relationships, whether industrial, banking, consulting, legal, accounting, charitable or familial, which would impair the independence of any of the directors or nominees.

None of the directors, other than Dr. Brisimitzakis, receive any compensation from the Company other than customary director fees, lead independent director fees and fees for chairing Board committees. Under NYSE rules, Dr. Brisimitzakis cannot be deemed independent due to his current position as a Company employee.

Meetings

The Board of Directors held seven meetings and took action by unanimous consent twice during 2006. All of the directors of the Company attended at least three-quarters (75 percent) of the meetings held by the Board of Directors and the applicable committees during their tenure in 2006.

Executive sessions of non-employee directors are held as part of each regularly scheduled meeting of the Board. Any non-employee director can request that an additional executive session be scheduled. The Company has not named a Chairman of the Board. During 2006 Richard S. Grant served as Lead Independent Director, a position to which he was elected by the Board of Directors. The Lead Independent Director is charged with chairing the executive sessions of non-employee directors. The Lead Independent Director also acts as a liaison between the non-employee directors and the Company's management and assists the Company's Chief Executive Officer in establishing agendas for Board meetings and prioritizing Board activities and other matters pertinent to the Company and the Board.

Policies

In 2006, the Board adopted a policy limiting the number of public company boards on which a director may serve. Directors are limited to six board positions, with the Chief Executive Officer of the Company limited to three board positions (in both cases the total number includes the Board of the Company). In 2006 the Board of Directors reviewed its performance and in February 2007 the Board commenced performance reviews of individual directors.

Committees

Committees of the Board of Directors include an Audit Committee, a Compensation Committee, a Nominating/Corporate Governance Committee and an Environmental, Health and Safety Committee. Committee memberships are as follows:

Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee	Environmental, Health and Safety Committee
Bradley J. Bell, <i>Chair</i>	David J. D. Antoni, <i>Chair</i>	Richard S. Grant <i>Chair</i>	Vernon G. Baker II <i>Chair</i>
Richard S. Grant	Perry W. Premdas	Vernon G. Baker, II	Angelo C. Brisimitzakis
Perry W. Premdas	Allan R. Rothwell	Allan R. Rothwell	David J. D. Antoni
	Timothy R. Snider		Timothy R. Snider

Audit Committee. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee held eight meetings in 2006. The Audit Committee

is governed by the Audit Committee Charter, which is available on the Company's website (www.compassminerals.com). The Company will furnish a copy of the Charter without charge upon written request to the Company at 9900 West 109th Street, Suite 600, Overland Park, KS 66210, Attn: Secretary. The functions of the Audit Committee are described in the Audit Committee Charter and include:

- overseeing the work of the Company's internal accounting and auditing processes and discussing with management the Company's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical and regulatory requirements;
- responsibility for the appointment, compensation, retention and oversight of the independent registered public accountants engaged to prepare or issue audit reports on the financial statements of the Company; and
- responsibility for overseeing the independent registered public accountants' qualifications and independence.

The Audit Committee relies on the expertise and knowledge of management, the Company's internal auditors and the independent registered public accountants in carrying out its oversight responsibilities.

The Company has adopted a Code of Conduct and Business Ethics for our directors, officers, and employees, violations of which are required to be reported to the Audit Committee. The Code of Conduct and Business Ethics is available on the Company's website (www.compassminerals.com). The Company will furnish a copy of the Code of Conduct and Business Ethics without charge upon written request to the Company at 9900 West 109th Street, Suite 600, Overland Park, KS 66210, Attn: Secretary.

The Board of Directors has affirmatively determined that, in its judgment, each member of the Audit Committee meets the independence requirements for Audit Committee members as established by the NYSE. The Board of Directors has determined that Bradley J. Bell and Perry W. Premdas are each an Audit Committee financial expert, as defined by applicable rules of the Securities and Exchange Commission. A report of the Audit Committee is set forth on pages 15 through 16 of this proxy statement.

Compensation Committee. The Compensation Committee held seven meetings in 2006. The Compensation Committee is governed by the Compensation Committee Charter which is available on the Compass Minerals website (www.compassminerals.com). The Company will furnish a copy of the Charter without charge upon written request to the Company at 9900 West 109th Street, Suite 600, Overland Park, KS 66210, Attn: Secretary. The Compensation Committee is charged with, among other things:

- at least annually, reviewing the compensation philosophy of the Company;
- at least annually, reviewing and approving corporate goals and objectives relating to the compensation of the CEO, evaluating the performance of the CEO in light of those goals and objectives, and determining and approving the compensation of the CEO based on such evaluation;
- at least annually, reviewing the succession and development plans for the CEO and all executive officers;
- at least annually, reviewing and approving all compensation, including perquisites, for all other executive officers and directors of the Company with a base salary equal to or greater than \$150,000;

- making recommendations to the Board of Directors with respect to non-CEO compensation, incentive-compensation plans, equity-based plans, retirement plans, and reviewing and approving all officers employment agreements and severance arrangements;
- from time to time, reviewing the compensation of the Board as compared to other similarly sized or industry-related companies;
- preparing and reviewing an annual report for inclusion in the Company's proxy materials in accordance with applicable rules and regulations;
- at least annually, reviewing and evaluating its own performance including its compliance with its Charter and reporting to the Board of Directors;
- at least annually reviewing and reassessing its Charter; and
- reviewing and discussing with management the Company's Compensation Discussion & Analysis (CD&A) and based on those discussions determining whether to recommend to the Board that the CD&A be included in the Company's proxy statement.

The Board of Directors has affirmatively determined that, in its judgment, each member of the Compensation Committee meets the definition of an independent director as established by the NYSE. A report of the Compensation Committee is set forth on page 21 of this proxy statement.

Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee is governed by the Nominating/Corporate Governance Committee Charter, which is available on the Company's website (www.compassminerals.com). The Company will furnish a copy of the Charter without charge upon written request to the Company at 9900 West 109th Street, Suite 600, Overland Park, KS 66210, Attn: Secretary. The Nominating/Corporate Governance Committee held three meetings in 2006. The functions of the Nominating/Corporate Governance Committee are described in the Nominating/Corporate Governance Committee Charter and include:

- the identification of qualified candidates to become Board members;
- the recommendation of nominees for election as directors at the next annual meeting of stockholders (or a special meeting of stockholders at which directors are to be elected);
- the recommendation of minimum qualifications for directors;
- the selection of candidates to fill vacancies on the Board;
- the development of policies and procedures for submissions by stockholders of director candidates and consideration of those candidates by the Board;
- the development and recommendation to the Board of a set of corporate governance guidelines and principles applicable to the Company; and
- the oversight and evaluation of the Board and management.

The Board of Directors has affirmatively determined that, in its judgment, each member of the Nominating/Corporate Governance Committee meets the definition of an independent director as established by the NYSE.

Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee was established to ensure compliance with environmental, health and safety initiatives and policies adopted by the Company. The Committee held four meetings in 2006. Under its Charter this Committee is charged with:

- education of Company personnel, contractors and visitors to ensure that environmental, health and safety standards and procedures are understood and implemented;
- integration of environmental, health and safety stewardship into all business decisions;
- the design, operation and management of facilities to protect the environment and the health and safety of all personnel;
- allocation of sufficient human and financial resources to implement and sustain the environmental, health and safety programs;
- verification of compliance through self-assessment measures, statistical measures and key performance indicators; and
- production and delivery of products and services to customers that protect the safety of the end user.

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CORPORATE GOVERNANCE GUIDELINES

Consideration of Director Nominees; Director Qualifications

The Board of Directors has adopted Corporate Governance Guidelines, which are available on the Company's website (www.compassminerals.com). The Company will furnish a copy of the guidelines without charge upon written request to the Company at 9900 West 109th Street, Suite 600, Overland Park, KS 66210, Attn: Secretary. Those Guidelines set forth, among other things, director qualification standards. While the selection of qualified directors is a complex, subjective process that requires consideration of many intangible factors, the Corporate Governance Guidelines provide that the Nominating/Corporate Governance Committee and the Board of Directors should take into account the following criteria, among others, in considering directors and candidates for the Board:

The minimum qualifications for a director are: (a) personal integrity; (b) a degree from an accredited college or university; (c) five years successful experience in a senior business position; (d) good communication skills; (e) practical, mature business judgment; (f) experience in analyzing corporate financial statements; (g) experience and effectiveness working closely with a team of senior business professionals; and (h) an understanding of organizational structure and accountability, delegation of authority, compensation practices and the dynamics of competitive businesses.

Procedures for Recommendations by Stockholders

The Nominating/Corporate Governance Committee will consider director candidates submitted by stockholders of Compass Minerals. Any stockholder who has beneficially owned more than five percent of the Company's common stock for at least one year wishing to submit a candidate for consideration should send the following information to the Company at 9900 West 109th Street, Suite 600, Overland Park, Kansas 66210, Attn: Secretary.

- the name and address of the stockholder submitting the candidate as it appears on the Company's books, the number and class of shares owned beneficially and of record by such stockholder and the length of period held and proof of ownership of such shares;
- name, age and address of the candidate;
- a detailed description of, among other things, the candidate's educational and employment background, material outside commitments (e.g., current employment responsibilities, memberships on other boards and committees, charitable foundations, etc.) and a listing of the candidate's qualifications to be a director (specifically in relation to the Corporate Governance Guidelines);
- any information relating to such candidate that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to the Securities Exchange Act of 1934 and rules adopted thereunder;
- a description of any arrangements or understandings between the recommending stockholder and such candidate; and
- a signed statement from the candidate confirming his or her willingness to serve on the Board of Directors and to comply with the Company's Code of Conduct and Business Ethics, if elected.

The Secretary of Compass Minerals will promptly forward such materials to the Nominating/Corporate Governance Committee chair. The Secretary will also maintain copies of such materials for future reference by that Committee when filling Board positions.

If a vacancy arises or the Board decides to expand its membership, the Nominating/Corporate Governance Committee will seek recommendations of potential candidates from a variety of sources, including incumbent directors, stockholders, the Company's management and third-party search firms. At that time, the Nominating/Corporate Governance Committee will also consider potential candidates submitted by stockholders in accordance with the procedures described above. The Nominating/Corporate Governance Committee then evaluates each potential candidate's educational background, employment history, outside commitments and other relevant factors to determine whether he or she is potentially qualified to serve on the Board. The Committee seeks to identify and recruit the best available candidates, and it intends to evaluate qualified stockholder candidates on the same basis as those submitted by other sources.

After completing this process, the Nominating/Corporate Governance Committee will determine whether one or more candidates are sufficiently qualified to warrant further investigation. If the process yields one or more desirable candidates, the Committee will rank them by order of preference, depending on their respective qualifications and Compass Minerals' needs. The Nominating/Corporate Governance Committee chair, or another director designated by the Nominating/Corporate Governance Committee chair, will then contact the desired candidate(s) to evaluate their potential interest and to set up interviews with the full Nominating/Corporate Governance Committee. All such interviews are held in person and include only the candidate and the Nominating/Corporate Governance Committee members. Based upon interview results, the candidate's qualifications and appropriate background checks, the Nominating/Corporate Governance Committee will then decide whether to recommend the candidate's nomination to the full Board.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Board of Directors has adopted the following procedures for stockholders or other interested parties to send communications to the Board or individual directors of the Company.

Individuals seeking to communicate with the Board of Directors should submit their written comments to the Company at 9900 West 109th Street, Suite 600, Overland Park, Kansas 66210, Attn: Secretary. The Secretary of the Company will forward all such communications (excluding routine advertisements and business solicitations and communications that the Secretary of the Company, in his or her sole discretion, deems to be a security risk or for harassment purposes) to each member of the Board of Directors or, if applicable, to the individual director(s) named in the correspondence.

The Company reserves the right to screen materials sent to its directors for potential security risks and/or harassment purposes before forwarding interested party communications to the Board of Directors. The Secretary of the Company will determine the appropriate timing for forwarding communications to the directors. The Secretary will consider each communication to determine whether it should be forwarded promptly or compiled and sent with other communications and other Board materials in advance of the next scheduled Board meeting.

If an interested party seeks to communicate exclusively with the Company's Lead Independent Director or the non-management directors such communication should be sent directly to the Company's Secretary who will forward any such communication directly to the Lead Independent Director or the non-management directors as specified. The Company's Secretary will first consult with and receive the

approval of the Lead Independent Director before disclosing or otherwise discussing the communication with members of management or directors who are members of management.

Although the Company does not have a formal policy regarding the attendance by members of the Board of Directors at the annual meetings of stockholders, it encourages the members of the Board of Directors to attend. In 2006, all of the members of the Board of Directors then serving on the Board attended the annual meeting of stockholders.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee operates pursuant to a written Charter, which has been approved and adopted by the Board of Directors and is reviewed and reassessed annually by the Audit Committee. The Audit Committee Charter is available in the Governance section of the Company's website (www.compassminerals.com). For the year that ended December 31, 2006, and as of the date of the adoption of this report, the Audit Committee consisted of three directors who met the independence and experience requirements of the New York Stock Exchange. The Board of Directors has determined that Mr. Bell and Mr. Premdas are each an audit committee financial expert as defined by the applicable rules of the Securities and Exchange Commission.

The Audit Committee reviews Compass Minerals' financial reporting process on behalf of the Board of Directors and oversees the entire audit function, including the selection of independent registered public accountants. Management of the Company has the primary responsibility for the Company's financial reporting process, principles and internal controls, as well as preparation of its financial statements. The Company's independent registered public accountants are responsible for performing an audit of the Company's financial statements and expressing an opinion as to the conformity of such financial statements to accounting principles generally accepted in the United States.

In fulfilling its responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements for the year that ended December 31, 2006, including a discussion of the acceptability and quality of the accounting principles, the reasonableness of significant accounting judgments and critical accounting policies and estimates, the clarity of disclosures in the financial statements and management's assessment and report on internal control over financial reporting. The Audit Committee also discussed with the Chief Executive Officer and Chief Financial Officer their respective certifications with respect to Compass Minerals' Annual Report on Form 10-K for the year that ended December 31, 2006, and discussed with management its assessment of internal controls over financial reporting.

The Audit Committee reviewed with the independent registered public accountants, who are responsible for expressing opinions on: (i) the conformity of those audited financial statements with generally accepted accounting principles; (ii) management's assessment of internal controls over financial reporting; and (iii) the effectiveness of internal controls over financial reporting, their judgments as to the acceptability and quality of Compass Minerals' accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards and under the standards established by the Public Company Accounting Oversight Board (United States), including those matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accountants required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has discussed those disclosures and other matters relating to independence with the independent registered public accountants.

The Audit Committee discussed with Compass Minerals' internal auditors and independent registered public accountants the overall scope and plans for their respective audits. The Audit Committee met with the internal auditor and independent registered public accountants, with and without management present, to discuss the results of their examinations of Compass Minerals' internal controls, including controls over the financial reporting process and the overall quality of Compass Minerals' financial reporting.

Members of the Audit Committee rely, without independent verification, on the information