Interim Report 1st quarter 2008 – 2009

ThyssenKrupp AG

October 01 – December 31, 2008

01

ThyssenKrupp

Contents

Interim report 1st quarter 2008 – 2009

October 01 – December 31, 2008

01

Interim management report

03–30

02

Interim financial statements

31–41

03

Further information

42–43

The financial statements of the ThyssenKrupp Group are prepared in accordance with IFRS (International Financial Reporting Standards).
This interim report was published on February 13, 2009.

The Group in figures

GROUP

		1st quarter comparatives: 1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008	Change	Change %
Order intake	million €	13,270	12,887	– 383	– 3
Sales	million €	12,270	11,522	– 748	– 6
EBITDA	million €	1,083	764	– 319	– 29
Earnings before taxes (EBT)	million €	646	240	– 406	– 63
Net income	million €	435	163	– 272	– 63
Basic earnings per share	€	0.85	0.36	– 0.49	– 58
Employees (Dec. 31)		193,137	197,175	4,038	2

		Sept. 30, 2008	Dec. 31, 2008
Net financial debt	million €	1,584	3,514
Total equity	million €	11,489	10,806

SEGMENTS

	Order intake (million €)		Sales (million €)		Earnings before taxes (million €)		Employees		
	1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008	1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008	1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008	Dec. 31, 2007	Sept. 30, 2008	Dec. 31, 2008
Steel	3,188	2,036	3,214	2,925	353	251	39,922	41,311	40,753
Stainless	2,150	966	1,838	1,173	(45)	(249)	12,075	12,212	12,167
Technologies	3,212	4,897	2,822	2,921	179	164	55,567	54,043	53,167
Elevator	1,466	1,562	1,184	1,343	119	156	40,191	42,992	43,599
Services	3,951	3,746	3,867	3,726	132	30	43,054	46,486	45,173
Corporate	34	35	34	35	(84)	(108)	2,328	2,330	2,316
Consolidation	(731)	(355)	(689)	(601)	(8)	(4)	—	—	—
Group	**13,270**	**12,887**	**12,270**	**11,522**	**646**	**240**	**193,137**	**199,374**	**197,175**

ThyssenKrupp in brief

We have over 197,000 skilled and committed employees working in the areas of Steel, Capital Goods and Services to provide innovative solutions for sustainable progress for our customers in around 80 countries on all five continents. In our five segments – Steel, Stainless, Technologies, Elevator and Services – they are meeting the global challenges and turning them into opportunities. Our high-tech materials, plants, components and systems offer answers to many questions of the future. The Group headed by ThyssenKrupp AG includes, directly and indirectly, over 800 subsidiaries and equity interests. Two-thirds of our 2,700 production sites, offices and service bases are outside Germany.

Group review

ThyssenKrupp – global recession squeezes sales and profits

The global recession left a clear mark on ThyssenKrupp in the 1st quarter 2008/2009. A drastic drop in demand, unforeseeable in its severity, for carbon and stainless steel and in international materials trading had a considerable impact on our business. By contrast, our activities in capital goods and services were largely robust. Overall, ThyssenKrupp's sales in the 1st quarter 2008/2009 were 6% lower year-on-year. The drop in profits was much steeper. Group earnings before taxes decreased from €646 million to €240 million. This was mainly due to inventory writedowns. As in previous periods, earnings were again impacted by substantial pre-operating costs for the new plants in Brazil and the USA.

The highlights for the 1st quarter 2008/2009:

- Order intake was €12.9 billion, 3% down from the prior-year quarter.
- Sales decreased by 6% to €11.5 billion.
- EBITDA came to €764 million, compared with €1,083 million a year earlier.
- Earnings before taxes slipped year-on-year from €646 million to €240 million.
- Earnings per share dropped from €0.85 to €0.36.
- Net financial debt at December 31, 2008 was €3,514 million, an increase of €1,930 million compared with September 30, 2008, when we reported net financial debt of €1,584 million. On December 31, 2007, net financial debt stood at €859 million.

Outlook

We expect a significant drop in sales in fiscal 2008/2009. This will be reflected in earnings. Price and volume risks will be only partly offset by declining input material prices and an extensive additional action program to increase efficiency. In addition, measures are being taken to significantly reduce net working capital.

We expect the 2nd quarter to be more difficult than the 1st. Our expectations for the individual segments in the 2nd quarter are as follows:

- Steel – further production cuts and underutilization of core units, stabilization of shipments, largely unchanged costs for raw materials and declining prices for shorter-term deals.
- Stainless – continued production cuts and underutilization, continuing weak sales markets; further inventory writedowns cannot be ruled out.
- Technologies – high level of planning confidence for revenues and earnings in project business due to high order backlog with good earnings quality. Only the automotive business will be impacted by production cuts by OEMs.

- Elevator – sustained effect of performance programs with earnings higher year-on-year.

- Services – predominantly weak demand and continued price falls in materials business at Materials Services and Special Products; the same applies to metallurgical raw materials and coke; Industrial Services predominantly stable, construction and rail equipment activities will profit from high infrastructure spending.

Once the destocking at distributors and end-customers is over and the inventory writedowns have been absorbed we expect business and earnings to be at the level of a normal recession in the 2nd half of the fiscal year. As this happens, the earnings contributions from the materials-related businesses in the Stainless and Services segments are expected to improve. Steel faces continuing price pressure and inadequate volumes but expects lower raw material costs and positive effects from ongoing cost-reduction measures. Technologies plans to maintain its strong earnings despite a continuing difficult market environment. For the Elevator segment we expect the good earnings picture to continue.

We expect ThyssenKrupp's sales and earnings to stabilize again in 2009/2010. In the longer term, particularly after completion of the major investments of Steel and Stainless in North and South America and those of the other segments in other regions, we forecast earnings before taxes and major nonrecurring items of €4.0 to 5.0 billion and sales of around €65 billion.

World economy in recession

In the final months of the past year the economic situation deteriorated dramatically in almost all countries. In the 4th quarter 2008 the world economy found itself in an unexpectedly sharp downturn affecting both the industrialized countries and the previously strongly growing emerging markets. After a rise of 5% in 2007, world GDP increased by barely 3.5% in 2008, with the financial crisis intensifying the already anticipated global downturn.

The USA has been in recession since the beginning of 2008. Business spending has decreased markedly as a result of gloomier sales prospects and increasing financing difficulties. This has now impacted significantly on the labor market. Steeply rising unemployment – the unemployment rate climbed to over 7% recently – and falling property and stock prices are now affecting private consumption, which recently shrank to a level not seen since the early 1980s.

The emerging markets in Asia, Latin America and Central and Eastern Europe are feeling the effects of the financial crisis. Their previously high growth rates have slipped markedly recently. In Russia, falling energy and raw material prices have brought export revenues down, while the financial crisis has resulted in a credit squeeze. In China, export momentum has slowed due to the recession in the USA, Japan and Europe, causing overall economic growth to drop into single figures in 2008.

The euro zone including Germany has also slipped into recession. According to initial estimates German GDP fell for the third time in succession in the 4th quarter 2008. Both exports and business spending decreased significantly, while private consumption provided a minor growth contribution at most.

All of the sectors of importance to ThyssenKrupp have been sucked into the recession. The picture in the individual sectors was as follows:

- Steel demand fell significantly in the final quarter of 2008. As a result, steel producers in many countries made in part substantial production cuts; corresponding measures were also taken for the first time in China as steel consumption decreased. World steel production in the 4th quarter 2008 was 20% lower than a year earlier. Towards the end of the year there were downright collapses as steel industry capacity utilization in many countries sank to extremely low levels. These massive volume drops were accompanied by steep price falls. In the 3rd quarter 2008 steel prices had reached record levels after extremely strong increases in all markets. But as demand dipped and raw material and freight costs fell, spot prices slipped considerably, falling back to the level of two years ago at the end of the year.

  The situation in the European flat carbon steel market was similar. After very strong demand growth into the summer, new orders at European flat steel producers collapsed from September 2008 as EU and particularly third-country demand slumped. Weak activity in key customer industries and existing inventory overhangs brought demand to a virtual standstill in parts. Inventory levels have still not been adequately adjusted to the low consumption levels.

- European demand for stainless steel flat products was at a very low level in the reporting period. The main reason for this were efforts by end-users, service centers and distributors to reduce their stocks due to the recession. The effects of a renewed sharp rise in imports from Asia in mid-2008, coupled with extremely weak internal demand, resulted in a significant fall in deliveries by European stainless producers, causing increasing capacity underutilization. The alloying metals used in stainless steel production suffered steep price falls. Nickel, molybdenum and chromium were particularly affected, as was ferrous scrap. The result of this was a further fall in alloy surcharges, exerting additional pressure on distributors to reduce stocks still further and limit replenishment orders to a minimum. In the other major stainless markets of North America and Asia, too, the demand collapse led to a further reduction of inventories at end-users, distributors and service centers

  The situation in the USA was also difficult, particularly among major users of stainless steel. Demand for stainless flat products from the auto, construction and appliance industries collapsed, causing sharp falls in orders and deliveries and a significant decline in base prices.

  In Asia, almost all local producers cut their production – in some cases by more than 50%. The general economic situation coupled with falling raw material prices and resultant uncertainty over the possible postponement of major projects caused increasingly hesitant demand for nickel alloys worldwide. In the case of titanium, delays in the new Airbus and Boeing aircraft programs caused a further drop in overall market demand.

- The recession also reached the auto industry. For the first time in many years, fewer cars and trucks were sold and produced worldwide in 2008 than the year before. In the USA, sales of cars and light trucks in the last three months of 2008 slumped by 36% compared with a year earlier. New car registrations also declined in the European Union. In Germany alone, around 11% fewer cars were sold in the 4th quarter 2008 than in the prior-year quarter. Even in emerging markets like Brazil, India and China the previously high pace of growth slowed markedly in the final months of 2008.

- The mechanical engineering industry benefited from previously acquired high order backlogs for long parts of 2008. Some countries even increased their output, notably Germany. However, particularly towards the end of the year the global economic crisis and associated investment weakness resulted in a marked slowdown in orders. In Germany, new orders both from abroad and from the domestic market decreased by up to 30%. Machinery manufacturers in the USA and Japan fared even worse. Lower capital investment also made itself felt in China.

- Growth in global construction activity in 2008 was driven only by the countries of Asia and Central and Eastern Europe. In the USA, output declined due to weak private housing construction. In the German construction industry, new orders decreased in the course of 2008 but output remained relatively stable due to solid order backlogs; commercial construction in particular had a bolstering effect.

Orders and sales in decline

THYSSENKRUPP IN FIGURES

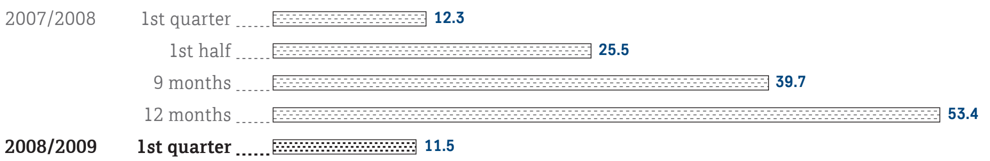
		1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Order intake	million €	13,270	12,887
Sales	million €	12,270	11,522
EBITDA	million €	1,083	764
Earnings before taxes (EBT)	million €	646	240
Employees (December 31)		193,137	197,175

The worldwide recession led to a drastic decline in demand in the materials sector in particular. However, thanks to our diversified product portfolio, Group orders and sales showed only a moderate fall.

ThyssenKrupp's order intake in the 1st quarter 2008/2009 reached a value of €12.9 billion, 3% less than in the corresponding prior-year period. There were sharp falls in the Steel and Stainless segments, reflecting weaker volume demand as well as lower prices. Declining demand for materials, above all in North America and Europe, also impacted the Services segment. By contrast, new orders at Technologies and Elevator were higher year-on-year. Several large projects were secured, particularly in our shipbuilding and plant technology businesses.

Group sales fell by 6% to €11.5 billion in the 1st quarter 2008/2009. A significant drop in shipments led to lower sales in the Steel segment; however, the segment's high proportion of long-term contracts had a stabilizing effect. At Stainless, the demand slump and lower alloy surcharges and base prices were the main reasons for the fall in sales. Sales at Technologies were higher year-on-year thanks to the good performance of the plant technology and shipbuilding units. The biggest sales growth was achieved by Elevator, where new installations and service business was positive above all in America and the Asia/Pacific region. Declining prices and demand for materials pushed down sales at Services.

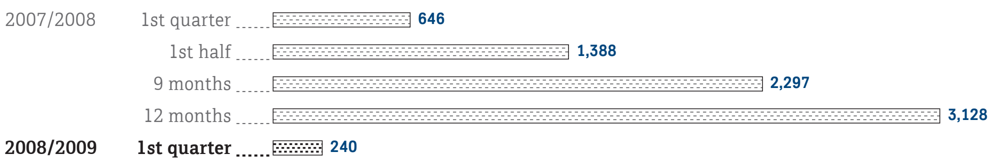
SALES in billion €



Profits down in the 1st quarter 2008/2009

ThyssenKrupp's earnings declined in the 1st quarter 2008/2009. After €646 million in the 1st quarter of the prior year, the Group achieved earnings before taxes (EBT) of €240 million in the reporting quarter. This includes inventory writedowns of €250 million and pre-operating costs for the new plants in Brazil and the USA of €83 million.

EARNINGS BEFORE TAXES (EBT) in million €



With the exception of Stainless, all segments generated a profit. At Stainless, already weak market demand slipped further, resulting in capacity underutilization and a substantial drop in prices. The fall in prices for nickel, chromium and molybdenum also led to significant writedowns. Steel recorded lower profits as a result of declining deliveries, particularly to the auto industry. Technologies almost equaled its pleasing prior-year earnings, notably due to the strong performance of the plant technology unit. Elevator increased its earnings mainly thanks to high profits in its American operations. Profits at Services were lower year-on-year due to declines in the materials business.

Net sales in the reporting period were €748 million or 6% lower than in the corresponding prior-year quarter. The cost of sales decreased by €436 million or 4% and therefore to a lesser extent than sales; a major reason for this was a €170 million year-on-year increase in inventory writedowns which partly offset the decline in other costs of sales. Overall, gross profit decreased by €312 million, combined with a decline in gross margin from 17% to 16%.

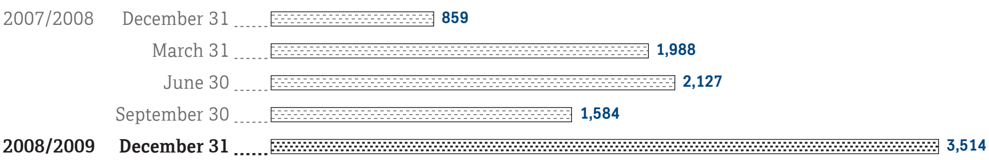
The rise in selling and general and administrative expenses by a total of €25 million was mainly the result of increased personnel expense. Higher provisions for restructuring in the personnel area in the Steel segment's Auto business unit in the amount of €9 million were a major factor in the €11 million increase in other operating expense. The €30 million decrease in income from companies accounted for by the equity method was due to the overall drop in earnings at the companies concerned compared with the corresponding prior-year quarter. The €65 million deterioration in net interest was connected with the higher net financial debt compared with the prior-year quarter. The €53 million improvement in other financial income was primarily due to the €35 million year-on-year increase in capitalized interest cost, mainly relating to construction progress on the steel mill in Brazil.

After deducting taxes on income, net income for the period was €163 million, down €272 million from the prior year. Taking into account minority interest in losses of €5 million, earnings per share was €0.36, compared with €0.85 in the comparable prior-year quarter.

Net financial debt and capital expenditures

On December 31, 2008, net financial debt stood at €3,514 million. The increase of €1,930 million compared with September 30, 2008 is due to capital spending – especially for our major projects – and the effects of the economic downturn on day-to-day operations.

NET FINANCIAL DEBT in million €



ThyssenKrupp invested a total of €1,106 million in the 1st quarter 2008/2009, 19% more than in the first three months of the prior year. €1,095 million was spent on property, plant and equipment and intangible assets, and €11 million on the acquisition of businesses, shareholdings and other financial assets.

Construction of new plants in Brazil and the USA

The Steel segment is pressing ahead with the implementation of its transatlantic growth strategy. Of central importance is the construction of the steel mill in Rio de Janeiro/Brazil, which will produce up to 5 million metric tons of steel per year at low cost and to high quality standards. More than 20,000 people are currently working on the construction site. The project is now making good progress after previous delays. As things stand, the core blast furnace and melt shop units will go into operation at the end of 2009.

In November 2008 the Supervisory Board approved an increase in the investment budget to around €4.5 billion. Now included in this figure is the economically justified insourcing of energy supplies and slab logistics as well as the optimization of the technical design for future capacity expansion. Also included are cost increases for supplies and services, higher interest costs, and exchange-rate differences. The profitability of the project in combination with the construction project in Alabama and the expansion program in Europe is not jeopardized by this increase. Recruitment of personnel for the future production phase is at an advanced stage: At the end of December 2008, ThyssenKrupp CSA had 1,129 employees in Brazil.

In parallel with the investments in Brazil we have expanded our plants in Europe. Steel intends to strengthen its position in its core European market by expanding and modernizing its processing and coating facilities in Germany. Around 40% of the slabs produced in Brazil in the future are to be shipped across the Atlantic to Germany to be processed into high-quality finished products for demanding customers. The investment projects to facilitate slab handling at Walsum port and increase capacity at four hot-dip coating lines have been completed. The Bochum and Beeckerwerth hot strip mills have also been partially modernized. Further investments to increase capacity in the hot-rolled area have been scheduled.

Begun in fall 2007, construction of the new joint steelmaking and processing plant of the Steel and Stainless segments near Mobile in Alabama/USA is also continuing apace. The Steel segment intends to start production in Alabama in spring 2010. In November 2008 the Supervisory Board approved an increase in the investment budget for Steel to USD3.25 billion. The profitability of the project remains assured.

At the Mobile plant the Steel segment will operate hot- and cold-rolling and coating lines to process slabs produced in Brazil into high-quality flat products. Total hot-rolling capacity will be over 5 million tons per year.

As at December 31, 2008 the value of contracts placed by the Steel segment totaled USD2.6 billion, around 80% of the investment volume. The main work being carried out at present is concreting of buildings and machine foundations. Erection of structural steel has already begun in the shipping bays for cold-rolled and hot-dip galvanized products. Construction of infrastructure facilities is making good progress. These include the river terminal and training center.

In parallel, Steel's sales and marketing experts are continuing their work on a sales strategy for the North American market. With the involvement of technical experts, strong relationships are being built with potential key customers. Target groups include the auto industry, electrical goods manufacturers, steel service centers, appliance manufacturers and the tube industry, particularly for the energy sector.

As well as premium carbon steel, the Mobile plant will also supply important stainless steel products to American customers in the future. Construction of the Stainless plant is proceeding on schedule. The structural steel has been erected for a large part of the production buildings of the cold rolling mill and roofing has begun. The first foundations for machinery in the cold rolling stand area and cold-rolled annealing and pickling line are under construction. In November 2008 the Supervisory Board approved an increase in the investment budget to USD1.4 billion. Here too, the profitability of the project remains assured.

After ramp-up, the Stainless segment's production lines for stainless flat products will have an annual capacity of around 350,000 tons of cold-rolled and 450,000 tons of hot-rolled. A large portion of the hot-rolled will be supplied to the ThyssenKrupp Mexinox stainless steel plant in Mexico.

Against the background of the current weakness on the North American stainless steel market, coupled with a massive fall in demand, Stainless intends to delay its investments. However we believe that the stainless market in the NAFTA region will recover and resume its growth in the foreseeable future. For this reason we are not cutting back on the scale of the project. We will begin cold-rolled production with the startup of the first units of the cold rolling mill in October 2010 and start operation of the melt shop at the beginning of 2012. Until the melt shop commences operation, starting material will be supplied from our European mills. In view of the extensive investment funds budgeted for the current and the next fiscal year, this will give the Group additional room for maneuver.

Award-winning communications

Our “Discovering Future Technology” initiative to promote dialogue on technology across all areas of society and all age groups, particularly through our Ideas Parks, won two awards in the reporting quarter. It came first in the large companies category of the “Freedom and Responsibility” competition, run under the patronage of Federal President Horst Köhler and sponsored by German business associations and the business magazine WirtschaftsWoche. In addition, the ThyssenKrupp Ideas Park won the “Politik-Award” as the “most coherent, effective and best-communicated concept” in the area of corporate responsibility. This award was for “outstanding social commitment” and was presented by the magazine politik&kommunikation.

The Ideas Park is a popular technology exhibition at the center of our “Discovering Future Technology” initiative. Visitors can look behind the scenes of research and development, experiment for themselves and get to know researchers personally. The most recent Ideas Park in Stuttgart in May 2008 was visited by more than 280,000 young people and adults, who were thrilled by the exhibits on show. Together with the previous events in Gelsenkirchen in 2004 and Hanover in 2006, the total number of visitors is now over 550,000. The next Ideas Park is currently being planned; it is to be held in North Rhine-Westphalia in 2011.

Segment review

Steel: Massive drop in orders

STEEL IN FIGURES

		1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Order intake	million €	3,188	2,036
Sales	million €	3,214	2,925
Earnings before taxes (EBT)	million €	353	251
Employees (Dec. 31)		39,922	40,753

The Steel segment was sucked into the worldwide recession. In the 1st quarter 2008/2009 the value of new orders decreased year-on-year by 36% to €2.0 billion. This was a result of a massive drop in order volumes: Bookings declined by 56%, with reluctance to buy increasing in the course of the quarter. To keep production in cost-intensive steelmaking operations as constant as possible, initially ThyssenKrupp Steel AG halted slab purchases on the free market. From November, shifts were reduced in the downstream processing lines for hot-rolled, cold-rolled and coated flat products; the shutdowns were utilized for necessary modernization and repair work. In December, mainly around the turn of the year, shutdowns took place in the whole of production – except for technical necessities. Similar measures were taken at a number of subsidiaries. Because of the shutdowns in the processing lines, production in the steelmaking operations also had to be curtailed towards the end of the quarter.

Sales decreased by 9% to €2.9 billion as shipments fell by a quarter. The higher price levels agreed in long-term contracts had a positive effect. Prices in quarterly contracts were also higher than in the comparable prior-year period. At €251 million, pre-tax earnings were €102 million lower than a year earlier due to a sharp decline in shipments, particularly in the Industry and Auto business units.

The number of employees in the Steel segment increased year-on-year. This was due to the development of the new companies in Brazil and the USA and the inclusion of the TWB group in the USA as of March 01, 2008.

Corporate

The Corporate business unit comprises the administrative functions of ThyssenKrupp Steel AG and manages the construction projects in Brazil and the USA. The unit's loss was roughly level with the prior year and was due to the pre-operating costs of the steel mill in Brazil and the processing plant in Alabama.

Steelmaking

The Steelmaking business unit comprises the entire metallurgical operations in Duisburg and the transportation companies. Crude steel production including supplies from Hüttenwerke Krupp Mannesmann decreased by 14% to 3.2 million metric tons in the 1st quarter 2008/2009. There was a sharp fall in profits.

Industry

In the Industry business unit, shipments and sales were lower but profits were up slightly thanks to realized cost reductions. The Heavy Plate profit center reported steady shipments, increased sales and higher earnings. The Color/Construction competence center increased its sales and earnings, though shipments declined. New orders from customers in the appliance and construction industries in particular fell significantly. Strong competitive pressure also drove market prices down. The European steel service centers suffered a drastic drop in volumes. Lower production by auto manufacturers caused a slump in business for component suppliers. As a result, the service centers recorded a steep decline in sales and returned a loss.

Auto

Against the background of the crisis in the automotive industry, the Auto business unit reported lower sales and profits. This was due to the slump in volumes affecting all markets and customers. The picture for the individual businesses was mixed. At the Auto division of ThyssenKrupp Steel AG, positive price effects from annual contracts could not offset falling shipments. Profits were higher than a year earlier thanks to realized cost reductions. Tailored Blanks also recorded a decline in shipments, but sales improved slightly for price reasons. However, earnings fell significantly. The steel service centers in North America suffered a decline in volumes due to production shutdowns in the auto industry, whereas prices were higher. Sales remained virtually unchanged and profits even increased. Business at Metal Forming was also severely impacted by cutbacks and shutdowns in the auto sector. Sales decreased due to the lower level of orders, with the foreign subsidiaries disproportionately affected. A significantly higher loss was posted, partly as a result of further restructuring costs at Metal Forming in the amount of €9 million.

Processing

The Processing business unit comprises our tinplate, medium-wide strip and grain-oriented electrical steel operations. Sales softened slightly and the strong prior-year earnings could not be maintained. The picture for the individual businesses was very mixed. Contrary to the general steel market trend, there was no reduction in demand for tinplate and as a result the high sales volume of the year before was almost matched. Higher prices even allowed a moderate increase in sales revenue. Earnings improved. Considerably more difficult was the situation for medium-wide strip, where volumes collapsed due to the dependence on automotive suppliers and rerollers. As a result, sales and earnings fell short of the prior-year level. Sales of electrical steel were level with the year before, though profits were down.

Stainless: Serious fall in income

STAINLESS IN FIGURES

		1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Order intake	million €	2,150	966
Sales	million €	1,838	1,173
Earnings before taxes (EBT)	million €	(45)	(249)
Employees (Dec. 31)		12,075	12,167

ThyssenKrupp Stainless reported a massive drop in order intake in the 1st quarter 2008/2009 owing to the dramatic deterioration in the market environment. Order volumes fell by 50% to 337,000 metric tons. The decline in prices caused the value of orders received to decrease by as much as 55% to €966 million. The drop in demand impacted virtually the entire product spectrum: Order volumes were down by 53% for cold-rolled, 49% for hot-rolled and 27% for nickel alloys. Only titanium recorded a slight – 4% – rise.

Overall deliveries by ThyssenKrupp Stainless were 26% down from the prior-year quarter at 408,000 metric tons. The decline affected in particular stainless cold-rolled. Shipments of hot-rolled decreased slightly, while growth was achieved in nickel alloys and titanium. Sales of ThyssenKrupp Stainless fell by 36% to €1.2 billion in the 1st quarter 2008/2009. The main reasons were the reduced shipments together with lower alloy surcharges and base prices.

Stainless returned a loss of €249 million. All business units reported negative earnings. This serious fall in income in the total amount of €204 million was caused in particular by inventory writedowns in the amount of €194 million necessitated by the continued decline in prices for the raw materials required in stainless production such as nickel, chromium and molybdenum. This could only be partly contained by optimized inventory management. In addition, the steep slide in raw material prices caused further uncertainty and purchasing restraint among market participants. Distributors and service centers focused on reducing their inventories and keeping replenishment orders to a minimum. As a result of this pronounced and unprecedented demand weakness, base prices dropped in some cases to a level even below that of the weak prior-year quarter.

A further rise in electricity costs in particular in Italy and Germany also weighed on earnings. In all business units we have introduced measures to reduce costs and adjust capacity to the diminished workload. During the production shutdowns, leave was taken and working time accounts were run down, temporary employment contracts were not renewed, outsourced services were transferred back to our own workforce, and in some cases short-time working was agreed.

At the end of the 1st quarter the Stainless segment employed 92 more people than a year earlier. The growth was mainly the result of the additional 163 employees recruited for the future stainless steel plant in the USA, the employment of 31 apprentices at ThyssenKrupp Nirosta and minor changes caused by the expansion of processing capacities. This increase was partly offset by a reduction in the headcount in several business units, in particular ThyssenKrupp Acciai Speciali Terni as part of the ongoing reorganization involving the closure of the Turin location.

ThyssenKrupp Nirosta

As at the group's other stainless companies, the situation at ThyssenKrupp Nirosta was characterized by increasingly weak demand from distributors and reduced business with end customers. This generally negative situation was reflected in a significant drop in order intake. The resultant decline in shipments and lower prices led to a severe downturn in sales. Due to the weaker price level, the steep fall in output and shipments, and necessary inventory writedowns, the company reported a loss in the reporting period.

In response to the adverse economic climate, ThyssenKrupp Nirosta extended the year-end plant shutdown from two to four weeks. The stainless production plants remained closed from mid-December to mid-January. This period was utilized in part for maintenance and repair work. Residual leave and working time accounts were used to offset the extended plant shutdown.

ThyssenKrupp Acciai Speciali Terni

The Italian business unit ThyssenKrupp Acciai Speciali Terni was likewise severely affected by the slowdown in demand for stainless steel products in the 1st fiscal quarter. In response, production was cut in the cold-rolling mill and short-time working was agreed in the steelmaking shop. The production shutdowns at the plants were reflected in significantly lower sales. At ThyssenKrupp Titanium, too, capacities were underutilized as a result of weak demand from the aerospace and plant construction sectors. While shipments increased slightly, sales declined. Owing to the extremely weak market for flat-rolled stainless products, necessary inventory writedowns, and the downturn in titanium, the business unit closed the quarter with a loss. This was only partially offset by improved earnings at the forging operations. The relocation of the production facilities from Turin to Terni continued on schedule.

ThyssenKrupp Mexinox

At ThyssenKrupp Mexinox order volumes and sales were down from the prior-year quarter. A Sendzimir mill was closed down for a scheduled overhaul. The generally weak-to-recessionary situation on the Mexican and US markets coupled with the inventory writedowns necessitated by tumbling raw material prices resulted in a sharp fall in earnings.

Shanghai Krupp Stainless

Shanghai Krupp Stainless reported reduced order volumes. Owing to the lower price level in China and the plant's extremely weak workload due to major overcapacities in the region, sales were considerably lower than a year earlier. In addition, inventories had to be written down. All this led to a significant drop in earnings compared with the prior-year quarter.

ThyssenKrupp Stainless International

In the ThyssenKrupp Stainless International business unit, weak demand on the market led to a year-on-year reduction in both order intake and sales. Here, too, the situation was compounded by inventory writedowns at the service centers. The company reported a loss for the quarter.

ThyssenKrupp VDM

In the nickel alloy business of ThyssenKrupp VDM, the continued slide in raw material prices, especially for nickel and molybdenum, unsettled the markets; as a result customers were reluctant to place orders. Earnings were further impacted by the weak aerospace and automotive markets and the almost complete absence of orders from distributors and from the entire US market. ThyssenKrupp VDM also had to write down inventories and posted a loss as a result.

Technologies: High order intake in difficult market environment

TECHNOLOGIES IN FIGURES

		1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Order intake	million €	3,212	4,897
Sales	million €	2,822	2,921
Earnings before taxes (EBT)	million €	179	164
Employees (Dec. 31)		55,567	53,167

Technologies achieved a significant rise in order intake in the reporting quarter thanks to the continued good order backlog at Plant Technology and the receipt of a major order at Marine Systems. At €4.9 billion, orders were up 52% from the strong prior-year quarter. This outweighed the noticeable deterioration in the automotive supply business. At €2.9 billion sales were slightly higher year-on-year. Orders in hand at December 31, 2008 reached around €18 billion, mainly from long-term project business, securing more than a year's sales.

With a profit of €164 million, a pleasing level of earnings was again achieved. The main contributions to income came from Plant Technology and Mechanical Components.

The number of employees at the end of the 1st quarter decreased by 2,400 against the previous year, mainly reflecting the disposal of the precision forging operations, the Ravensburg plant and the Nobiskrug shipyard. At Plant Technology the workforce was increased to accommodate the workload.

Plant Technology

Order intake at Plant Technology showed further growth in the 1st quarter 2008/2009. The level of orders rose in particular for cement plant and mining and materials handling equipment. In China several new orders were received for aromatics plants. Thanks to the strong increase in orders in hand, sales exceeded the high prior-year level. Key factors continued to be the global trends in the climate, environmental, energy and infrastructure sectors. By working to reduce its high order backlog, Plant Technology again significantly improved on the strong profits of the prior-year period.

Marine Systems

With a major order for six material packages for the construction of class 214 submarines for South Korea, Marine Systems made a significant contribution to the segment's higher order intake. Added to this was a percentage of the order received for a taskforce supply ship for the German Navy. The repair and service business remained stable at a high level. In the naval shipbuilding business higher sales were achieved on the basis of orders in hand. Overall Marine Systems returned a smaller profit than a year earlier.

Mechanical Components

The Mechanical Components business unit's spectrum of products and services includes high-tech components for the automotive and construction machinery sectors as well as for general engineering applications. Order intake and sales were lower year-on-year. Alongside disposals, this was attributable to the fall in demand in the automotive and construction machinery business triggered by the financial and economic crisis. Contrary to the general economic trend, however, business with slewing bearings and rings for the wind energy sector continued to grow. Overall profits fell just short of the good level of the prior-year quarter.

Automotive Solutions

Automotive Solutions supplies innovative system solutions for the automotive industry in the product areas steering systems, dampers, body-in-white lines, body and chassis components as well as assembly systems for engines, transmissions and axles. As a result of the global slump in demand in the auto industry, plant shutdowns and extended plant vacations in December, order intake and sales fell below the level of the prior-year quarter. However, as a supplier of equipment to the auto industry, System Engineering achieved higher sales on the basis of its order backlog. Due to the decline in demand the business unit reported a loss. Measures were introduced to reduce costs and adjust capacity to the lower workload. These included for example the taking of annual leave and running down of working time accounts, the release of temporary employees, production shutdowns and short-time working.

Transrapid

Transrapid generated a lower level of sales. Restructuring expenditures to adjust capacity resulted in a seven-figure euro loss.

Elevator: Successful start

ELEVATOR IN FIGURES

		1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Order intake	million €	1,466	1,562
Sales	million €	1,184	1,343
Earnings before taxes (EBT)	million €	119	156
Employees (Dec. 31)		40,191	43,599

Elevator made an extremely successful start to the 2008/2009 fiscal year. Both order intake and sales improved significantly against the prior-year quarter. Order intake climbed 7% to €1.6 billion. Sales were up by 13% to €1.3 billion.

Earnings also showed a 31% increase to €156 million.

The increase in the number of employees is attributable among other things to targeted acquisitions for the expansion of our service companies in the regional markets. Furthermore we have expanded our network of branches in particular in Eastern Europe, the Middle East and Asia.

Central/Eastern/Northern Europe

The Central/Eastern/Northern Europe business unit did not quite match its high prior-year order intake, due mainly to slower business at the British and French operations. However, sales profited from the previous year's high order intake and increased strongly. The French operations in particular achieved a significant sales improvement, driven by the continued growth of the modernization business. The other activities were also able to at least match and in some cases significantly exceed the prior-year sales level. The business unit's profit was substantially higher than the year before, with contributions from almost all regions. Only in Austria/Switzerland and the Eastern European operations, where the market is just being established, was there a slight drop in earnings.

Southern Europe/Africa/Middle East

The Southern Europe/Africa/Middle East business unit achieved a strong year-on-year increase in order intake. A major contribution to this growth came from the Spanish activities, due above all to the "Metro Madrid" project. We succeeded in significantly expanding new installations business in the Gulf states. Although the business unit's sales were down from the year before, this was attributable exclusively to the Spanish operations, where there was a decline in new installations business. The weaker Spanish business was also the main reason for the business unit's drop in profit.

Americas

Order intake at the Americas business unit was down from the strong prior-year quarter. The decline was attributable exclusively to the US activities, where the sub-prime crisis prevented a continuation of the high year-earlier level. However, the business unit's sales showed a distinct improvement on the previous year. In particular the new installations and services business in the USA profited from the strong order backlog of the year before. Sales in Brazil and Latin America were also very encouraging. The business unit's profit was significantly higher than a year earlier with contributions from all regions, particularly the US operations. Alongside a strong expansion of the service business, earnings in the new installations business also improved.

Asia/Pacific

The Asia/Pacific business unit significantly expanded its order intake and sales from the prior-year level, even though business in Korea was impacted by exchange-rate effects. The growth in order intake was focused on Korea and China. The sales improvement was primarily attributable to the Australian operations, which benefited from a very high order backlog, and continued strong growth in the new installations business in China. Thanks to the good business performance in China, profits were up from the previous year.

Escalators/Passenger Boarding Bridges

The Escalators/Passenger Boarding Bridges business unit significantly expanded its business volume compared with a year earlier. In both escalators and passenger boarding bridges we succeeded in increasing order intake and sales. The passenger boarding bridges business profited in particular from the major "Doha Airport (Qatar)" order. After reporting a loss the year before, the business unit returned a profit in the 1st quarter of the current fiscal year. Both the escalators and the passenger boarding bridges businesses contributed to this.

Accessibility

The Accessibility business unit continued its growth. The European and US companies expanded strongly. The earnings situation was also positive, with profits significantly exceeding the prior-year level. While the European activities reported growth in profits, the US operations continued to suffer from the downturn in the housing market.

Services: Impact of recession increasing

SERVICES IN FIGURES

		1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Order intake	million €	3,951	**3,746**
Sales	million €	3,867	**3,726**
Earnings before taxes (EBT)	million €	132	**30**
Employees (Dec. 31)		43,054	**45,173**

The Services segment achieved sales of €3.7 billion in the 1st quarter 2008/2009, 4% down from the same period the year before. Since the beginning of the reporting year, demand for materials has fallen steadily. In addition, prices have plummeted, making it necessary to write down inventories by €54 million in the quarterly financial statements.

The mainly very good profits of the Industrial Services and Special Products business units and nonrecurring income from the sale of an investment in Brazil were not enough to offset the losses in the materials business, with the result that the segment's profit decreased by €102 million to €30 million. In all business units and at all levels of the segment, significant cost-reduction measures are being implemented.

Due to the strong expansion of the service operations in North America – especially Canada – and Brazil, and the first-time inclusion of the Apollo group, the headcount increased by over 2,000 employees.

Materials Services International

Despite the growth in the consolidated group, especially the addition of the Apollo group, the business unit reported a large drop in sales against the corresponding prior-year period. At almost all customers in almost all regions – Germany, Western and Eastern Europe, South America and Asia – workloads declined steeply due to the sales and financing problems. The market situation was characterized by production cutbacks, short-time working, plant shutdowns, extended vacations and further systematic destocking. In the wake of this development, demand and prices for metallic materials fell sharply. The plastics business was also weak, with orders from industry, above all from the construction sector, slipping significantly. The bleak price situation made it necessary to write down inventories at the end of the quarter. As a result, Materials Services International reported a quarterly loss for the first time in many years.

Materials Services North America

North America has been in a recession for a long time. The associated decline in demand and prices intensified further from the start of fiscal 2008/2009. Because the product mix is focused on carbon and stainless steel flat-rolled products and nonferrous metals, the negative impact on business was felt considerably more keenly here than in Europe and the rest of the world. Materials Services North America recorded a massive drop in sales against the 1st quarter of the previous year and reported a loss.

Industrial Services

Following the decision to sell Industrial Services to a best owner, the businesses not up for sale – steel mill services and industrial services in Brazil – were assigned to the Special Products business unit with effect from the beginning of fiscal 2008/2009.

The Industrial Services business unit recorded a significant year-on-year expansion in 1st quarter sales. A weaker workload in individual sectors, especially the auto industry, was set against pleasing growth in sales to the energy and petrochemicals sectors. Despite the recession, scaffolding services in North America delivered an excellent performance. Industrial Services reported not only higher sales but above all higher profits than a year earlier.

Special Products

1st quarter sales in the business unit – including the newly allocated activities – showed a slight improvement year-on-year. While the raw materials business was severely impacted by the slump in demand and dramatic fall in prices, it was still possible to bill major projects in the rolled steel and tubes business. Sales in the contractors' plant and railway equipment operations were considerably higher than in the same quarter the year before. The service activities newly allocated to the business unit contributed not only to sales but, thanks in particular to the Brazilian operations, also to the growth in earnings. This outweighed the decline in raw materials business. Special Products made the largest contribution to profits in the segment in the 1st quarter.

Corporate at ThyssenKrupp AG

Corporate includes the Group's head office and internal service providers as well as inactive companies not assignable to individual segments. Also included here is the non-operating real estate, which is managed and utilized centrally by Corporate. Sales in the 1st quarter 2008/2009 reached €35 million, compared with €34 million in the prior-year quarter.

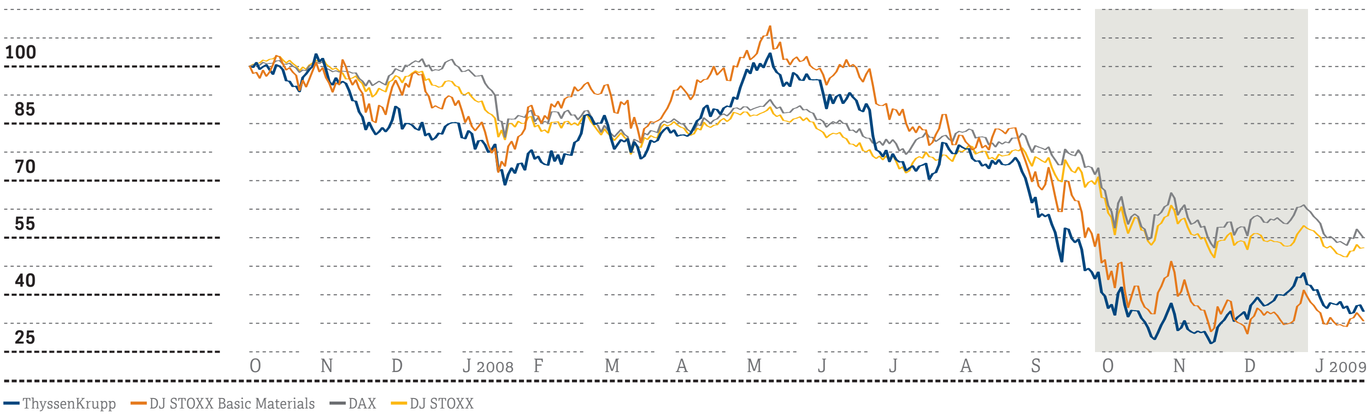
Corporate reported a loss of €108 million, €24 million higher than in the same period the year before. This is mainly the result of lower interest income due to increased borrowing.

Consolidation mainly includes the results of intercompany profit elimination.

ThyssenKrupp stock

The impact of the financial crisis and the economic downturn on the performance of ThyssenKrupp's stock intensified further in the 1st quarter 2008/2009. Stocks in the steel sector – generally regarded as early-cyclicals – were hit particularly hard. On November 20, 2008, ThyssenKrupp's share price fell to a quarterly low of €12.11. Up to that point, the stock had already fallen by over 40% compared with the start of the fiscal year, having previously gained sharply up to the end of May, reaching a new all-time high and significantly outperforming the DAX index. As share prices rallied toward the end of 2008, the stock regained some ground but was unable to make up for the losses.

PERFORMANCE OF THYSSENKRUPP STOCK IN COMPARISON indexed, Oct. 01, 2007 to Jan. 31, 2009, in %



ThyssenKrupp Field Day: Stainless

Alongside analysts' and investors' conferences and road shows, ThyssenKrupp's Investor Relations Field Days have become a firmly established event in our IR calendar. The aim of these field days is to give financial analysts and institutional investors an insight into the operating business of ThyssenKrupp's segments. A central element of this is dialogue with the operating management.

Following highly successful field days in the Elevator, Technologies and Services segments, in October 2008 the focus was on Stainless. Presentations centered on the segment's strategy, its market environment, and trends for stainless steel products and the high-performance materials of VDM. The positive feedback from participants related in particular to the open dialogue between the management of Stainless and the capital market experts.

Directors' dealings

Further directors' dealings in the 1st quarter of the reporting year reflect management's confidence in the strategy and sustainable value generation of the Company:

DIRECTORS' DEALINGS 2008/2009

Date Place	Name	Function	Financial instrument	ISIN	Type of transaction	Number of shares	Price per share*	Transaction volume
Oct. 01, 2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board chairman	ThyssenKrupp share	DE0007500001	Purchase	2,439	€20.50	€49,999.50
Oct. 02, 2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board chairman	ThyssenKrupp share	DE0007500001	Purchase	2,500	€20.00	€50,000.00
Oct. 06, 2008 XETRA	Dr. Ulrich Middelmann	Executive Board vice chairman	ThyssenKrupp share	DE0007500001	Purchase	5,360	€18.67	€100,071.36
Oct. 06, 2008 XETRA	Dr. Karl-Ulrich Köhler	Executive Board member	ThyssenKrupp share	DE0007500001	Purchase	7,800	€18.81	€146,689.14
Oct. 06, 2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board chairman	ThyssenKrupp share	DE0007500001	Purchase	2,630	€18.99	€49,943.70
Oct. 13, 2008 XETRA	Ralph Labonte	Executive Board member	ThyssenKrupp share	DE0007500001	Purchase	5,700	€17.47	€99,554.00
Oct. 16, 2008 XETRA	Dr.-Ing. Klaus T. Müller	Supervisory Board member	ThyssenKrupp share	DE0007500001	Purchase	1,700	€16.08	€27,343.73
Oct. 23, 2008 XETRA	Dr. Ulrich Middelmann	Executive Board vice chairman	ThyssenKrupp share	DE0007500001	Purchase	14,200	€14.08	€199,936.00
Oct. 23, 2008 XETRA	Jürgen H. Fechter	Executive Board member	ThyssenKrupp share	DE0007500001	Purchase	30,000	€14.65	€439,372.50
Oct. 23, 2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board chairman	ThyssenKrupp share	DE0007500001	Purchase	6,670	€14.95	€99,689.82
Oct. 24, 2008 XETRA	Dr. Olaf Berlien	Executive Board member	ThyssenKrupp share	DE0007500001	Purchase	7,250	€13.86	€100,484.99

*) rounded average price

Basic information on the stock market listing

ThyssenKrupp stock has been listed on the following stock exchanges since March 25, 1999:

THYSSENKRUPP STOCK MASTER DATA

		Securities identification number
Stock exchange		
Germany	Frankfurt (Prime Standard), Düsseldorf	DE 000 750 0001
United Kingdom	London Stock Exchange	5636927
Symbols		
Stock exchange	Frankfurt, Düsseldorf	TKA
	London	THK
Reuters	Frankfurt Stock Exchange	TKAG.F
	Xetra trading	TKAG.DE
Bloomberg	Xetra trading	TKA GY

Delisting London Stock Exchange

On February 04, 2009, we announced the delisting of ThyssenKrupp stock from the London Stock Exchange (Secondary Listing) through publication of a "delisting notice" in the LSE's electronic news system. The main reason for this delisting is the very low level of trading in ThyssenKrupp shares in London. The majority of trading in ThyssenKrupp stock is carried out via the extremely liquid Xetra trading system in Frankfurt/Main, Germany. This also applies to trading by international investors. The delisting from the London Stock Exchange will take effect at March 06, 2009.

Innovations

In the reporting quarter, our researchers and developers pursued numerous innovations in the areas of energy and the environment. In many cases, new or improved products and processes were developed on a cross-segment basis and in collaboration with external scientists and customers.

Advanced steel grades reduce fuel consumption

To reduce fuel consumption and CO_2 emissions from road traffic, vehicles must be as light as possible. Advances in materials and surface engineering make a significant contribution to this. For example, hot-stamped (press-hardened) structural components made from high-strength steels offer significant potential for weight reduction while also delivering improved crash performance.

Our Materials Center of Excellence is working hard to develop new steel grades for hot stamping. In addition to higher strength, we are also aiming to improve the energy absorption of hot-stamped parts in the event of a collision. A steel grade with enhanced absorption capacity is already being used in production by one automotive OEM. We have also produced a new high-strength variant with part tensile strengths of up to 1,900 megapascals, which is currently being trialed by a customer.

As hot stamping is carried out at temperatures of around 900°C, steel materials need to be protected against scaling during the process. The DOC® surface engineering center is developing a new coating system which meets the requirements of automotive production processes and at the same time offers corrosion protection which is comparable with current zinc coatings.

Innovative materials for liquid gas pipelines

Given its economic and ecological benefits, natural gas is gaining in importance as a primary energy source. In addition to transportation by pipeline, for longer distances the gas is liquefied and shipped in specially equipped LNG tankers. These tankers are loaded and unloaded via pipelines which are frequently laid on the sea bed. The core of such modern pipeline systems is formed by a longitudinal-welded inner pipe, which in the future can be made from our new iron-nickel alloy Pernifer® 36. Cooling by the liquefied gas, which has a temperature of -162°C, causes only minimal contraction in pipes made from this alloy. To ensure that the welds also satisfy these tough requirements, our materials specialists have developed the filler metal Pernifer® S 36 CrAl which provides the welds with adequate toughness, low thermal expansion and high strength.

Less dust and noise during ship unloading

The environment is also an important factor in the area of materials handling. Unloading bulk cargoes such as coal and ore from ships is a noisy process that also causes high dust emissions. In a joint, cross-segment project our engineers have developed a bucket elevator system which can be used to handle bulk materials for inland waterway transportation. This continuous unloading technique is already used successfully for ocean ships. Compared with conventional, discontinuous methods using grabs, the new systems greatly reduce noise and dust emissions. In addition to lowering environmental impact, the new continuous ship unloader for inland ports is also cost-efficient. The first such system is currently being built for an inland port in Southeast Asia and will shortly start operation.

Employees

Employee numbers down

On December 31, 2008, ThyssenKrupp had 197,175 employees worldwide, 2,199 or 1.1% fewer than at the end of the last fiscal year (September 30, 2008). While Elevator increased its workforce as part of its business expansion, employee numbers were down in all the other segments.

Compared with the prior-year quarter ended December 31, 2007, however, the number of employees grew by 4,038. This 2% increase was due in part to the expansion of the Elevator business in Asia, the integration of the Apollo group and recruitment at ThyssenKrupp CSA in Brazil.

Compared with September 30, 2008, the headcount fell 0.8% in Germany to 84,432 and by 1.3% in the rest of the world to 112,743. At the end of December 2008, 43% of our workforce was employed in Germany, 23% in the rest of Europe, 16% in the NAFTA region, 8% in South America and 10% in Asia, particularly China and India, and the rest of the world.

As a result of the worsening economic parameters, several subsidiaries in Germany and abroad agreed to introduce short-time working in the reporting period. In most cases, short-time work will commence in the 2nd fiscal quarter.

ThyssenKrupp programs for doctoral students and interns

Engineering graduates in particular are increasingly keen to gain higher qualifications in doctoral programs with a strong practical focus. In our new-look program for doctoral students, highly qualified young academics develop innovations and contribute their input to the latest technologies in the Group. Targeted primarily at engineering graduates, the program provides 20 participants with interdisciplinary support in their doctoral studies over a maximum period of three years.

Good students most commonly find their future employer through attractive internships. In the past fiscal year, ThyssenKrupp employed around 1,200 interns. The best 100, who displayed stand-out commitment and performance, will join a roughly two-year program in which they will receive extensive support through to the start of their professional careers. During this program, the interns will gain a better knowledge of our Group and also of their own potential.

This pool of good students in our new entry programs will enable us to meet our needs for talented engineers and scientists with a passion for technology.

Financial position

Analysis of cash flow statement

The amounts taken into account in the cash flow statement correspond to the balance sheet item "Cash and cash equivalents".

There was a cash outflow from operating activities of €860 million in the reporting period, compared with €169 million in the corresponding prior-year period. The roughly €691 million deterioration in operating cash flows was mainly due to a €340 million decrease in net income before impairment losses/reversals in connection with non-current assets as well as before deferred taxes, combined with a €364 million increase in net working capital.

Cash outflow from investing activities increased by €150 million to €999 million. This was due in particular to an increase of €183 million to €1,050 million in capital expenditure on property, plant and equipment (including advance payments), mainly relating to the construction of the steel mills in Brazil and the USA.

As in the corresponding prior-year period, free cash flow – i.e. the sum of operating cash flows and cash flows from investing activities – was negative. Compared with the prior-year quarter, free cash flow decreased by €841 million to €(1,859) million.

There was a cash inflow from financing activities of €2,507 million in the reporting quarter, compared with a cash outflow of €217 million a year earlier. This was due in particular to the €2,760 million increase in borrowings.

Analysis of the balance sheet structure

Compared with September 30, 2008, the balance sheet total increased by €383 million to €42,025 million. Included in this increase is an exchange rate-related reduction in the amount of €420 million.

Non-current assets increased overall by €583 million, taking into account an exchange rate-related reduction of €138 million. This increase was mainly due to a €375 million increase in property, plant and equipment as well as a €197 million increase in advance payments on property, plant and equipment recognized under other non-current non-financial assets; both effects related in particular to construction progress on the major projects in Brazil and the USA.

Current assets decreased in total by €200 million. This reduction was mainly due to in part opposing developments in inventories, trade accounts receivable, other current non-financial assets as well as cash and cash equivalents.

Inventories increased in total by €112 million to €9,606 million. There were reductions as a result of exchange rate effects (€101 million) and significant writedowns of inventories, particularly in the Stainless (€194 million) and Services (€54 million) segments. By contrast, the Steel segment reported a €484 million increase in inventories due to the sharp decline in business in the course of the reporting quarter.

The €1,269 million reduction in trade accounts receivable mainly resulted from the Steel (€436 million), Stainless (€141 million) and Services (€506 million) segments due to the significant weakening of business activity. This was reinforced by a €184 million fall in trade accounts receivable in the Technologies segment due to declining business in the automotive and construction machinery sectors.

The €337 million increase in other current non-financial assets mainly related to higher refund claims in connection with value added tax and other taxes not based on income.

The €602 million rise in cash and cash equivalents to €3,327 million was mainly the result of a negative free cash flow (€(1,859) million) due to weaker business activity and high capital expenditure, which was set against net borrowings in the amount of €2,555 million.

The €683 million reduction in total equity to €10,806 million was due in particular to expenditure in connection with actuarial losses associated with the valuation of pensions recognized directly in equity (€688 million before taxes). In addition, expenditures in connection with currency translation (€185 million before taxes) and unrealized losses from derivative financial instruments (€147 million before taxes) were recognized directly in equity. Running counter to this were tax effects (€265 million) and the net income for the reporting period of €163 million.

Non-current financial liabilities increased in total by €2,716 million. Of this, €2,401 million related to the increase in non-current financial debt and €593 million to the increase in accrued pension and similar obligations through the revaluation carried out at December 31, 2008 as a result of the significant changes in interest rates and plan assets compared with September 30, 2008 in connection with the international financial crisis. Running counter to this was a €320 million reduction in deferred tax liabilities.

Current liabilities decreased by €1,650 million. This was due in particular to the €1,734 million reduction in trade accounts payable. This mainly related to the Steel (€317 million), Stainless (€537 million) and Services (€557 million) segments as a result of declining business activity. The weakness of the automotive and construction machinery sectors also resulted in a significant decrease at the Technologies segment (€300 million). Running counter to this was a €136 million increase in current financial debt.

Risk report

Thanks to our systematic and efficient risk management system, our risks are contained and manageable. Although there are no risks threatening the existence of the Company, we are also affected by economic developments on the world markets, in particular in the automotive, engineering and construction sectors. ThyssenKrupp is responding to the current market conditions with an extensive action program, including production cutbacks, reductions in administrative costs as well as further cost-cutting and efficiency enhancement measures in all areas of the Group.

In fiscal 2008/2009, the financial crisis will continue to impact the real economy and thus the business and financial situation of ThyssenKrupp.

The financial crisis is underlining the implications of financial risks. The lack of confidence in the international financial system is reflected in the continued difficulty of access to the money and capital markets and restricted lending by banks. Against this background, there is an increasing focus on financial risks such as liquidity and credit risks.

ThyssenKrupp takes account of and manages these risks. On the basis of a multi-year financial planning system and a liquidity planning system on a rolling monthly basis, we are kept updated on the financial position of the Group and manage our liquidity requirements with foresight. Accordingly, financing in fiscal 2008/2009 is on a secure foundation despite the difficult economic conditions.

As a result of the financial crisis and the associated distortions on the money and capital markets, the risk premiums for corporate debt financings have in part risen significantly. Against this background, ThyssenKrupp is also exposed to the risk of rising refinancing costs. For us, this mainly relates to new financings, as costs here are based on the current market conditions. On the other hand we have existing, long-term financings/credit lines based on the originally agreed conditions/ risk premiums.

By contrast with the increase in risk premiums, the reductions in the central bank interest rates are having a positive impact on refinancing costs as they reduce the base rate for refinancing via the interbank interest rates, which have also fallen. This reduces the overall risks from refinancing costs (base rate plus risk premium).

Credit risks (default risks) arise from the fact that the Group is exposed to possible default by a contractual party in relation to financial instruments, e.g. financial investments. Against the background of the financial crisis, default risks are taking on greater significance and are being managed very carefully as part of ThyssenKrupp’s business policy. Financial instruments used for financing are concluded only with counterparties of extremely good credit standing and within the specified risk limits.

Further financial risks such as currency, interest rate and commodity price risks are reduced by the use of derivative financial instruments. Restrictive principles regarding the choice of counterparties also apply to the conclusion of these financial instruments.

The slowdown of our core markets harbors in part significant volume and price risks and is also forcing our segments to adjust their production output. In the Steel and Stainless segments, short-time working is being introduced as a response to the decline in demand. Falling raw material prices will ease the situation in our steel operations.

Budget and deadline risks on major projects are well managed by intensive project controls. By extending the timescale of our Stainless investments in the USA, we are responding to the current slump in demand and at the same time securing short-term liquidity.

Our global presence and our balanced conglomerate structure with activities in the areas of steel, capital goods and services – combined with our good, longstanding customer relationships and our skilled and motivated employees – put us in a good position to reduce sales risks and emerge stronger from the current crisis.

At the same time we are closely following political developments in our business areas to minimize regulatory risks from tighter legislation as well as risks from EU requirements on the issuing of CO_2 allowances.

Beyond this, the detailed information contained in the risk report in our 2007/2008 Annual Report is still valid.

We report on pending lawsuits, claims for damages and other risks in Note 07.

Subsequent events, opportunities and outlook

Subsequent events

No reportable events occured.

Recession in the global economy to continue in 2009

Economic conditions at the start of 2009 were worse than predicted just a few months ago. Almost all sentiment and early indicators have fallen sharply, indicating a worsening of the economic downturn. The world economy is expected to fall into a pronounced recession this year, with growth of less than half a percent. In the industrialized countries, economic output in 2009 is set to contract for the first time since the post-war period. Growth in the emerging countries is expected to be at the lowest level since the early 1990s. In 2010 it is hoped that the global economy will come out of recession and return to moderate growth.

The US economy will shrink significantly in 2009. Private consumption in particular will remain weak for structural reasons. Consumer confidence reached new all-time lows in recent months, and investment activity will remain very weak against the background of falling orders and industrial output. Hope remains that the impetus generated by monetary and fiscal policy and slowing prices will start to have an effect in the course of the year. Despite this, US GDP is expected to fall by over 1.5% in 2009.

Growth in the emerging markets will slow significantly. Russia and the countries of Latin America will be negatively impacted by weaker demand and lower prices for energy and other raw materials. In China, too, the pace of growth will fall to around 6.5% as a result of the cooling in foreign demand.

The outlook for the euro zone and Germany is gloomy. Investment activity in particular is expected to decline sharply. It is hoped that the approved economic stimulus packages will be able to mitigate the impact of the recession somewhat. Despite this, GDP is expected to fall sharply in 2009. Due to its high dependency on exports, Germany will be disproportionately affected by this and record negative growth of almost 3%.

We anticipate the following developments on the markets of importance for ThyssenKrupp:

- We expect the world steel market to decline in 2009 due to falling demand. Given the worsening outlook for the economy as a whole, steel demand is expected to drop significantly in Europe, North America and Japan in particular. Excessive inventories, mainly in Europe, will further dampen demand. But the previously high growth in the emerging markets will also slow. Raw material prices have eased somewhat recently, but it remains to be seen whether this will be an enduring trend. Under these conditions there will be substantial price and volume risks in 2009.

- In view of the global recession, there will be no significant easing of the difficult situation on the markets for stainless steel and high-performance materials in the near future. However, the anticipated drawdown of distributor inventories – in particular of stainless steel products – over the next few months is expected to cause replenishment demand from distributors to return to normal levels. This is also indicated by the fact that consumption by stainless fabricators, although weakened as a result of the economic downturn, has not collapsed entirely and thus still needs to be covered. While we do not expect to see any fundamental recovery in demand for stainless steel in 2009, in the medium term we anticipate a return to the longstanding annual growth path of around 5% to 6% worldwide. There remains the risk of export pressure from excess Asian capacities.

- Demand and output in the auto industry will fall further in 2009. Slight growth is only expected in some of the emerging markets of Asia and Central and Eastern Europe as a result of production relocations. By contrast, the NAFTA region and Western Europe will suffer heavy declines. In the USA and Germany, vehicle output is expected to fall by more than 10%.

- The current weak level of investment worldwide will continue in 2009 and result in decreasing mechanical engineering output in all important industrialized nations. The decline is expected to be particularly sharp in the USA. German production will also shrink. In China, the previous high growth rates are expected to fall by at least half.

- In 2009 the global crisis will also start to affect the construction industry in the emerging countries of Asia and Central and Eastern Europe. The previously high pace of growth will fall in these regions. In the USA, the recession is expected to continue initially due to the weak state of the private housing market. The German construction sector will stagnate at best in 2009. High order backlogs, in particular for commercial construction, will prevent output from falling at least in the 1st half of 2009; but the recession will also make itself felt in the construction industry in the 2nd half.

Outlook

We expect a significant drop in sales in fiscal 2008/2009. This will be reflected in earnings. Price and volume risks will only be partly offset by declining input material prices and an extensive additional action program to increase efficiency. In addition, measures are being taken to significantly reduce net working capital.

We expect the 2nd quarter to be more difficult than the 1st. Our expectations for the individual segments in the 2nd quarter are as follows:

- Steel – further production cuts and underutilization of core units, stabilization of shipments, largely unchanged costs for raw materials and declining prices for shorter-term deals.

- Stainless – continued production cuts and underutilization, continuing weak sales markets; further inventory writedowns cannot be ruled out.

- Technologies – high level of planning confidence for revenues and earnings in project business due to high order backlog with good earnings quality. Only the automotive business will be impacted by production cuts by OEMs.

- Elevator – enduring effect of performance programs with earnings higher year-on-year.

- Services – predominantly weak demand and continued price falls in materials business at Materials Services and Special Products; the same applies to metallurgical raw materials and coke; Industrial Services predominantly stable, construction and rail equipment activities will profit from high infrastructure spending.

Once the destocking at distributors and end customers is over and the inventory writedowns have been absorbed we expect business and earnings to be at the level of a normal recession in the 2nd half of the fiscal year. As this happens, the earnings contributions from the materials-related businesses in the Stainless and Services segments are expected to improve. Steel faces continuing price pressure and inadequate volumes but expects lower raw material costs and positive effects from ongoing cost-reduction measures. Technologies plans to maintain its strong earnings despite a continuing difficult market environment. For the Elevator segment we expect the good earnings picture to continue.

We expect ThyssenKrupp's sales and earnings to stabilize again in 2009/2010. In the longer term, particularly after completion of the major investments of Steel and Stainless in North and South America and those of the other segments in other regions, we forecast earnings before taxes and major nonrecurring items of €4.0 to 5.0 billion and sales of around €65 billion.

Intensive cost-cutting program launched

In the reporting quarter we launched the Groupwide program ThyssenKrupp PLUS to respond swiftly and firmly to the changed parameters. The program is managed by a special officer who reports directly to the Executive Board. This centralized coordination allows us to make quick and effective decisions.

It includes measures aimed at achieving savings of well over €1 billion in the current fiscal year. We will restrict all non-essential expenditure in production and administration, critically analyze all external service contracts and implement further savings in procurement and sales.

It also concentrates on measures to improve our cash position and reduce net working capital; for example, we will improve inventory management in the Group and optimize receivables management. As things stand, this will allow us to cut our capital requirements by €2.3 billion compared with the last fiscal year.

We are also reviewing our investment projects to identify those which may be better realized at a later date. Economic developments in sectors of importance to us make it possible to postpone projects in some areas without losing sight of our long-term objectives.

ThyssenKrupp AG
Condensed consolidated statement of income

million €, earnings per share in €

	Note	1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Net sales	10	12,270	11,522
Cost of sales*	03	(10,152)	(9,716)
Gross margin*		**2,118**	**1,806**
Selling expenses*		(723)	(735)
General and administrative expenses*		(613)	(626)
Other operating income		92	76
Other operating expenses		(129)	(140)
Income from operations		**745**	**381**
Income/(loss) from companies accounted for using the equity method		19	(11)
Interest income		69	72
Interest expense		(171)	(239)
Other financial income/(expense), net		(16)	37
Financial income/(expense), net		**(99)**	**(141)**
Income before income taxes		**646**	**240**
Income tax expense		(211)	(77)
Net income		**435**	**163**
Attributable to:			
ThyssenKrupp AG's stockholders		414	168
Minority interest		21	(5)
Net income		**435**	**163**
Basic and diluted earnings per share	11		
Net income (attributable to ThyssenKrupp AG's stockholders)		**0.85**	**0.36**

* Prior year figure adjusted
See accompanying notes to the condensed consolidated financial statements.

ThyssenKrupp AG
Condensed consolidated balance sheet

ASSETS million €

	Note	Sept. 30, 2008	Dec. 31, 2008
Intangible assets, net		4,683	4,677
Property, plant and equipment, net		11,266	11,641
Investment property		357	357
Investments accounted for using the equity method		515	497
Other financial assets		118	119
Other non-financial assets		902	1,100
Deferred tax assets		467	500
Total non-current assets		**18,308**	**18,891**
Inventories, net		9,494	9,606
Trade accounts receivable, net		7,885	6,616
Other financial assets		881	1,018
Other non-financial assets		1,953	2,290
Current income tax assets		381	269
Cash and cash equivalents		2,725	3,327
Assets held for sale	02	15	8
Total current assets		**23,334**	**23,134**
Total assets		**41,642**	**42,025**

EQUITY AND LIABILITIES million €

	Note	Sept. 30, 2008	Dec. 31, 2008
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		6,519	6,652
Cumulative income and expense directly recognized in equity		(92)	(824)
Treasury stock		(1,421)	(1,421)
Equity attributable to ThyssenKrupp AG's stockholders		**11,007**	**10,408**
Minority interest		482	398
Total equity	06	**11,489**	**10,806**
Accrued pension and similar obligations	05	6,550	7,143
Other provisions		641	621
Deferred tax liabilities		1,128	808
Financial debt		3,068	5,469
Other financial liabilities		321	380
Other non-financial liabilities		20	23
Total non-current liabilities		**11,728**	**14,444**
Other provisions		1,746	1,636
Current income tax liablilities		555	545
Financial debt		1,348	1,484
Trade accounts payable		5,731	3,997
Other financial liabilities		1,544	1,639
Other non-financial liabilities		7,501	7,474
Total current liabilities		**18,425**	**16,775**
Total liabilities		**30,153**	**31,219**
Total equity and liabilities		**41,642**	**42,025**

See accompanying notes to the condensed consolidated financial statements.

ThyssenKrupp AG
Condensed consolidated cash flow statement

million €

	1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Operating:		
Net income	435	163
Adjustments to reconcile net income to operating cash flows:		
Deferred income taxes, net	0	(90)
Depreciation, amortization and impairment of non-current assets	348	358
Reversals of impairment losses of non-current assets	(13)	(1)
(Income)/loss from companies accounted for using the equity method, net of dividends received	(17)	11
(Gain)/loss on disposal of non-current assets, net	(1)	(16)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(410)	(211)
- trade accounts receivable	600	1,168
- accrued pension and similar obligations	(23)	(55)
- other provisions	(192)	(108)
- trade accounts payable	(566)	(1,696)
- other assets/liabilities not related to investing or financing activities	(330)	(383)
Operating cash flows	**(169)**	**(860)**
Investing:		
Purchase of investments accounted for using the equity method and financial assets	(7)	(9)
Expenditures for acquisitions of consolidated companies	(26)	(2)
Cash acquired from acquisitions	42	1
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(867)	(1,050)
Capital expenditures for intangible assets (inclusive of advance payments)	(31)	(45)
Proceeds from disposals of investments accounted for using the equity method and financial assets	1	33
Proceeds from disposals of previously consolidated companies	3	0
Cash of disposed businesses	(8)	0
Proceeds from disposals of property, plant and equipment and investment property	40	64
Proceeds from disposals of intangible assets	4	9
Cash flows from investing activities	**(849)**	**(999)**
Financing:		
Proceeds from liabilities to financial institutions	210	2,667
Repayments of liabilities to financial institutions	(355)	(194)
(Repayments on)/proceeds from notes payable and other loans	(81)	68
Increase in bills of exchange	16	16
Increase/(decrease) of liabilities due to sales of receivables not derecognized from the balance sheet	5	(2)
Decrease/(increase) in current securities	9	(37)
Profit attributable to minority interest	(16)	(18)
Other financing activities	(5)	7
Cash flows from financing activities	**(217)**	**2,507**
Net (decrease)/increase in cash and cash equivalents	**(1,235)**	**648**
Effect of exchange rate changes on cash and cash equivalents	(8)	(46)
Cash and cash equivalents at beginning of reporting period	3,658	2,725
Cash and cash equivalents at end of reporting period	**2,415**	**3,327**
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:		
Interest received	38	43
Interest paid	42	45
Dividends received	8	3
Income taxes paid	67	51

See note 12 to the condensed consolidated financial statements.

ThyssenKrupp AG
Condensed consolidated statement of recognized income and expense

million €

	1st quarter ended Dec. 31, 2007	1st quarter ended Dec. 31, 2008
Foreign currency translation adjustment	(102)	(185)
Unrealized gains from available-for-sale financial assets	2	3
Actuarial losses from pensions and similar obligations	—	(688)
Gains resulting from asset ceiling	—	1
Unrealized losses on derivative financial instruments	(45)	(147)
Tax effect	14	265
Income and expense directly recognized in equity (net of tax)	**(131)**	**(751)**
Net income	**435**	**163**
Total recognized income and expense for the period	**304**	**(588)**
Attributable to:		
ThyssenKrupp AG's stockholders	**284**	**(570)**
Minority interest	20	(18)

The presentation includes income and expense attributable to joint ventures accounted for using the equity method.
See accompanying notes to the condensed consolidated financial statements.

ThyssenKrupp AG
Notes to the interim condensed consolidated financial statements

Corporate Information

ThyssenKrupp Aktiengesellschaft ("ThyssenKrupp AG" or "Company") is a publicly traded corporation domiciled in Germany. The interim condensed consolidated financial statements of ThyssenKrupp AG and subsidiaries, collectively the "Group", for the period from October 01, 2008 to December 31, 2008, were authorized for issue in accordance with a resolution of the Executive Board on February 09, 2009.

Basis of presentation

The accompanying Group's interim condensed consolidated financial statements have been prepared in accordance with section 37x para. 3 in connection with section 37w para. 2 of the German Securities Trading Act (WpHG) and International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

The accompanying Group's interim condensed consolidated financial statements have been reviewed. In the opinion of Management, the interim financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods. Results of the period ended December 31, 2008, are not necessarily indicative for future results.

The preparation of interim financial statements in conformity with IAS 34 Interim Financial Reporting requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The accounting principles and practices as applied in the interim condensed consolidated financial statements correspond to those pertaining to the most recent annual consolidated financial statements. A detailed description of the accounting policies is published in the notes to the annual consolidated financial statements of our annual report 2007/2008.

01 Acquisitions

In the 1st quarter ended December 31, 2008, the Group acquired companies that are, on an individual basis, immaterial. Based on the values of the acquisition date, these acquisitions affected, in total, the Group's consolidated financial statements as presented below:

million €

	1st quarter ended Dec. 31, 2008		
	Carrying amounts as of acquisition date	Adjustments	Fair values as of acquisition date
Goodwill	0	5	5
Other intangible assets	0	2	2
Inventories	1	0	1
Trade accounts receivable	2	0	2
Total assets acquired	**3**	**7**	**10**
Accrued pension and similar obligations	1	0	1
Deferred tax liabilities	0	1	1
Other current non-financial liabilities	1	0	1
Total liabilities assumed	**2**	**1**	**3**
Net assets acquired	**1**	**6**	**7**
Minority interest			0
Purchase prices (incl. incidental acquisition cost)			**7**
thereof: paid in cash and cash equivalents			2

02 Single assets held for sale

As of the balance sheet date an investment is held for sale in the Technologies segment. It is included in the line item "assets held for sale".

03 Cost of sales

Included in cost of sales are write-downs of inventories of €250 million which mainly refer to the Stainless and Services segments.

04 Share-based compensation

Management incentive plans

ThyssenKrupp recorded an income of €6.6 million from the obligations of the mid-term incentive plan in the 1st quarter ended December 31, 2008 (1st quarter ended December 31, 2007: income of €1.8 million).

The Group's Share Purchase Program resulted in a compensation expense of €5.5 million in the 1st quarter ended December 31, 2008 (1st quarter ended December 31, 2007: €4.0 million).

05 Accrued pension and similar obligations

Significant changes in the interest rate and plan asset situation compared to September 30, 2008 as a consequence of the crisis on the international financial markets resulted in significant changes in accrued pension liability and accrued postretirement obligations other than pensions (health care obligations). Therefore, as of December 31, 2008, an updated valuation of accrued pension and health care obligations was performed taking into account these effects while keeping other assumptions unchanged.

million €

	Sept. 30, 2008	Dec. 31, 2008
Accrued pension liability	5,227	5,775
Accrued postretirement obligations other than pensions	1,029	1,085
Other accrued pension-related obligations	294	283
Total	**6,550**	**7,143**

The Group applied the following weighted average assumptions to determine pension and postretirement benefit obligations other than pensions:

in %

	Sept. 30, 2008		Dec. 31, 2008	
	Germany	Outside Germany	Germany	Outside Germany
Discount rate for accrued pension liability	6.75	6.44	6.00	5.94
Discount rate for postretirement obligations other than pensions (only USA/Canada)	—	6.97	—	6.05

The net periodic pension cost for the defined benefit plans is as follows:

million €

	1st quarter ended Dec. 31, 2007		1st quarter ended Dec. 31, 2008	
	Germany	Outside Germany	Germany	Outside Germany
Service cost	18	8	15	7
Interest cost	73	32	81	30
Expected return on plan assets	(3)	(35)	(3)	(26)
Settlement and curtailment gain	0	0	0	(1)
Net periodic pension cost	**88**	**5**	**93**	**10**

The net periodic postretirement benefit cost for health care obligations is as follows:

million €

	1st quarter ended Dec. 31, 2007 USA/Canada	1st quarter ended Dec. 31, 2008 USA/Canada
Service cost	3	3
Interest cost	14	17
Expected return on reimbursement rights	(1)	(1)
Past service cost	0	(24)
Settlement and curtailment gain	0	(20)
Net periodic postretirement benefit cost	**16**	**(25)**

06 Total equity

Total equity and the number of shares outstanding changed as follows:

million € (except number of shares)

		Equity attributable to ThyssenKrupp AG's stockholders							
	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Cumulative income and expense directly recognized in equity	Treasury stock	**Total**	Minority interest	**Total equity**
Balance as of Sept. 30, 2007	**488,764,592**	**1,317**	**4,684**	**4,963**	**(241)**	**(697)**	**10,026**	**421**	**10,447**
Net income				414			414	21	435
Income and expense directly recognized in equity					(144)		(144)	(1)	(145)
Tax effects on income and expense directly recognized in equity					14		14	0	14
Profit attributable to minority interest							0	(16)	(16)
Share-based compensation				2			2	0	2
Other changes							0	(2)	(2)
Balance as of Dec. 31, 2007	**488,764,592**	**1,317**	**4,684**	**5,379**	**(371)**	**(697)**	**10,312**	**423**	**10,735**
Balance as of Sept. 30, 2008	**463,473,492**	**1,317**	**4,684**	**6,519**	**(92)**	**(1,421)**	**11,007**	**482**	**11,489**
Net income				168			168	(5)	163
Income and expense directly recognized in equity					(1,003)		(1,003)	(13)	(1,016)
Tax effects on income and expense directly recognized in equity					265		265	0	265
Profit attributable to minority interest							0	(18)	(18)
Share-based compensation				3			3	0	3
Other changes				(38)	6		(32)	(48)	(80)
Balance as of Dec. 31, 2008	**463,473,492**	**1,317**	**4,684**	**6,652**	**(824)**	**(1,421)**	**10,408**	**398**	**10,806**

07 Contingencies including pending lawsuits and claims for damages

Guarantees

ThyssenKrupp AG and its segment lead companies as well as, in individual cases, its subsidiaries have issued guarantees in favor of business partners or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated Group company:

million €

	Maximum potential amount of future payments as of Dec. 31, 2008	Provision as of Dec. 31, 2008
Advance payment bonds	145	0
Performance bonds	64	0
Third party credit guarantee	40	0
Residual value guarantees	45	1
Other guarantees	81	2
Total	**375**	**3**

The terms of those guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees).

The basis for possible payments under the guarantees is the non-performance of the primary obligor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract or non-performance with respect to the warranted quality or default under a loan agreement.

All guarantees issued by or issued by instruction of ThyssenKrupp AG or the segment lead companies upon request of the principal debtor are obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. If such a principal debtor is a company owned fully or partially by a foreign third party, then such a third party is generally requested to provide additional collateral in a corresponding amount.

Commitments and other contingencies

Compared to September 30, 2008, in the Steel and Stainless segments the commitment to enter into investment projects in Brazil and North America decreased by €1.0 billion to €3.6 billion.

Pending lawsuits and claims for damages

The Group is involved in pending and threatened litigation in connection with the sale of certain companies, which may lead to partial repayment of purchase price or to the award of damages. In addition, damage claims may be payable to customers and subcontractors under performance contracts. Some of these claims have proven unfounded or have expired under the statute of limitations. The Group believes, based upon consultation with relevant legal counsel, that the ultimate outcome of these pending and threatened lawsuits will not result in a material impact on the Group's financial condition or results of operations.

There have been no significant changes since the previous year end to other contingencies, including pending litigations.

08 Derivative financial instruments

The notional amounts and fair values of the Group's derivative financial instruments are as follows:

million €

	Notional amount Sept. 30, 2008	Fair value Sept. 30, 2008	Notional amount Dec. 31, 2008	Fair value Dec. 31, 2008
Derivative financial instruments				
Assets				
Foreign currency derivatives including embedded derivatives	5,696	213	5,850	322
Interest rate derivatives*	71	21	71	25
Commodity derivatives	1,273	292	768	312
Total	**7,040**	**526**	**6,689**	**659**
Liabilities				
Foreign currency derivatives including embedded derivatives	6,804	368	5,745	529
Interest rate derivatives*	898	25	897	66
Commodity derivatives	823	152	675	278
Total	**8,525**	**545**	**7,317**	**873**

* inclusive of cross currency swaps

09 Related parties transactions

ESG Legierungen GmbH is classified as a related party due to the fact that a close member of the family of an Executive Board member is a managing director. In the 1st quarter ended December 31, 2008, the Group realized sales of €0.1 million with ESG Legierungen GmbH from the sale of zinc. The transactions were carried out at market conditions and settled as of December 31, 2008.

The Heitkamp & Thumann Group located in Düsseldorf and the Heitkamp Baugruppe located in Herne are classified as related parties due to the fact that a member of the Supervisory Board has significant influence on both Groups. In the period from November, 16, 2008 to December 31, 2008, the ThyssenKrupp Group realized sales of €1.4 million with the Heitkamp & Thumann Group from the sale of steel and stainless material as well as from industrial servicing. In the same period ThyssenKrupp purchased tools with a value of €0.1 million from the Heitkamp & Thumann Group and services with a value of €0.9 million from the Heitkamp Baugruppe. The transactions were carried out at market conditions. As of December 31, 2008, the transactions with the Heitkamp & Thumann Group resulted in trade accounts receivable of €1.4 million and trade accounts payable of €0.1 million, the transactions with the Heitkamp Baugruppe resulted in trade accounts payable of €0.9 million.

10 Segment reporting

Segment information for the 1st quarter ended December 31, 2007 and December 31, 2008 is as follows:

million €

	Steel	Stainless	Technologies	Elevator	Services	Corporate	Consolidation	Group
1st quarter ended Dec. 31, 2007								
External sales	2,872	1,649	2,804	1,183	3,733	29	0	**12,270**
Internal sales within the Group	342	189	18	1	134	5	(689)	**0**
Total sales	3,214	1,838	2,822	1,184	3,867	34	(689)	**12,270**
Income/(loss) before income taxes	353	(45)	179	119	132	(84)	(8)	**646**
1st quarter ended Dec. 31, 2008								
External sales	2,633	1,045	2,904	1,342	3,572	26	0	**11,522**
Internal sales within the Group	292	128	17	1	154	9	(601)	**0**
Total sales	2,925	1,173	2,921	1,343	3,726	35	(601)	**11,522**
Income/(loss) before income taxes	251	(249)	164	156	30	(108)	(4)	**240**

11 Earnings per share

Basic earnings per share is computed as follows:

million €

	1st quarter ended Dec. 31, 2007		1st quarter ended Dec. 31, 2008	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Numerator:				
Net income (attributable to ThyssenKrupp AG's stockholders)	414	0.85	168	0.36
Denominator:				
Weighted average shares	488,764,592		463,473,492	

Relevant number of common shares for the determination of earnings per share

Earnings per share have been computed by dividing income attributable to common stockholders of ThyssenKrupp AG (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Shares issued during the period and shares reacquired during the period have been weighted for the portion of the period that they were outstanding.

In fiscal year 2007/2008 the weighted average number of outstanding shares was reduced by the repurchase of treasury shares in February/March 2008 and July/August 2008.

There were no dilutive securities in the periods presented.

12 Additional information to the consolidated cash flow statement

Non-cash investing activities

In the 1st quarter ended December 31, 2008, the acquisition and first-time consolidation of companies created an increase in non-current assets of €7 million (1st quarter ended December 31, 2007: €52 million).

The non-cash addition of assets under finance leases in the 1st quarter ended December 31, 2008 amounts to €6 million (1st quarter ended December 31, 2007: €25 million).

Non-cash financing activities

In the 1st quarter ended December 31, 2008, the acquisition and first-time consolidation of companies does not result in an increase in gross financial debt (1st quarter ended December 31, 2007: €32 million).

13 Subsequent events

No reportable events occurred.

Review report

To ThyssenKrupp AG, Duisburg and Essen

We have reviewed the condensed interim consolidated financial statements - comprising the balance sheet, the income statement, cash flow statement, statement of recognised income and expense and selected notes – and the interim group management report of ThyssenKrupp AG, Duisburg and Essen, for the period from October 1, 2008 to December 31, 2008 which form part of the quarterly financial report according to section 37x para. 3 in connection with section 37w para. 2 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, February 9, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

Michael Gewehr	Markus Zeimes
(German Public Auditor)	(German Public Auditor)

Report by the Supervisory Board Audit Committee

The interim report on the 1st quarter of fiscal year 2008/2009 (October to December) and the review report by the Group's financial statement auditors were presented to the Audit Committee of the Supervisory Board in its meeting on February 12, 2009 and explained by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, February 12, 2009

Chairman of the Audit Committee
Dr. Martin Kohlhaussen

Contact and 2009/2010 dates

For more information, please contact:

Communications and Strategy
Telephone +49 211 824-36007
Fax +49 211 824-36041
E-mail press@thyssenkrupp.com

Investor Relations
E-mail ir@thyssenkrupp.com

Institutional investors and analysts
Telephone +49 211 824-36464
Fax +49 211 824-36467

Private investors
Infoline +49 211 824-38347
Fax +49 211 824-38512

Address
ThyssenKrupp AG
August-Thyssen-Str. 1, 40211 Düsseldorf, Germany
P. O. Box 10 10 10, 40001 Düsseldorf, Germany
Telephone +49 211 824-0
Fax +49 211 824-36000
E-mail info@thyssenkrupp.com

2009/2010 dates

May 13, 2009
Interim report
1st half 2008/2009 (October to March)

May 14, 2009
Analysts' and investors' conference

August 14, 2009
Interim report
9 months 2008/2009 (October to June)
Conference call with analysts and investors

November 27, 2009
Annual press conference
Analysts' and investors' conference

January 21, 2010
Annual General Meeting

February 12, 2010
Interim report
1st quarter 2009/2010 (October to December)
Conference call with analysts and investors

Forward-looking statements

This report contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond ThyssenKrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. ThyssenKrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Variances for technical reasons

To meet statutory disclosure obligations, the Company has to submit the interim report to the electronic Federal Gazette (Bundesanzeiger). For technical reasons (e.g. conversion of electronic formats) there may be variances in the accounting documents published in the electronic Bundesanzeiger.

This English version of the interim report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

Both language versions of the interim report can be downloaded from the internet at http://www.thyssenkrupp.com. An interactive online version is also available on our website in both languages.

ThyssenKrupp AG
August-Thyssen-Strasse 1
40211 Düsseldorf, Germany
www.thyssenkrupp.com