Dear Stockholders,
Ladies and Gentlemen,

Welcome to the first Annual Stockholders' Meeting of Thyssen Krupp AG.

It is around a year-and-a-half since, at separate stockholders' meetings, you voted by a broad majority in favor of the merger of Thyssen and Krupp. It therefore gives me particular pleasure to welcome you on behalf of Mr. Schulz, our Executive Board colleagues and myself to our first joint Stockholders' Meeting. Today we would like to provide an account of the Company's first fiscal year, its strategy, its plans for the future and its current business situation.

Mr. Schulz and I will be focusing on the following points:

- First of all I will report on the performance of the Group in the past 1998/1999 fiscal year and provide you with the most important figures. A brief report on the year was included with the invitation to this Annual Stockholders' Meeting. The full annual report is available in the foyer; many of you have already requested copies from the Company or your bank or have viewed the relevant pages on our website.

- After that I will present the salient points of the Group's strategic realignment program. The Executive Board drew up this Strategy 2000 in the summer and fall of 1999, and it was approved by the Supervisory Board last December. We are systematically implementing the individual elements of the strategy, and I will provide you with a status update.

- Mr. Schulz will then address the outstanding work to be done in implementing Strategy 2000. In this connection he will report in detail on the forthcoming flotation of the Steel activities and describe the potential this opens up both for the Group and for ThyssenKrupp Steel.

- Today we will also be presenting the report on the first six months of the current fiscal year. The key first-half figures were published this morning in accordance with Art. 15 Securities Trading Act (Wertpapierhandelsgesetz). Mr. Schulz will report on our encouraging performance and the good prospects for fiscal 1999/2000 as a whole.

Year One – a packed merger year

When Thyssen Krupp AG was officially registered on March 17, 1999, the 1998/1999 fiscal year was almost half over. Effectively we had to do a year's work in just six months. And there was a great deal to get through. The two companies had to be combined quickly and at the same time geared strategically to the demands of the global markets. Moreover, the integration process had to be carried out without impeding operating business, which was taking place in a difficult economic climate.

On top of this, we decided to link the harmonization of our reporting systems with a changeover to US GAAP. This step gives us greater internal and external transparency and comparability, enhances the efficiency of our financial control system and at the same time gives us the chance of better access to the US financial market. The introduction of US GAAP was welcomed in particular by the financial community.

The changeover involved a huge amount of time-consuming work - as Dr. Kriwet already mentioned - which is why we did not convene this year's Annual Stockholders' Meeting until the end of May. However, we believe that the benefits of US GAAP justify this one-off delay. The current fiscal year will see a return to a more normal timetable for financial reporting; the next Annual Stockholders' Meeting is planned for March 2, 2001.

Thanks to the good advance preparation of the merger and our efficient, highly motivated workforce, our overall performance in the first fiscal year was satisfactory:

- The integration process is largely completed. ThyssenKrupp now comprises a group of companies who are all pulling together for the joint future.

- The Strategy 2000 sets out the Group's path to greater profitability and long-term success in the global marketplace. We will bring about a lasting increase in the value of ThyssenKrupp – in the interests of our stockholders, our customers and our employees.

- Despite the difficult economic conditions, we returned a satisfactory profit in fiscal 1998/1999 which will allow us to pay a high dividend in this context of DM1.40 per share.

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At this stage I should like to thank our workforce and management at Group companies throughout the world for their good work in the merger year; my thanks also go to the employee representatives for their trusting cooperation in the supervisory bodies.

An in particular I should like to thank you, ladies and gentlemen, our stockholders for your faith in ThyssenKrupp and your support for the company. We will make every effort to ensure that this faith continues to be justified in the future.

One year on – integration completed, synergies being realized

The starting organization for the new Group, which will be familiar to you from our industrial plan for the merger, was implemented swiftly. The lead companies of the five segments got to work quickly in driving the integration of their member companies. Despite the extensive organizational measures, looking after our customers remained the number one priority, for at the end of the day it is customers who decide on the future of our products and our companies.

We are also well on the way to realizing the synergy potential. In the current fiscal year we expect to meet or slightly exceed the total synergy target of 326 million euros from the two mergers - the steel merger and the full merger of the two groups. The same applies to the sustained synergies of over 500 million euros from 2002/2003.

At the same time we introduced the new Corporate Design to project a uniform external image, increase internal identification with ThyssenKrupp and raise the profile of the Company on the market.

In the post-merger process, speed took priority over perfection. We wanted to breathe life into our merger plan as fast as possible and achieve quick successes to demonstrate we were on the right track and motivate everyone to carry on. Our objective was to achieve a large part of our aims quickly rather than waiting longer to achieve them all, and this maxim guided our efforts in the merger year.

An overview of fiscal 1998/1999

Before providing more details of our business performance in 1998/1999, I would like briefly to explain the impact of the switch to US GAAP on our figures.

Switch to US GAAP

Today we are presenting full US GAAP financial statements with all prescribed components and disclosures. We decided against the simpler route of reconciliation; rather, we became the first wholly German company to draw up complete financial statements to US GAAP from the bottom up, as it were, switching the entire Group to US GAAP in a single step.

In making this full changeover to US GAAP, we were forced to account for the merger of Thyssen and Krupp as if Krupp had been purchased by Thyssen; this approach applies for accounting purposes only. To this end we had to convert the accounting systems at all former Thyssen companies to US GAAP and at the same time revalue all former Krupp companies. Under US GAAP this process is referred to as purchase accounting.

Due to the assumption of a purchase, Krupp is only included in the US GAAP figures from the notional purchase date, the day the resolution was passed by the stockholders' meeting of Thyssen AG on December 4, 1998, i.e. for 10 months. The same applies for the genuine acquisitions of Mannesmann Handel (as of April 1, 1999) and Dover Elevators (as of January 1, 1999). Accordingly, the prior year 1997/1998 had to be presented as Thyssen on a stand-alone basis. Due to the lack of comparability, we made a conscious decision not to provide prior-year figures in our US GAAP consolidated statements for the year ended September 30, 1999.

To allow us nonetheless to report on the actual business performance of the Company and present the two years on a comparable basis, in addition to the legally relevant US GAAP statements we have also provided key figures on a pro forma basis, i.e. a full 12 months for both years. That is why our 1998/1999 Annual Report is in the form of a "twin pack": the Year One Report is based on comparable 12-month pro forma figures, and the Financial Report comprises the US GAAP statements.

Economic situation subdued in 1998/1999

Large parts of ThyssenKrupp's first fiscal year were characterized by difficult business conditions. The economic slowdown in numerous countries of Europe, Asia and Latin America placed a considerable burden on our business.

On a like-for-like basis, order intake in the year under review dropped some 12% to 32.0 billion euros. At 32.4 billion euros sales were down 3.5 billion euros or 10%. Income before taxes and minority interests fell from 1,335 million euros to 616 million euros. The main cause of this decline was weaker German business. Pro forma-EBITDA (earnings before taxes, minority interests, interest, depreciation and amortization) was 2.6 billion euros, down from 3.0 billion euros the year before.

The US GAAP statements for 1998/99 show order intake of 29.4 billion euros, sales of 29.8 billion euros and income before taxes and minority interests of 624 million euros. Earnings per share excluding non-recurrent items was 0.83 euros. This is calculated by dividing net income by the weighted average of outstanding shares. Non-recurrent items, including in particular one-off merger-related charges of 153 million euros and additional tax charges of 61 million euros from the German Tax Relief Act (Steuerentlastungsgesetz 1999/2000/2002), are then eliminated. The tax charges are chiefly due to the widening of the assessment basis introduced with the Tax Relief Act. The requirement to reinstate original values has an especially negative impact.

The difference between the US GAAP income figure of 624 million euros and the pro forma earnings of 616 million euros results from the cumulative income of the former Krupp companies for October and November 1998, Dover Elevators (October to December 1998) and Mannesmann Handel (October 1998 to March 1999). Due to initial consolidation effects this income in total was negative.

Dividend of DM1.40 DM per share

The financial statements of Thyssen Krupp AG, including earnings from profit-and-loss transfer agreements and investment income, show net income of 481 million euros. We propose to the Stockholders' Meeting that after allocating 113 million euros to retained earnings, the remaining 368 million euros should be used to pay a dividend of DM 1.40 or 0.71581 euros per share. The dividend carries no tax credit for entitled German stockholders. Major profits were generated outside Germany, and there was no taxable domestic income at Thyssen Krupp AG. Based on the ThyssenKrupp share price on September 30, 1999 of 18.70 euros, the dividend yield is 3.8%.

Additional key figures for 1998/1999

And now briefly to some selected additional key figures for the past fiscal year:

- The Group invested a total of 3.8 billion euros in the past fiscal year. 2.2 billion euros was spent on property, plant and equipment, while a further 1.6 billion euros related to the acquisition of companies and equity interests.
- Due to the high capital expenditure, the Group's debts also rose; at the end of September 1999, net financial payables stood at around 6.2 billion euros.
- Spending on research and development in the year under review totaled 468 million euros. More than 2,000 research and development projects were pursued, focusing largely on the Steel and Automotive segments.
- Expenditure on environmental protection in Germany alone topped 490 million euros in 1998/99, of which some 390 million euros went on the operation of pollution control equipment and environmental management and 100 million euros on environmental protection facilities.
- On September 30, 1999 ThyssenKrupp employed a total of 184,770 people, 76,600 or 41% of them outside Germany.

The Group's segments

The business and earnings performance of the Group's segments was mixed. I will base my presentation on the comparable pro forma figures and on the new segment structure defined in Strategy 2000. We will look at the key points of the strategy and the growth prospects for the individual segments in more detail a little later. The segments comprise our core businesses Steel, Automotive, Elevators, Production Systems, Components, MaterialsServices and FacilitiesServices, plus Real Estate, Engineering and Others.

Steel – profit returned even in the recent steel slump

ThyssenKrupp Steel is a leading international supplier of flat-rolled products, ranking fourth in the world for carbon steel and number one for stainless.

- Steel achieved sales of 10.5 billion euros in 1998/1999, 15% down on a year earlier.
- Order intake fell 13% to 10.4 billion euros.
- Despite declining volumes and a drastic price slump in the first half of the year, income before taxes and minority interests totaled 248 million euros against 667 million euros the year before. Thanks to the radical restructuring

of recent years, our Steel activities now return clear profits even in weak steel years.

- EBITDA was 1.2 billion euros compared with 1.5 billion euros a year earlier.
- On September 30, 1999 the Steel segment had a workforce of around 54,400, 3% lower than 12 months earlier.

In the Carbon Steel Flat-Rolled unit, events in 1998/99 centered on the concentration of iron and steel production in Duisburg, one of the most technically advanced and profitable steel locations in Europe. Sales fell 16% to 6.6 billion euros. Despite the weak state of the market, profit before taxes and minority interests was 170 million euros. In early April 2000 the new compact strip production (CSP) line was commissioned in Duisburg. This line casts liquid steel and rolls it to hot strip in gages of under one millimeter in a single production step. It is the first line of its kind in Germany and gives us a lead - not just technological - in this sector.

At 2.4 million metric tons, the Stainless unit achieved record shipments. Sales and income fell due to the unsatisfactory price level; at 3.2 billion euros, sales dipped 10% against the previous year, while profits were down almost half to 84 million euros. A new strip caster was commissioned in Krefeld that casts stainless steel strip directly in thicknesses from 1.5 to 4.5 millimeters. This new method dispenses with rolling altogether and is thus faster and less expensive than conventional continuous casting.

Automotive – disproportionate rise in income

ThyssenKrupp Automotive has 112 production sites in 15 countries, a global network enabling us to supply parts, components, modules and complete systems to all major auto manufacturers worldwide just in time and just in sequence. We locate our production facilities wherever in the world is most convenient for our customers. Thanks to this global systems competency, ThyssenKrupp Automotive is in great demand as a partner to the international automobile industry.

- At 5.2 billion euros, Automotive's 1998/1999 sales showed a slight further improvement on last year's high level. Around 75% of business was with non-German customers, with the focus clearly on the NAFTA region and Europe.
- Order intake was stable: as in the previous year the segment booked new business worth around 5.1 billion euros.

- Income before taxes and minority interests reached 291 million euros, up 10%. Over half the profit was earned in the NAFTA region.
- EBITDA was 590 million euros against 539 million euros a year earlier.
- At the end of September Automotive had around 37,600 employees worldwide, almost 70% outside Germany.

Elevators – profitable world number 3

With 130 companies around the world, Elevators is one of the Group's most international segments. It unites high earning power with higher-than-average returns and double-digit growth rates. Our worldwide service network now handles over half a million maintenance contracts on a 24-hour-a-day basis.

- In 1998/99 Elevators kept up the high pace of expansion of recent years and improved its sales 14% to 2.8 billion euros. 83% of sales were generated outside Germany, in particular in North America.
- Order intake was also up, by 11% to 2.8 billion euros.
- Income before taxes and minority interests was 145 million euros - an increase of around 80% on the previous year's figure of 81 million euros. The rapid and successful integration of Dover Elevators was an important factor in this.
- EBITDA rose more than 20% to 301 million euros.
- Of the roughly 26,100 strong workforce, 36% were employed in the USA, the biggest production location, and 17% in Germany.

Production Systems – performance depressed by Machine Tools

Production Systems is a leading international supplier of machine tools, body-in-white systems and assembly equipment with locations in Europe, North and South America and Southeast Asia. The number one customer is the automobile industry, for which locally-based production is a key requirement for long-term partnerships.

- Overall business at Production Systems was down in 1998/1999, a decline relating exclusively to the Machine Tools unit. In contrast, the Body-in-White Systems and Assembly Equipment activities put in good performances. Segment sales fell 6% to just under 1.3 billion euros, while orders dropped 10% to 1.2 billion euros.
- Following a healthy profit a year earlier (68 million euros), a loss of 6 million euros was posted in the year under review. Weak demand led to a

substantial drop in earnings for Machine Tools, while the other activities matched the previous year's profits.

- EBITDA was 91 million euros against 160 million euros a year earlier.
- At the end of the fiscal year the segment employed around 8,400 people, 42% of them outside Germany.

Components – technology leaders in specialized markets

The companies of the Components segment are technological leaders in their core products - large-diameter bearings and rings, undercarriages for tracked earth-moving machinery, garage and industrial doors and PVC profile systems - and are well positioned on their specialized markets.

- Components achieved order intake of 1.15 billion euros and sales of 1.2 billion euros in 1998/1999 and thus roughly matched the previous year's good figures. The segment was able to compensate for weak demand in its main customer sector, the construction industry, with orders from other sectors.
- Profit before taxes and minority interests fell from 109 million euros to 76 million euros, mainly due to weak demand on specific markets and increasing competitive pressure.
- EBITDA was 161 million euros, down from 187 million euros in 1997/1998.
- At the end of September 1999 the headcount had risen 5% to around 9,200.

MaterialsServices – from trader to materials service provider

Beyond the products themselves – carbon steel, tubes, tool and stainless steel, nonferrous metals and plastics – we offer customers a comprehensive package of services. Our increasingly integrated services range from warehousing through first-stage processing, distribution and information logistics to inventory management.

- The performance of the MaterialsServices segment in the year under review was held back by cyclical problems. The service activities grew faster than the market, but trading business suffered from low prices and weak demand.
- At 9.1 billion and 8.9 billion euros, order intake and sales were down 13% and 15%, respectively. At 61% the share of foreign business in sales hit a new record level.
- Income before taxes and minority interests fell 28 million euros to 80 million euros.

- EBITDA was 204 million euros, a drop of 48 million euros against the previous year.
- At the end of September 1999 MaterialsServices had just over 12,800 employees, roughly the same as a year earlier. Half the workforce was employed outside Germany.

The MaterialsServices segment also includes the rolled steel and tube business of Mannesmann Handel; here again, international market weakness in the reporting period led to falls in shipments and revenues.

FacilitiesServices – full service from a single source

The competencies of the entire Group in industrial services, facility management and IT services are combined in the FacilitiesServices segment. ThyssenKrupp Information Services has rapidly developed into one of Germany's leading vendor-independent suppliers of IT services.

- In 1998/1999 the segment's sales climbed 20% to 1.3 billion euros, while growth in new business was similar. Both business units - Industrial Services and Information Services - significantly expanded their business and contributed to the overall improvement.
- At 71 million euros, profits before taxes and minority interests dropped more than 60% against the previous year, a decline attributable entirely to special factors such as disposal gains in 1997/98.
- EBITDA fell from 230 million euros to 207 million euros.
- At the end of the fiscal year the segment had around 15,400 employees, 10% more than a year earlier.

Real Estate – comprehensive real estate services

ThyssenKrupp Immobilien is one of Germany's biggest industry-based real estate companies.

- In the year under review the segment achieved sales of 426 million euros, an improvement of 19% on the year before.
- Income before taxes and minority interests was 54 million euros, down from 80 million euros.
- EBITDA was 119 million euros after 134 million euros in the previous year.
- The number of employees increased 11% to around 830 at the end of September 1999.

Together with a subsidiary of Commerzbank, ThyssenKrupp Immobilien founded Comunithy Immobilien AG in January 2000. Our stake is 49%. Comunithy Immobilien is engaged in buying, managing and selling housing stocks and participating in development projects. The housing stocks of the partners are not being contributed to the joint venture.

Engineering – business stagnating

The Engineering segment pools our expertise in complex industrial solutions. It is active in the engineering and construction of plants for the chemical, petrochemical, cement, sugar, mining, bulk handling and coke industries. Krupp Uhde, Krupp Polysius, Krupp Fördertechnik and ThyssenKrupp EnCoke are well positioned worldwide in their respective market segments.

- In 1998/1999 the segment achieved sales of 1.8 billion euros and booked orders worth a total of 1.7 billion euros. The decreases of 3% and 11% respectively are due to the currency and financial crises in Southeast Asia, the negative effects of which could not be offset by good levels of business in the Middle East and the USA.
- Profit before taxes and minority interests was 4 million euros, a decrease of 7 million euros due mainly to once-only effects of restructuring measures.
- EBITDA was 23 million euros against 22 million euros a year earlier.
- Engineering had around 9,600 employees worldwide at the end of September 1999, 2% fewer than a year earlier.

Despite holding good positions in specialist areas our Engineering segment does not have the size needed for long-term competitiveness on the world market. The segment is therefore not one of the Group's core businesses. We are seeking a strong partner with a larger volume of business and complementary activities. Such a strategic partnership can offer the segment better growth and earnings prospects than in the Group, and this is the main criterion on which we will decide on the future of ThyssenKrupp Engineering.

Others – the Group's marginal activities

The Others segment groups together other activities that are not considered to be core businesses. They include Shipyards, Plastics Machinery, Project Management and Civil Engineering. As with the Engineering segment, here too we are seeking either industrial partners or investors to take over the businesses. Krupp Kunststofftechnik was sold recently and Project Management is also close to a sale.

- The segment generated sales of 2.1 billion euros in the reporting period, a decrease of 37% due mainly to the sale of the logistics activities and the building products trading business.
- Income before taxes and minority interests was negative at –291 million euros. Profits at Shipyards, Plastics Machinery and Project Management were outweighed by losses at Civil Engineering and Thyssen Krupp AG – here mainly due to the unapportioned costs of managing the Group.
- Others had around 10,500 employees at the end of the reporting period.

Let me now explain our strategic thinking in more detail.

Strategy 2000 – for global competitiveness

Even at the time of the merger we stressed that the starting organization was just a basis for the future strategic alignment of the Group. Active portfolio management, part of our value-oriented management philosophy, is a never-ending process in which all the Group's activities without exception are constantly reviewed and reexamined as to whether they meet our strict core business criteria.

As you know we started off in March 1999 with a total of 23 business units. They included numerous activities with strong competitive positions and good potential for development. However not even our major 6 billion euros investment program for the next three years is enough to develop the growth opportunities that exist in all areas. It is not true that we have too few promising activities; we have too many – measured against the resources available to develop them. It is therefore only logical to further streamline the Group and make optimum, concentrated use of the available resources. That is the guiding principle of our corporate strategy.

Our strategic program to increase value – adopted by the Supervisory Board in December 1999 – has six points in all:

- focusing of the businesses,
- flotation of the Steel business,
- increased service orientation,
- organizational restructuring,

- switch to US GAAP and
- introduction of a stock options program.

Today, roughly 6 months after the strategy was adopted, the last two points have already been implemented: I have already mentioned the switch to US GAAP, and Mr. Schulz will be dealing with the Group's stock options program. Varying degrees of progress have been made on the other four elements. Here too speed is of the essence. We want to complete the strategic program – where possible – by the end of this year. We are confident we can do this. As far as the portfolio is concerned we will make our decisions based primarily on the future prospects of our activities in a new setting. For this, however, suitable partners are needed, and we will take the time needed to find them.

Focusing of the businesses

In the future we will focus on selected businesses whose development perspectives permit the achievement of above-average economic value-added. These are the previously mentioned six segments – Automotive, Elevators, Production Systems, Components, MaterialsServices and FacilitiesServices. The Steel business will be floated this year. Real Estate is not a core business according to the ThyssenKrupp definition but will also be further developed as an independent segment.

In the reporting period and in the first months of the current fiscal year the portfolio optimization program was continued. In fiscal 1998/1999 we acquired businesses with sales of around 2.25 billion euros, and in the first six months of the current year a further 860 million euros in sales was added:

- Steel bought the French companies Coste S.A. and S.A. Laminoires et Ateliers de Jeumont with total sales of 40 million euros and in doing so further expanded its European steel service center network. The electrical sheet activities were strengthened by the purchase of a majority stake in France's UGO with 66 million euros sales.
- The US company Atlas Crankshaft (45 million euros sales), a specialist in crankshaft and camshaft machining, will help consolidate ThyssenKrupp Automotive's leading international position in this product area.
- The Elevators segment became the world's third biggest elevator manufacturer with the acquisition of Dover Elevators, which has sales of over 800 million euros. The purchase of Elevadores Sur in Brazil (56 million euros sales) gives us a broader customer base in South America. The acquisition of

Access Industries in the USA (43 million euros sales) made ThyssenKrupp the world market leader in stair lifts.

- To strengthen its service business MaterialsServices bought the tube and rolled steel distribution activities and technical trading business of Mannesmann Handel, adding around 1.1 billion euros in sales. The acquisition of Fischer Werkstoffhandel represents another 40 million euros in sales.
- FacilitiesServices acquired Palmers Limited (70 million euros sales), one of the UK's leading providers of industrial services; the acquisition of Vetchberry Steels Ltd. (20 million euros sales), also in the UK, allows a further widening of our stainless steel service center activities. Thyssen Hünnebeck recently purchased Ernst Peininger GmbH with around 290 million euros sales to become Europe's number one in scaffolding services. We have bought the second half of the shares of Safway, originally a joint venture with Plettac; Safway, with sales of 160 million euros, is one of the leading scaffolding service providers in North America. By buying Kessler + Luch (130 million euros sales) we have strengthened our position on the market for facility systems and automation.
  In addition, effective May 1, 2000 ThyssenKrupp Information Services purchased HiServ Hightech International Services. HiServ, with around 1,300 employees in 11 countries and 150 million euros sales, strengthens our activities in creating global SAP/3 information systems, in establishing and operating computing centers and in providing internet technologies.

Our bid to purchase Atecs Mannesmann in March 2000 also has to be seen against the background of our focusing on core businesses. This acquisition would have driven forward the strategic realignment of the Group. ThyssenKrupp and Atecs Mannesmann would have been a growth merger. The complementarity of the automotive and engineering activities would have created a new joint platform to implement the growth strategies of both companies quickly and successfully.

That is why we submitted a bid of 8.75 billion euros to buy Atecs Mannesmann. According to our profitability criteria this was the upper limit for the activities to be acquired. A higher price would not have been justifiable, which is why we did not raise our bid.

The decision to bid for Atecs Mannesmann was proof of the Group's ability to act decisively. The fact that we were able to tackle and prepare professionally such a major project so soon after the merger is clear evidence of the success of the integration process. ThyssenKrupp possesses strategic imagination, expertise and a broad consensus on the Supervisory Board and Executive Board regarding the future strategy of the Group. Against this background our disappointment at Mannesmann's decision was short-lived.

For all our core businesses in the automotive, engineering and services areas there are numerous international acquisition opportunities. We are now continuing our intensive deliberations on which strategic options best fit ThyssenKrupp's activities.

Disposal of marginal activities

The reverse side of concentration and focusing is the disposal of activities that do not meet core business requirements.

Since the merger, activities with total sales of around 1.8 billion euros have been sold or will be shortly. They include:

- HSP Hoesch Spundwand und Profil, a company from the Steel segment with 110 million euros annual sales, is being bought by Salzgitter AG; the EU Commission recently approved the acquisition,
- Edelstahl Witten-Krefeld (375 million euros sales) is being bought by Boehler Uddeholm; a letter of intent has been signed,
- Schalker Verein (110 million euros sales), a foundry for non-automotive products, and Walter Hundhausen (58 million euros sales), a producer of ductile iron castings – both from the Automotive segment,
- the light conveyor business (110 million euros sales), part of the former Industries segment,
- Nestrans Logistik including Binnenschifffahrt (330 million euros sales) and Eisenmetall Rostfrei und Westerwälder Eisenrohstoffhandel (46 million euros sales) from the former Materials & Services segment,
- Krupp Kunststofftechnik (245 million euros sales) has been sold to SIG Schweizerische Industrie-Gesellschaft Holding AG effective October 1, 1999. SIG is a globally active company specializing in packaging technology; Kunststofftechnik will be run as a new independent division in the SIG group.
- In addition we sold O&K Baumaschinen with sales of 400 million euros.

That is the record of our portfolio optimization so far. Now Mr. Schulz will outline to you the work still to be done in the strategic realignment program.

Ladies and Gentlemen,

Dear Stockholders,

I too would like to welcome you to the first Annual Stockholders' Meeting of Thyssen Krupp AG. Now that Mr. Cromme has described our considerable achievements in the first fiscal year of the new ThyssenKrupp Group, I would like to highlight the ambitious targets we have set ourselves for the future. The results of the first six months of the current fiscal year and the outlook show that we are on the right track.

Future continuation of the portfolio optimization

Our targets for further growth in the core businesses are as follows:

- Automotive –
  Organic growth to 7.5 billion euros by 2003/2004 and further growth to 10 billion euros through acquisitions in Germany and abroad

  Virtually no other automotive supplier is as strongly represented in Nafta and Europe as ThyssenKrupp Automotive; each of these regions accounts for around 45% of sales. Roughly 80% of sales are products where we rank among the world's top three suppliers. This success is driven by technological and cost leadership.
  To reach our growth targets we are focusing on further expansion of systems business and engineering services, increased integration of electronics in our products and a widening of our presence in South America and Asia.

- Elevators –
  Maintain current pace of growth through acquisitions and an even stronger service orientation

  Two thirds of the 23 billion euros world market for elevators is after-sales – maintenance, repair and modernization of existing equipment; only one third is production and installation of new equipment. Service activities are therefore becoming an ever more important growth generator, and we intend to focus on them by developing efficient solutions for modernization, maintenance and tele-service. Our expertise benefits all types and makes of elevator.
  Elevator life spans of up to 50 years mean on average three full modernizations, which apart from design alterations also involve fitting the latest equipment.
  Regular maintenance and constant performance checks of all safety

equipment are a statutory obligation. For this Thyssen Aufzüge offers competitive maintenance concepts.
Tele-service permits remote equipment checks, fault diagnosis and activation of functions. Emergency calls and malfunction reports go straight to our service centers where experts are available around the clock.

- Production Systems –
Expand sales to almost 2 billion euros by augmenting production business with more services

  Intelligent product-related services are opening up additional growth potential in all three areas of this segment – machine tools, body-in-white and assembly. Central aspects are planning and advice, staff training, maintenance, service and modernization. Through pooling, individual services are being widened more and more into systems solutions.

- Components –
Growth in step with the market

  The companies in this segment meet all the main core business criteria in terms of market position and earning power. However if interesting development opportunities arise outside the Group, we are prepared to provide constructive support.

- MaterialsServices –
Expand warehouse, service and logistics business

  In the future we will focus on the higher value-added business of a materials service provider. To this end we are systematically implementing the one-stop shopping principle and integrating the European warehouse and logistics organization step by step along the lines of the domestic materials trading business. The same applies to our extensive materials services in the USA. The trading activities are to be pooled in a 50/50 joint venture between MaterialsServices and Steel.

- FacilitiesServices –
Medium-term doubling of sales to 2.5 billion euros

  In Industrial Services the integration of individual offerings that has been driven forward in recent years means that today we can put together complete customized service packages for industry and the facilities sector – including the integrated services of an IT systems house. We will continue this path systematically to consolidate our market situation and drive our internationalization.

In Information Services we will focus on expanding business with non-Group customers, which already accounts for more than 50% of sales. The core competencies of ThyssenKrupp Information Services lie in developing and operating large computing centers, client-server architectures, corporate communications systems, multimedia applications and e-commerce solutions.

For non-core activities with total sales of around 4 billion euros we are currently engaged in variously advanced talks regarding disposal. The biggest areas include the Engineering segment and the Shipyards business. We are confident that in most cases we will be able to stick to the planned time frame.

The Group's portfolio is being fundamentally restructured by these measures:

- In the future we will only be active in businesses that have outstanding market positions and growth prospects on a world scale.
- In these businesses we will be able to exploit to the full the growth opportunities offered by globalization, as the financing of the necessary investments is secured.
- The ThyssenKrupp Group is becoming much more transparent, in your interests, Ladies and Gentlemen.

Increased service orientation

Let me say a few words on another building block of our strategy – a stronger service orientation.

ThyssenKrupp possesses wide expertise in technology, distribution and organization. This is a good basis for services from a single source. To allow customers to concentrate on their core tasks, we are performing more and more specialized services for them in all our segments. Already today around 15 to 20% of Group sales are services.

Our offering extends from services for ThyssenKrupp products through services as part of systems packages to services for third-party products. We are creating increasing value in long-term value partnerships with our customers, giving us a significant edge over our competitors.

In my overview of the segments I have already mentioned a number of examples of intelligent services. In the future we want to aggressively expand this offering. The medium-term target is a 50% share of services in Group sales.

Among other things we are focusing on electronic business. E-commerce will become a key factor in future as rapid progress in IT and communications opens up previously unimagined applications. E-Commerce is a tool that, used efficiently, will become indispensable in the global marketplace – along the entire value chain from procurement to service to distribution. In the traditional industries e-commerce will shorten procurement paths and broaden sales channels.

As far as ThyssenKrupp is concerned, all of the Group's segments are either already using e-commerce or preparing to launch e-commerce solutions. In February this year ThyssenKrupp Steel began selling steel products in internet auctions - with good success and growing customer participation. ThyssenKrupp Information Services offers a broad range of internet applications developed in-house – from electronic catalogs and shopping malls to practical IT training. The medium-term sales target of our systems house is around 500 million euros; the double-digit growth rates achieved so far make us optimistic of meeting it.

Organizational restructuring

As part of the focusing of the businesses we will be combining step by step the two organizational and management levels beneath the Group parent company in order to make the decision making process faster and more efficient. The parent company will also be made leaner as we concentrate on functions that can be better performed centrally than at operating level.

Introduction of a stock options program

The degree to which we will be able to increase the value of our company long-term ultimately depends on the performance, management skills and motivation of our executives. To create an appropriate, capital market-based incentive, in December 1999 we introduced the Long Term Management Incentive Plan. The aim of this plan is to link the interests of our executives even more closely with those of our stockholders and to make the Group more attractive as an employer for international managers.

The beneficiaries of the plan - 224 top executives of the Group - receive annually awarded stock appreciation rights, so-called phantom stocks, which are paid out in cash at the end of the performance period provided certain conditions are met. Of the 9.5 million stock appreciation rights available for the 5-year term of the plan, 1.9 million were awarded in the first tranche. This first tranche has a term up to the Annual Stockholders' Meeting in 2002.

Payment is conditional on at least one of two performance targets being met at the end of a performance period: either ThyssenKrupp shares must have outperformed the Dow Jones STOXX or the ThyssenKrupp share price must have risen by at least 15%.

At present neither of the two performance targets for payment of the stock appreciation rights is being met.

ThyssenKrupp Steel to go public

The planned IPO of the ThyssenKrupp Steel business is a key element of our strategic realignment. Both ThyssenKrupp and ThyssenKrupp Steel will benefit from this move in the long term; I would like to explain this win/win situation to you today in detail.

But first I would like to present ThyssenKrupp Steel and its market environment.

<u>ThyssenKrupp Steel</u>

ThyssenKrupp Steel today has sales of 10.5 billion euros and some 54,000 employees. The segment comprises three units: Carbon Steel Flat-Rolled, Stainless and Other Companies. With 6,000 employees and sales of around 900 million euros, Other Companies represents Steel's non-core activities such as the remaining long products activities and is currently undergoing fundamental streamlining:

- HSP Hoesch Spundwand und Profil is being sold to Salzgitter.
- We have signed a Letter of Intent with Boehler-Uddeholm concerning the sale of Edelstahl Witten-Krefeld. Boehler-Uddeholm has now initiated the due diligence phase and when this has been completed the details of the sale can be presented – this will probably be before the summer break.
- Sales negotiations are underway for Krupp Edelstahlprofile.
- We have also received initial offers for Böhler Thyssen Schweißtechnik.
- As of fiscal 1998/1999 Hoesch Hohenlimburg has been allocated to the Carbon Steel Flat-Rolled unit.

The basic figures of the Steel segment for the last two fiscal years (on a pro forma basis) are as follows:

- In 1998/1999 crude steel production amounted to 16.1 million metric tons, 14% less than the year before, reflecting the steel cycle.
- Steel sales fell 15% to 10.5 billion euros.
- EBITDA decreased from 1.5 billion euros in 1997/1998 to 1.2 billion euros.
- The EBITDA margin fell slightly from 12.4% to 11.5%.
- Income before taxes and minority interests amounted to 248 million euros, as against 667 million euros the previous year.
- Steel's net income showed a corresponding reduction from 243 million euros in 1997/1998 to 87 million euros.
- The return on equity was 6.5% against 18.2% the year before.

Restructuring bearing fruit

As Mr. Cromme has already pointed out, the fact that positive earnings were generated despite the difficult steel climate in 1998/99 is down to the tremendous restructuring efforts of recent years. Only on this basis are we now able to make a profit even in weak steel years; this was not the case in the past, as many of you who have been with us for a long time will know only too well. In the 1992/1993 steel crisis Thyssen and Krupp were deeply in deficit. In 1998/1999 rolled steel prices were at an all-time low and yet we remained well in profit. If we take a closer look at the EBITDA margins for the past two years we see that in both years ThyssenKrupp Steel was well above the European industry average.

The restructuring in the 90s achieved two main aims: Firstly, we significantly improved our cost structure, and secondly we revised our product mix to give more emphasis to higher value-added products. Today around 80% of our Carbon Steel Flat-Rolled sales and 85% of our Stainless sales are generated with high value-added, innovative materials and applications. In the early 90s coated products accounted for 56% of the Carbon Steel Flat-Rolled unit's total output. The focusing in Stainless has been even more pronounced.

Attractive market positions worldwide

As a result of this concentration process, ThyssenKrupp Steel is now among the leading global players. ThyssenKrupp Steel's current world market positions are extremely attractive, though there is still potential for improvement in some areas:

- With an annual output of 16.3 million metric tons we are currently the world's third biggest supplier of flat-rolled products behind Posco und Usinor who are neck and neck with around 20 million metric tons per year.
- With 14.4 million metric tons per year we rank fourth in the world market for flat-rolled carbon steel products behind Posco with 19, Usinor with 18.7 and NSC with 15.4 million metric tons per year.
- We are the world's biggest producer of stainless steel flat-rolled products with an annual 1.4 million metric tons, followed by Usinor with 1 million and Acerinox with 0.7 million metric tons per year.
- We hold fourth position in the world league table for tinmill products, our 950,000 metric tons per year putting us behind world number one Corus with 1.5 million metric tons, Usinor and NSC.
- With 780,000 metric tons per year of electrical strip, ThyssenKrupp takes second place to NSC with its annual output of over 1 million metric tons.
- And last but not least, in nickel base alloys with our 22,000 metric tons per year we are second only to Special Metals with an annual production of around 40,000 metric tons.

Value-oriented corporate strategy

In addition to holding strong competitive positions in its individual product groups, ThyssenKrupp Steel uses the advantages of having Carbon Steel Flat-Rolled and Stainless combined under one roof to develop considerable added value.

Here I can give you two concrete examples:

- The Carbon Steel Flat-Rolled unit has vast experience from many years of working in partnership with the international automobile industry. Its broad technology base provides outstanding access to what is by far our most important customer group. Stainless will be able to benefit from this more strongly in the future. Stainless will by no means be competing with carbon steel but will offer an alternative to aluminum.

- Stainless on the other hand holds an outstanding position in the construction sector. Carbon Steel Flat-Rolled will benefit from this in particular in applications for hot-dip galvanized sheet.

The pooling of materials and systems competencies of the Carbon Steel and Stainless units at ThyssenKrupp Steel creates new application possibilities for our steel products and releases additional market and growth potential. Innovative products and new production technologies are the fruit of joint research and development activities and make ThyssenKrupp Steel a global supplier to major international customers.

The strategic goals of ThyssenKrupp Steel can be summarized as follows:

- internal and external growth in key markets of the world,
- focus on more demanding market requirements – for which we will expand our technology leadership, our materials and systems competencies and our services activities,
- systematic value orientation with margin leadership, optimized product, company and customer portfolio – to achieve this we will create suitable incentives for our management and employees.

In this way ThyssenKrupp Steel will strengthen its earning power on a lasting basis and secure profitability despite the cyclical nature of the steel business.

As you can see, Ladies and Gentlemen, ThyssenKrupp Steel has ambitious expansion and growth goals. The IPO will help achieve these goals.

<u>IPO in fall 2000 as a win/win situation</u>

Later this year – it will be September or October – we intend to float 25 to 35% of ThyssenKrupp Steel AG on the stock market in an IPO. ThyssenKrupp will initially retain a majority shareholding in the Steel segment. The majority of the shares for the IPO will be made available from Thyssen Krupp AG's holding, with a smaller number coming from a capital increase at ThyssenKrupp Steel AG. We aim to achieve a wide float of the Steel shares among private and institutional investors in Germany. We are currently considering the idea of an offering outside Germany.

So how is this a win/win situation? Where are the advantages of the IPO for ThyssenKrupp and ThyssenKrupp Steel?

For your company, Thyssen Krupp AG, the main aspects are as follows:

- As a core item of the Group's strategic realignment, the placement will take the focusing on core businesses a step further and create better conditions for further developing these businesses.
- A large part of the cash inflow from the IPO will benefit the Group and will be used to expand the core businesses.
- As the Group will initially retain a majority shareholding in Steel, ThyssenKrupp will continue to participate in the Steel company's development potential.
- Decoupling the Steel segment from the Group's other activities will permit a higher valuation for ThyssenKrupp shares.

ThyssenKrupp Steel AG is pursuing its own goals with the IPO:

- The company will be able to position itself as an out-and-out steel company on the capital market.
- Thanks not least to the capital increase, ThyssenKrupp Steel will acquire a competitive capital structure.
- ThyssenKrupp Steel will pursue a forward strategy clearly oriented toward flat-rolled steel and at the same time be able to actively participate in the further consolidation of the steel industry.
- An acquisition currency for implementing further strategic options will be created.
- ThyssenKrupp Steel will have new possibilities for financing its ambitious growth and expansion goals.

We are confident that the flotation will be a success. ThyssenKrupp Steel is on the way to becoming the world's leading steel producer and alongside its technological competencies also has substantial cost saving potential. In addition ThyssenKrupp Steel will further advance the consolidation of the steel industry. We have proved often enough in recent years that we are capable of doing so. Which is what makes ThyssenKrupp Steel a cast-iron investment with cast-iron potential.

Despite all the euphoria surrounding the new economy, ThyssenKrupp Steel shares will be an attractive investment. There are five good reasons for this:

- proven competence in successful restructuring,
- leading positions in quality and technology,
- Carbon Steel Flat-Rolled and Stainless ideally complement each other,
- sustained margin improvement and
- strategy geared to expansion and growth.

Timing of the IPO

Unfortunately, we cannot yet give you any more exact details of the timing of the IPO. Taking a company public is a complex process carried out in several stages and we are currently in the middle of our preparations. This demanding phase is the basis of the actual flotation. Careful preparation is crucial to the success of the entire project.

Ladies and Gentlemen, we have a full workload to get through before ThyssenKrupp Steel shares are entered on the trading list. We are well on schedule.

Strategy 2000 makes ThyssenKrupp an attractive investment

The consistent implementation of Strategy 2000 will help considerably strengthen the Group's earnings power and increase the value of the enterprise long-term. In this way we will systematically develop ThyssenKrupp into an internationally acknowledged seal of quality for

- technologically advanced products,
- a high share of intelligent services,
- excellent employees, and last but not least
- innovative value management.

Buying ThyssenKrupp shares will in future be synonymous with investing in high technological competence, a wide range of services and integrated systems solutions.

We have set ourselves ambitious targets as a benchmark for medium-term success. These are as follows – under US GAAP:

- EBITDA of more than 3 billion euros,
- income before taxes and minority interests of more than 1.5 billion euros,
- ROCE of at least 12%,
- EVA of over 0.5 billion euros,
- return on equity of at least 20%, and
- gearing below 60%.

We are confident that the capital market will reward our progress in implementing the strategy and achieving the goals we have set ourselves. ThyssenKrupp shares are already an attractive investment in particular for long-term private and institutional investors and a buy recommendation for many analysts and banks. Funds and banks hold around 42.5% of the capital stock, with 18.7% being held by German and 23.8% by foreign institutes. The largest grouping among our stockholders with a share of 91.5% are private individuals, which means you, Ladies and Gentlemen. Your share in the Company's capital stock is around 16%.

We have published a brochure containing detailed information on the stockholding structure at Thyssen Krupp AG which is available at the information desk in the foyer.

ThyssenKrupp share performance

Let us now look at how ThyssenKrupp shares have performed since they were first admitted for trading on March 25, 1999. Taking into account the highs and lows, over the longer term the picture is encouraging.

The ThyssenKrupp stock opened at 17.90 euros on the first day of trading. After this the shares embarked on a stable upward trend through the summer and on August 9, 1999 reached a new high of 24.55 euros. In September 1999 the price fell sharply and at the end of the fiscal year was quoted at 18.70 euros.

After this low had been overcome, the share price rose steadily. In November/December 1999 the stock was boosted after the announcement of our strategic realignment. In early January 2000 the shares reached their all-time high of 33.60 euros. After this over the past few months the price has unfortunately fallen back again. One of the main reasons – as you know – is the fact that many investors have been neglecting the so-called old economy. In May 2000 the shares have stabilized again. A share price of around 24 euros represents an increase in value of around one third since the initial quotation. This is very encouraging and I am confident that given the substance of the

Company and its potential the share price will be able to regain its level of the beginning of the year.

From being admitted for trading in March 1999 to early March this year, ThyssenKrupp shares outperformed the DowJones STOXX. After a phase of fluctuation our share price is now almost exactly on a par with the DowJones STOXX.

Current issues and our future prospects

To close my comments I would like to deal with some current topics of relevance to the Group and thus also to you as stockholders, and then say something about half-year earnings and the prospects for 1999/2000 as a whole.

100 million mark compensation for forced laborers

First to the compensation for forced laborers:
After around 18 months of negotiations, in December 1998 agreement was reached on the amount of compensation to be paid to former forced laborers under the NS regime. The 10 billion mark fund now set up is to be financed equally by the Federal government and German business.

From the very start we have always accepted our moral responsibility and were among the 16 founder members of the "Erinnerung, Verantwortung, Zukunft" foundation (Remembrance, Responsibility, Future), which initiated these negotiations. ThyssenKrupp is paying DM100 million into the compensation fund. We hope that the legal and organizational conditions will be created as soon as possible to ensure that financial aid is allocated quickly to former forced laborers. The conditions must also include adequate legal protection for the German companies against legal action in particular in the USA

We are very concerned that so far it has not been possible either to ensure the legal protection we feel is necessary in the USA or to raise the full share to be paid by German business into the fund despite the fact that over 1,900 companies have now joined the initiative.

Committee of enquiry into party donations, investigations of Augsburg regional court

The second issue is the committee of enquiry into party donations:

The reports in the media in connection with the Leuna refinery, the supply of armored reconnaissance vehicles to Saudi Arabia and the Hürland-Büning and Schreiber consultancy agreements will have raised questions for many of you, too. I would therefore like to make a brief statement on these issues.

As you know in connection with the supply of Fuchs armored reconnaissance vehicles to Saudi Arabia charges were recently brought before Augsburg regional court against four people, including two former Thyssen managers. Furthermore, the committee of enquiry into party donations set up by the German parliament has started work and will include in its investigations some questions relating to the armored reconnaissance vehicles and the building of the Leuna refinery. We have informed the committee that we are willing to support its work; an initial meeting has already taken place.

We have carried out intensive internal investigations into all these events and have had reports drawn up by external lawyers and auditors. I can summarize our latest findings as follows:

- With the exception of the two former Thyssen managers already mentioned, we have no grounds to believe that Thyssen employees acted unlawfully. We cannot judge whether the charges brought will be upheld because we have not yet been allowed access to the records.
- The transactions were not dealt with in the executive board and supervisory board of Thyssen AG.
- However, on the basis of knowledge currently available, it is certainly justified to ask whether the project expenditures made at that time were always expedient.

Good half-year earnings 1999/2000

This morning we published the report on the Group's business development in the period October 1, 1999 to March 31, 2000. The report can be obtained at the information desk in the foyer; alternatively it is also available of course on the internet or from your bank.

The international economy has been expanding strongly since mid-1999. The boom in the USA, now in its tenth year, shows little sign of slowing down. The emerging markets of Southeast Asia and Latin America have overcome their economic crises, in Central and Eastern Europe economic growth is gathering pace. The European Union economy has recovered strongly, the low euro having considerably improved the region's price competitiveness. The cyclical differences between the member states are narrowing and German growth has accelerated.

This positive economic backdrop and our internal performance improvement had a beneficial effect on our figures in the first six months of the current fiscal year:

- Order intake increased from 15.4 billion euros to 18.7 billion euros, a rise of 21%.
- Sales rose 10% to 17.4 billion euros.
- EBITDA amounted to 1.4 billion euros, up 25% on the previous year.
- Income before taxes and minority interests doubled to almost 366.5 million euros.
- Earnings per share reached 0.33 euros, against 0.12 euros last time.
- At March 30, 2000, the Group employed 182,380 people worldwide.

Confidence for the 1999/2000 fiscal year

The leading economic research institutes assume that the economic revival will continue in the second half of the current fiscal year and beyond.

On the markets of importance for ThyssenKrupp, the indicators are mainly positive. We expect demand for steel to remain strong throughout 2000. Worldwide automobile production continues to rise. The mechanical engineering sector is profiting from higher investment in capital goods. In contrast, the prospects for the German construction industry remain subdued, particularly in the eastern part of the country.

Against this background we expect continuing brisk demand for our products and services in the second half of 1999/2000. With the prospect of higher prices for steel products, we expect sales growth to be most pronounced in Steel and MaterialsServices. Overall we are planning sales growth of 10% in the current fiscal year.

The positive earnings performance will also continue in the rest of the fiscal year. We expect a further distinct improvement in income. With the exception of Production Systems, all segments look set to make a profit. In addition to the continued realization of synergies, the portfolio optimization will also improve the

Group's earning power. Overall we expect to make a distinctly higher profit in the 1999/2000 fiscal year.

With the advancing internationalization of the Group we are increasingly active for our international customers on a local basis, where we also generate the majority of our profits. As a result of this income structure the dividend payment is again not expected to carry a tax credit.

As you can see, Ladies and Gentlemen, ThyssenKrupp has stood the test of its first year as a merged Group in a difficult economic climate. Now that the integration phase has been completed we are using the economic upswing to achieve growth in business and earnings and are shaping the Group to meet the demands of the global marketplace. Our chances of success are good.

Which is why we invite you to stay with us as we move forward. We are confident that when we meet again on March 2, 2001, we will be reporting to you on a transformed ThyssenKrupp Group.