Remarks

by

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Chairman of the Executive Board
of ThyssenKrupp AG

at the

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on February 21, 2003

Grugahalle, Essen

Check against delivery

Today we are looking back on a year which despite all the economic adversities saw us make further progress. I will be reporting to you on

- the past fiscal year,
- the first quarter of 2002/2003,
- the strategic development of the Group, and
- our expectations for the 2002/2003 fiscal year.

Overview of fiscal year 2001/2002

Little stimulus from the general economic conditions

The hopes held at the beginning of 2002 for a full and rapid recovery of the world economy were not fulfilled. The general economic conditions provided little stimulus for business in fiscal year 2001/2002: The economic recovery was delayed and economic growth turned out much lower than expected. Economic growth in the developed industrialized nations remained particularly low. In the USA, the economic recovery slowed after a strong upswing at the start of the year. The Japanese economy even showed a decline.

In Western Europe, the economy was likewise very subdued. GDP growth in the Euro zone was less than 1% in 2002, and according to recent estimates as low as 0.2% in Germany. A decline in domestic demand was the main factor in this, and exports too provided only little impetus for growth.

The situation in the emerging markets was split. While most of the Asian and Central and Eastern European countries recorded an upswing, there were significant setbacks in Latin America, above all in Argentina. Monetary and financial uncertainties also impacted the Brazilian economy.

Financial highlights 2001/2002

ThyssenKrupp held up well in this difficult economic environment. Business picked up noticeably in the course of 2001/2002. However, higher order intake and sales in the third and fourth quarters were unable to compensate for the cyclical weakness in the first half of the fiscal year. Here are the key financial highlights for the 2001/2002 fiscal year:

- Order intake at €36.4 billion was 4% lower than the year before.

- The Group's sales decreased 3% to €36.7 billion. The majority of sales were generated outside Germany. Foreign sales amounted to €23.7 billion or 65% of total sales. The biggest markets were the EU (24%) and North America (25%).

- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €2.6 billion after €3.2 billion the year before.

- Earnings before taxes and minority interest (EBT) amounted to €762 million, excluding disposal gains €419 million. In the previous year EBT was €1,117 million, excluding non-recurring effects €774 million. This figure includes restructuring charges of €149 million at Automotive.

- After deducting taxes (€175 million) and minority interest (€33 million) as well as impairment of €338 million, net income for the year was €216 million, compared with €665 million the previous year.

- Earnings per share is €0.42 (€1.76), normalized earnings per share €0.48 (€1.05).

- Net cash provided by operating activities increased by €209 million to €2.45 billion.

- Particularly encouraging was the development of net financial payables, which were significantly reduced from €6.4 billion to €4.7 billion.

- On September 30, 2002 ThyssenKrupp employed 191,254 people worldwide. The number of employees thus decreased by 2,262 or 1.2% in the past fiscal year. Acquisitions, disposals and an increase in productivity were the reasons for this change. Outside Germany we had 88,404 employees. The share of employees working at foreign subsidiaries thus remains unchanged at 46%.

<u>Capital market expectations fulfilled</u>

The Group's performance met the expectations of the capital market:

- Earnings before taxes of around €412 million were expected. Excluding disposal gains, €419 million was achieved. All segments posted positive earnings.

- The capital market expected a restructuring charge of over €100 million. This ultimately amounted to €149 million. We were thus able to take a conservative approach.

- The impairment charge was expected to be between €200 and €500 million. The actual amount was €338 million.

- Net financial payables were expected to be below €6 billion, they fell to €4.7 billion. This strong reduction in debt gives the Group added freedom, because the rule is the same for companies as for private households: Lower debt means lower interest charges and that allows more room for maneuver.

- Normalized earnings per share of €0.44 was expected, the actual figure was €0.48.

This shows once again that ThyssenKrupp practices sound housekeeping and will continue to do so in the future.

Research and development – innovations for our customers

For a technology-oriented industrial and service group, technological progress is an essential prerequisite to market success. In this area in particular the Company must continuously move forward, fostering and using what is its most important asset: the knowledge and creativity of its employees. For this reason ThyssenKrupp carried out intensive research and development work again last year so as to be able to supply more competitive, high-tech and environmentally friendly products. In 2001/2002 the Company spent a total of €641 million on research, development and quality management. Some 3,000 scientists, engineering and technicians in the Group are working on around 2,000 R&D projects to develop new and improved products and processes.

ThyssenKrupp is committed to sustainability. A successful combination of high technology and design, the new roof and facade system Solartec, developed by the Steel segment, is just one example which testifies to this. A highly attractive cladding material for roofs and facades, it provides insulating properties and at the same time generates electricity via integrated solar cells. This successful symbiosis of steel and solar technology can be seen among other places at ThyssenKrupp Stahl in Duisburg-Beeckerwerth. Completed last October, this was the biggest Solartec project in Europe, covering a facade area of 1,400 square meters. Many of you will have seen it from the A 42 highway.

In the Automotive segment, work continues among other things on the development of crash-optimized lightweight steering columns. Innovative EPAS steering systems (Electric Power Assisted Steering), developed to production maturity, permit lower fuel consumption. A further focus of development work in the steering systems business is reducing the variety of steering systems to reduce costs for auto manufacturers. The combination of the activities of Mercedes-Benz Lenkungen GmbH and ThyssenKrupp Presta will create a global supplier of complete steering systems. With new products and the pooling of the research activities of the two companies, the alliance will be well equipped to meet future challenges on the markets for both cars and trucks.

A groundbreaking elevator system developed by the Elevator segment is set to revolutionize the market with its totally new design. In December 2002 the TÜV technical inspectorate in Stuttgart approved the world’s first elevator based on the so-called “TWIN concept”. This completely new system featuring two elevators in one shaft will drastically reduce passenger waiting times. In addition, the system offers an up to 25% space gain or saving with performance enhanced by up to 40%.

The Technologies segment developed a special process for forging titanium aluminide compressor blades. Compressor blades are used in aircraft engines. The use of titanium-aluminide permits significant weight reduction and energy savings. The process is to be patented.

The Materials segment further developed a sheet piling flood protection system for securing dikes economically and ecologically in such a way that they cannot be washed away. When water levels rise so much that they threaten to flood over the embankment or quay wall, the barrier can be raised quickly to the required height.

Capital spending

In the years immediately after the merger, we invested heavily. Spending has now been cut back in order to reduce financial payables. Nevertheless, the Group's capital expenditure still exceeds depreciation. In the past fiscal year, ThyssenKrupp made investments totaling €1.8 billion, 24% less than the year before. €1.5 billion was invested in property, plant and equipment and intangible assets, while €0.3 billion was used to acquire companies and equity interests.

Business areas and segments

This brings me to our performance in the business areas Steel, Capital Goods and Services. In these three areas ThyssenKrupp holds top positions on the international markets.

Steel:

Order intake at ThyssenKrupp Steel amounted to €11.7 billion in the reporting period, compared with €11.8 billion the year before. Sales also reached €11.7 billion, compared with €12.5 billion last time. The demand recovery on the international steel market in the second quarter of 2002 had a positive effect and allowed the introduction of price increases in several stages. Steel generated earnings of €167 million. Prior-year earnings were €673 million including the gain from the disposal of the Brazilian iron ore mine Ferteco in the amount of €333 million. On September 30, 2002 ThyssenKrupp Steel employed 50,184 people, compared with 51,418 a year earlier.

The keys to success were and still are restructuring and continuous improvement. ThyssenKrupp set the pace in the consolidation process of the European steel industry. As a result of this concentration and the associated systematic performance improvement, productivity in the Steel segment has more than doubled. ThyssenKrupp has thus achieved its goal of keeping Steel in profit even in difficult times.

Another main pillar of the Group's strategy is increasing the internationalization and globalization of our activities. By establishing new production sites for example in Brazil, China, Mexico and Italy, the Steel segment has gradually expanded its international base. The concentration of the product range on high-quality products of flat-rolled carbon and stainless steel has also proved successful in international business. With Europe's premier steelmaking facility in Duisburg, ThyssenKrupp Steel aims to achieve competitive costs and leading market positions.

The **Capital Goods** business area comprises three segments: Automotive, Elevator and Technologies.

Order intake in the Automotive segment totaled €6.4 billion, as opposed to €6.2 billion the year before. Generated at around 120 locations in 16 countries, the segment's sales increased by €200 million to €6.3 billion. After deducting the restructuring expense of €149 million, earnings amounted to €64 million. Prior-year earnings were €155 million. The number of employees decreased to 38,425 from 39,883 in 2000/2001.

The merger of Thyssen, Krupp and Hoesch created a worldwide automotive supplier with proven materials and systems capabilities. ThyssenKrupp Automotive is one of the world's leading manufacturers of carbody and chassis assemblies, engine components and steering products. Virtually every car built by the big international manufacturers relies on components from this segment.

Automotive's presence in Asia was further expanded in the past fiscal year. In Japan a new sales company was established and there are plans to build a production plant for steering columns in Hiroshima. The cooperative venture with a Chinese partner in Shanghai in the production of steering columns has proved successful.

ThyssenKrupp Automotive aims to achieve sales of €7.5 billion through organic growth by 2003/2004. At the beginning of the reporting year the segment acquired a 10% interest in the Finnish vehicle producer Valmet. Among other things, this company manufactures the Porsche Boxster. At the end of 2003 this interest can be increased to 100%. With the investment in Valmet, ThyssenKrupp significantly expanded its full-vehicle capability.

Firmly positioned among the world top-3, the Elevator segment is the most international segment of the Group and is at home on all five continents. Around 90% of its sales are generated outside Germany.
Order intake in the reporting period was down €100 million to €3.6 billion. Sales matched the prior-year level at €3.5 billion. Earnings climbed €41 million to €317 million. 28,768 employees (2000/2001: 28,501) produce, sell and service innovative elevators, escalators, passenger boarding bridges and stair and platform lifts.

Elevator supplies a full range of products from a single source. The basis for success is the segment's strong customer focus – 50% of sales are generated through the service and modernization business. The service business will continue to gain importance in the future. Elevator already has a worldwide service base of 600,000 installations and employs 12,000 maintenance staff.

By providing innovative products and strengthening customer loyalty, ThyssenKrupp Elevator is striving to further increase its world market shares in the new equipment and service businesses. To this end, as well as expanding existing activities in established markets, the segment is developing new markets through acquisitions and joint ventures. Above all in Eastern Europe and Asia there are believed to be good opportunities for this in the medium term.

The Technologies segment offers premium technology, specialized machinery, systems, components and services from world leading market positions. Order intake at Technologies fell by around €400 million to €5.3 billion. At €5.8 billion, sales were at the same level as the previous year. Income was down €91 million at €112 million. Technologies employed 32,781 people compared with 32,249 the year before.

Particular importance is undoubtedly attached to the high-tech product which was the center of public attention at the turn of the year: the Transrapid. After the maiden journey of this innovative and environmentally friendly magnetic train in Shanghai on December 31, 2002, the national and international breakthrough has been achieved. Our thanks go once again to the Federal Chancellor and the Chinese Prime Minister, who both gave this project their personal support and joined us as guests of honor for the first trip at a speed of 430 km/hour.

The Shanghai project is the world's first commercial application of the Transrapid and is scheduled to go into service in early 2004. The 30 kilometer journey between Pudong international airport and the financial center takes just eight minutes.

Other lines are to follow. We are absolutely delighted at the announcement by the Chinese Prime Minister that two further Transrapid lines are to be instigated from Shanghai to Hangzhou in the South and Nanjing in the North.

In Germany, important groundwork has been laid with the decision of the Federal Transport Minister to grant federal aid totaling €2.3 billion for the Transrapid lines in

North Rhine-Westphalia and Bavaria. Federal Chancellor Schröder and Federal Transport Minister Stolpe both strongly support the construction of these two lines. The consortium partners Siemens and ThyssenKrupp have offered the state of North Rhine-Westphalia a contribution of up to €200 million for the Metrorapid project. The form of refinancing the venture capital provided by industry will be developed jointly by industry and the state government. Industry has therefore fulfilled a major requirement for the realization of the Metrorapid.

The construction of the Transrapid line in Shanghai and the decision on the maglev projects in Germany have given this innovative transportation system an added boost worldwide. The prospects for further orders have been substantially improved by the new line in Shanghai. In the Netherlands, experts are currently studying how the traffic situation could be significantly improved by the Transrapid. In the USA, the main projects under discussion are Baltimore - Washington, Pittsburgh, and Los Angeles - Las Vegas. We expect a decision in favor of at least one line in the second half of 2003.

Let me finally deal with two other items concerning the Technologies segment: the collaboration with Gildemeister and the cooperation of ThyssenKrupp Marine with Howaldtswerke Deutsche Werft (HDW).

ThyssenKrupp and Gildemeister last year examined the possibility of combining their activities in the field of metal cutting machine tools. The jointly developed industrial plan is highly attractive. Despite the positive assessment given to this plan, the pooling of the machine tool businesses cannot be implemented at present. Nevertheless, both sides have decided to continue their talks to develop alternative solutions for collaboration and possibly to realize the promising industrial plan in stages or in specific areas. Independent of the continuation of the talks with Gildemeister, ThyssenKrupp will continue the restructuring program started a year ago.

On the shipbuilding side, on December 17, 2002, Blohm + Voss GmbH and Nordseewerke GmbH signed two agreements with Howaldtswerke Deutsche Werft (HDW) on worldwide cooperation in naval surface vessel and submarine production. These agreements place the long-standing project-based cooperation between the ThyssenKrupp shipyards and HDW on a new footing. The contracts will come into effect as soon as the regulatory approvals have been received.

Contrary to the approach agreed in spring 2002, the coming into effect of the contracts is not dependent on the acquisition of a 15% shareholding in HDW. The partners have agreed to proceed with the collaboration independent of this.

Services: The business area Services holds market-leading positions in the materials services area with Materials and a good position in the growth markets with Serv.

One-stop shopping is the business model of the Materials segment. Order intake decreased by around 10% to €8.9 billion in the year under review, while sales declined by €0.7 billion to €8.9 billion. The segment's profit increased by €30 million to €72 million. 13,743 employees were on the payroll at September 30, 2002, compared with 14,315 a year earlier.

The segment offers a complete range of materials and services. As well as stainless and rolled steel, the product range includes nonferrous metals, aluminum, plastics, fittings and tubes. This portfolio, combined with high logistics capabilities, gives the segment a unique selling position in the market. Around 300 branches, warehouses and service centers cater to the needs of customers from various sectors, handling approximately 20 million inquiries and quotes every year from all parts of the world. As a quality-oriented service provider, the segment also carries out processing on request, which not only optimizes our customers' material flow but also reduces their equipment and inventory costs.

The Serv segment is a network of specialized companies offering a full range of industrial services. Order intake and sales both totaled €2.5 billion in 2001/2002, just short of the previous year's €2.6 billion. Serv generated a profit of €52 million compared with a loss of €36 million in fiscal 2000/2001. The number of employees was 25,932. A year earlier it was 25,665.

Serv's customers, most of which are internationally active, are increasingly interested in sourcing non-core business processes from competent service providers. Serv provides them with a unique offering, ranging from industrial maintenance to technical facility management to sophisticated IT and communications services. For example, Triaton is realizing a satellite network to link the communications center of the German Foreign Office with numerous agencies abroad. The voice and data network initially covers 72 locations in Europe, Africa, Asia and Central America.

The Real Estate business supplies living space, develops commercial properties, realizes building projects and offers a wide range of real estate services. Order intake and sales were both €320 million, compared with €317 million a year earlier. As in the previous year earnings were €80 million. Real Estate had 745 employees, compared with 791 a year earlier.

Stock price held level

The question arises: Why, if the numbers of the individual segments are all so positive, the stock market has not rewarded the Company's performance? In looking for an answer we first have to realize that half of the DAX stocks were trading below their book value on September 30, 2002, including ThyssenKrupp. Its stock moved sideways in the reporting period, from €11.30 to €11.20. Of course this is unsatisfactory. But it must be remembered that in the same period the DAX lost 35%. This shows that ThyssenKrupp has held up well in comparison.

In the first quarter of the reporting period ThyssenKrupp's stock performed positively, gaining 45% between October and December 2001. In the same period the DAX gained around 20%.

The positive trend continued in the second quarter. In this period ThyssenKrupp's stock outperformed the DAX by around eight percentage points and on March 19, 2002 reached its fiscal-year high of €18.50.

The third quarter was characterized by a generally clouding market. Both ThyssenKrupp's stock and the DAX and Dow Jones STOXX recorded heavy losses.

The end of the fiscal year was marked by political uncertainty and a lack of economic impetus. Against this background the stock finished the fiscal year on September 30, 2002 at a level of €11.20.

In the first quarter of fiscal 2002/2003 the situation on the international stock markets was dominated by political uncertainties and risks. On October 9, 2002 ThyssenKrupp's stock hit a new all-time low of €9.09. A recovery phase followed for both the DAX and our stock. European steel stocks came under pressure in November due to reports from one of our competitors. After a brief recovery, stock prices slipped again in a generally weak market environment. At the end of the quarter on December 30, 2002 ThyssenKrupp's stock stood at €10.65, 4.9% lower than its September 30 level of €11.20. The DAX and Dow Jones STOXX indexes were 4.4% and 3.8% higher, respectively, at the end of the quarter.

The uncertainty and nervousness on the international capital markets continued in January and in February to date. However, ThyssenKrupp's stock held up well in comparison with the major indices. While the DAX and Dow Jones STOXX lost 5 and 6% respectively in January, ThyssenKrupp's stock slipped only 3%.

With ThyssenKrupp's stock performance having largely matched the general market, an event occurred which I must mention in this context. On February 7, Standard & Poor's announced that due to a fundamental change in the way it viewed the accounting treatment of pension obligations, ThyssenKrupp had been placed on its Credit Watch list. I will deal with this shortly. On February 7, ThyssenKrupp's stock lost more than 5.5%, whereas the DAX lost 3% and the Dow Jones STOXX less than 1%.

Naturally we are not satisfied with this situation. ThyssenKrupp's market capitalization on September 30, 2002 was €5.76 billion, around 30% below book value, and this shows that we are still a good way away from what we feel is an appropriate valuation. To give you a concrete estimate: We see a potential for ThyssenKrupp stock at €20 to 22 and are convinced that we will reach such prices. This is also in line with several buy recommendations.

Accrued pension liabilities at ThyssenKrupp

At this point I would like to deal with an issue which plays a big part in the valuation of companies and which in the past has caused misunderstandings. It has repeatedly been said that ThyssenKrupp faces sharply rising payments for pension obligations in Germany. The fact is, however, that current pension payments are steady at just over €400 million per year. A very large proportion of this is for old-age and surviving dependents' pensions, and some of it is for invalidity and orphans' pensions. The main reason for these costs is the large number of employees in the steel businesses of the predecessor companies. Approximately

170,000 pensioners and surviving dependents receive pension payments from the Company. The resultant burden will not change significantly in the medium term. According to calculations by our actuaries, we can expect a steady decrease from 2007.

As I said before, on February 7, 2003, Standard & Poor's (S&P) placed 10 European companies on "CreditWatch negative" due to a change in its assessment of postretirement obligations. This move, which came as a surprise to ThyssenKrupp, is based on the findings of an S&P study of the postretirement obligations of more than 500 European companies.

S&P intends to factor unfunded postretirement obligations into its analyses as debt, in line with the Anglo-Saxon model of financing postretirement benefits via pension funds.

In the financial statements for the year ended September 30, 2002, accrued pension and similar obligations were recognized in the total amount of €7,065 million, thereof approximately 93% with a remaining term of more than one year. These obligations break down as follows:

- Accrued pension liability €6,223 million
- Accrued health care obligations €567 million
- Other accrued pension-related obligations €275 million

ThyssenKrupp provides pension benefits to substantially all employees in Germany. Outside Germany, a majority of employees in the USA, Canada and the United Kingdom also receive pension benefits. The benefit obligations in Germany are unfunded (approx. €5.9 billion). In the USA, Canada and the United Kingdom, assets are transferred to fund the pension plans (plan assets) (approx. €1.9 billion). S&P was given a detailed report on this situation in December 2002.

As defined by S&P, “credit watch negative” means that there has been an event or deviation from an expected trend and that additional information is required to decide on whether to downgrade or affirm the rating. S&P placed ThyssenKrupp on “CreditWatch” despite the fact that at ThyssenKrupp itself there have been no negative developments or changes in trends; the only thing that has changed is S&P’s basic assessment of postretirement obligations.

The rating review process was completed with the publication this morning of Standard & Poor’s press release. Standard & Poor’s (S&P) has downgraded ThyssenKrupp’s previous rating two notches to BB+ and thus to non-investment grade status. S&P has also lowered the issue rating for the outstanding ThyssenKrupp bonds to “BB”. ThyssenKrupp sharply criticizes this decision. The Group does not share S&P’s assessment that its financial situation has deteriorated since its first rating was issued in summer 2001. The opposite is the case. For example, net financial payables have been substantially reduced by €4 billion – from €8.7 billion at March 31, 2001 to €4.7 billion at September 30, 2002. The Group’s gearing target of approximately 60% was achieved at September 30, 2002, a year earlier than planned. A further improvement in the gearing ratio through a further reduction in net financial payables is targeted. Against this background, S&P’s decision is incomprehensible.

Let me emphasize once again, Ladies and Gentlemen: The facts concerning ThyssenKrupp have not changed; the only thing that has changed is S&P’s view of the way it assesses pension obligations.

Since the beginning of the year, ThyssenKrupp's pension obligations in Germany have been based exclusively on defined-contribution schemes. S&P's downgrade will not lead ThyssenKrupp to pursue models which are disadvantageous – such as coverage by funds, which would be economically wrong in Germany – and would result in the destruction of value for the Company, its stockholders, lenders and ultimately also its employees and pensioners.

The Group will continue to pursue its strategy and implement measures to further enhance the value of ThyssenKrupp. The aim continues to be to focus the Group within its three main business areas of Steel, Capital Goods and Services and to develop the segments through active portfolio management. In addition, the Group aims to achieve continuous productivity improvements of at least 2 to 3% per year. I will come back to these pillars of our strategy a little later on.

I would now like to inform you how the stock market reacted to S&P's decision. ThyssenKrupp's stock closed yesterday at €9.93; this morning it opened at €9.54.

But I would like to emphasize in the strongest possible terms, Ladies and Gentlemen – and here I speak on behalf of both the Executive Board and the Supervisory Board – that there is no reason to lose confidence in the Company. ThyssenKrupp is on a firm footing and is solidly financed, our debts are lower than ever before. All of us with the interests of the Company at heart must now close ranks even more tightly. Let us continue to do our homework and continue to implement our strategy – the figures we have presented today clearly show that we are on the right track.

Dividend of €0.40 per share

For the past fiscal year the payment of a dividend of €0.40 per share is proposed. This is oriented towards the normalized earnings per share of €0.48. Based on consolidated net income of €216 million, the payout ratio has increased to 95%. A year ago it was 46%.

At this point I would like to take the opportunity to thank our employees worldwide for their efforts in the past fiscal year. Our thanks also go to the employee representatives, whom we have worked with constructively and trustfully. I would also particularly like to thank our stockholders for your trust in ThyssenKrupp and your positive support of the Company. We will do all we can to repay this trust through good and responsible corporate governance.

Corporate Governance – fixed part of the corporate culture

Corporate governance has traditionally held great importance for ThyssenKrupp. The Company practiced nationally and internationally recognized standards of good and responsible corporate governance even before the publication of the German Corporate Governance Code. I would like to stress this once again: The Executive Board and Supervisory Board work together closely in the interest of the Company and are committed to enhancing the long-term value of the Company. Open, near-real-time reporting promotes the confidence of investors and other capital providers, business partners, employees and the public in the Company.

That is why the Executive Board and Supervisory Board have approved the German Corporate Governance codex in principle and resolved measures to implement it. On October 1, 2002, ThyssenKrupp became the first DAX-30 company to issue a declaration of conformity in accordance with Art. 161 Stock Corporation Act, stating that the Company complies with the recommendations of the Code with two exceptions. After one of these exceptions ceased to apply, the declaration was amended on December 9, 2002. The second exception is a subject on today's agenda. Under agenda item 7 an amendment of the Articles of Association concerning Supervisory Board compensation is proposed. In addition, ThyssenKrupp already largely follows the additional suggestions of the Code. For example, the individual compensation of the Executive Board members is reported broken down by basic salary, bonus and stock appreciation rights. These figures are shown on page 37 of the annual report. Detailed information on the way we practice corporate governance can also be found on the Group's website.

Respect for shareholder interests, efficient cooperation between Executive Board and Supervisory Board, and openness and transparency of corporate communications are key aspects of good corporate governance and fundamental to our actions. We are sure that this will lead to greater investor confidence and will ultimately also be reflected in our stock price.

First quarter 2002/2003

ThyssenKrupp held up well in a difficult economic environment in the first quarter of fiscal year 2002/2003. The Group's order intake and sales improved. Income before taxes and minority interest in the 1st quarter reached €141 million compared with €28 million in the same quarter a year earlier.

The highlights for the first three months of fiscal year 2002/2003 are as follows:

- Order intake was €9.0 billion, 2% higher than a year earlier.
- Sales were €8.7 billion, up 4%.
- EBITDA was €588 million, 17% higher than a year earlier.
- Income before taxes and minority interest was €141 million, up €113 million from a year earlier.

- Basic earnings per share increased to €0.16, up from -€0.62. Normalized earnings per share rose from -€0.01 to €0.16.

- The Group's net financial payables amounted to €4.9 billion at December 31, 2002, around €120 million more than at September 30, 2002 and €2.3 billion less than at December 31, 2001.

The earnings improvement in the first quarter was made without the support of an economic tailwind. This positive trend shows that with its strategy ThyssenKrupp is on the right track.

We will be reporting to you on the further course of business on May 15, when the interim report on the first half 2002/2003 is published. The report on the third quarter and first nine months will be published on August 14.

Strategic development of the Group

ThyssenKrupp progressed its strategic realignment in the past fiscal year and strengthened its position in the international marketplace. Measures to enhance the value of the Group with its main business areas Steel, Capital Goods and Services are active portfolio management, continuous productivity improvement and ThyssenKrupp best.

1. Active portfolio management

Since the merger the Group has divested companies with sales of €2.8 billion and acquired businesses with sales of €4 billion. In the past fiscal year, the optimization of the portfolio through targeted acquisitions and disposals continued. The largest divestitures in the reporting period were the sale of the 10% interest in Kone Oy and the indirect interest in Ruhrgas AG held via Bergemann AG, two investments which were of no strategic importance for the Group. The disposal of the car carrier business also completed our withdrawal from maritime logistics.

Overall, the six segments acquired and disposed of numerous companies in the past year. This is an ongoing process. Organic growth and an increased service focus with a 30% share of service-based sales continue to be key targets.

2. Continuous productivity improvements

A further key value-enhancement element is a continuous productivity improvement of at least 2% to 3% per year. This involves making improvements at underperformers and continuing to realize synergy targets. The restructuring of loss-making areas, for example in the Automotive segment and the Production Systems unit continued. Success was also achieved in activities which are already returning profits but not yet delivering adequate added value. At €535 million, the Company's synergy realization is already ahead of schedule. In the past 3 years, some 20,000 jobs were cut under rationalization measures, while around 19,000 new jobs were created in growth areas. Operational and structural changes impacted some 70,000 jobs in total, which means that more than 1 in 3 jobs in the Group have changed in the course of the past 3 years.

3. ThyssenKrupp best

This shows that our employees are also ready to face new challenges. Nothing – and this applies all the more for the future – is as constant as change. To enable ThyssenKrupp to take on new challenges quickly and efficiently and develop high quality solutions, in fall 2001 the ThyssenKrupp best program was launched. In the meantime, more than 1,400 projects have been launched worldwide in all segments to systematically improve processes in the operating businesses. These projects focus on areas such as improving efficiency, reducing capital employed, customer value management and increased employee and management involvement. If we also consider that these projects have given rise to more than 4,500 concrete actions, it is easy to see the pace this program has gathered in a relatively short space of time.

To allow us to control all these projects effectively and promote knowledge sharing in the Group, best pl@za was implemented, an internet-based communication platform which is used intensively by project participants. The volume of data handled via this tool was recently put at around 5 gigabytes, the equivalent of some 7 million 500-page books.

However, figures only give a limited picture of what ThyssenKrupp best is about: central to its success are the commitment and creativity of our employees. For the latest information on the ThyssenKrupp best program, please pick up a copy of the special brochure in the foyer.

There can be no doubt that ThyssenKrupp is moving in the right direction. The figures presented on the business performance in the past fiscal year and the first three months of this one strengthen the Company's belief in this.

Greater reform for Germany as a business location

Ladies and gentlemen, before I provide an outlook for the current fiscal year, I would like to make a few personal comments on Germany as a business location.

A number of reforms have been proposed recently aimed at strengthening Germany as a business location. Debate on the structural problems in our country all too frequently points to the fact that Germany is a wealthy country which holds a strong position on international markets. There is no denying that Germany has enormous strengths and enjoys a remarkable level of prosperity. But the days when Germany was the growth engine of Europe are long gone. Today, Germany is bottom of the European growth league. Citing the consequences of reunification and the difficult global economic situation as an excuse for this merely detracts from Germany's real problems: the inability to recognize the gravity of the situation and to introduce sweeping structural reforms.

For example – labor market policy: While millions of jobs have been created in the USA, unemployment is rising in Germany. Implementing the proposals of the Hartz commission will not be enough to significantly lower unemployment. What is needed are greater deregulation and flexibilization, greater differentiation in wage and working hour structures, but at the same time also a reduction in non-wage labor costs.

For example – social policy: Given demographic developments in Germany, our social system as it stands is no longer affordable. The principle of self-responsibility must be emphasized more strongly in all areas of our social security system – as attempted by the 'Riester pension' plan.

Unfortunately, the Hartz proposals and the Riester pension plan are also prime examples of the way that reforms in Germany can only be pushed through if they are reduced to their lowest common denominator and fitted into existing structures. Of course, other countries also have problems introducing change, but Germany seems to be particularly resistant to reform.

The situation is serious, but not beyond hope. I am convinced – and my experience at ThyssenKrupp backs me up in this – that people are basically ready to accept change if they are set clear, worthwhile targets. We need sweeping structural reforms, and we need them quickly. This is the only way to secure growth, jobs and the competitiveness of our country on a sustained basis.

Outlook

The new fiscal year began in a difficult environment. The economic revival expected in the 2nd half of 2002 failed to materialize. Important business climate indicators have fallen. Political risks are increasing the economic uncertainties. For this reason, most of the forecasts for 2003 – recently adjusted further downward – point to a further delay in the recovery and generally only a very moderate upswing.

In this overall economic setting, only gradual improvements are expected on the markets important to ThyssenKrupp:

- International steel demand is expected to continue to rise in 2003 to meet higher consumption. Overall we forecast world steel production of 940 million metric tons, after 902 tons in 2002. In carbon flat steel, the risk of a worldwide trade conflict as a result of US steel import tariffs has receded. In the stainless flat-rolled area, import restrictions, particularly the safeguard measures of the Chinese government, will have negative effects on capacity utilization and price levels if the volumes previously intended for China stray onto the European and US markets.

- World automobile production will at best remain stable in 2003. The same applies to output in Western Europe. German auto production is predicted to be 5.5 million cars and trucks.

- Low worldwide investment levels will continue. For this reason, mechanical engineering output in the main industrialized countries will rise only moderately. The German mechanical engineering industry is expected to remain flat due particularly to weak domestic orders. The only significant recovery in world demand will be in plant construction.

- The situation in the German construction sector will remain difficult. Repairing the flood damage will result temporarily in new orders, but there is no sustained improvement in sight. The prospects for the countries of Central and Eastern Europe remain more favorable.

Despite these subdued expectations, ThyssenKrupp anticipates a substantial improvement in earnings in 2002/2003. Particularly in the 1st half, the Company expects income to be significantly higher than in the weak 1st half of 2001/2002.

The course of business in the 2nd half of 2002/2003 will depend on how the economic and political situation develops.

ThyssenKrupp is sticking to its goal of €1.5 billion pre-tax earnings in fiscal 2003/2004. The Company is convinced that it will achieve this aim. Of course, it is hoped that the markets will provide impetus. It is to be assumed that any Middle East conflict will not have any long-term detrimental effects on the world economy and thus on the Company. But as in the past ThyssenKrupp will not be relying on improvements in the economy to provide a tailwind. The key task will be to continue the Company’s own measures to enhance the value of ThyssenKrupp in fiscal 2002/2003:

- The companies in the Steel segment are carrying out more than 260 ThyssenKrupp best projects aimed at improving costs, quality, delivery performance and product structures. ThyssenKrupp Stahl AG was restructured at the start of 2003, creating the key conditions to make business processes faster, more efficient and more customer-centric. Efforts at Stainless Steel are focused on consolidating its leading international market position. In China, work will start on the second stage of the Shanghai cold rolling mill project. On the European markets, the company will concentrate on strengthening its steel service center network.

- ThyssenKrupp Automotive launched an extremely extensive cost-cutting program in fiscal 2001/2002 which is being continued in the current fiscal year. The program encompasses all business units and will lead to substantial savings. The projects are part of the corporate program ThyssenKrupp best and are focused on improving equipment availability, shortening retooling times, reducing material consumption and lowering the level of capital employed. Overall, some 500 ThyssenKrupp best projects are underway at ThyssenKrupp Automotive.

- The Elevator segment will develop new markets and expand its business in the growth markets of Asia and Eastern Europe. In North America and Europe, the service business will be intensified. In addition, innovative products will help Elevator move into new market segments. These include both the TWIN elevator system mentioned earlier and new, low-cost technologies for elevators in low-rise buildings.

- In the current fiscal year, efforts in the Technologies segment will concentrate on further improving earnings. In addition to numerous initiatives under the ThyssenKrupp best program, the Metal Cutting Integration program will make a particular contribution to this. A reduction in capital employed and cost-cutting programs in all business units are expected to deliver major earnings effects. By concentrating on high-performance, value-creating businesses, Technologies will make a major contribution to the sustained increase in the Company's value.

- Extensive efficiency and process enhancement measures are being carried out in the Materials segment. In addition to the Europe-wide harmonization of the IT platform on the basis of SAP software, these measures also include a program to optimize logistics. Major efforts are being made to expand activities in Eastern Europe, particularly in the Czech Republic, Croatia and Slovenia.

- The Serv segment will continue its broad-based restructuring and cost-cutting program and expand its services to the automotive, chemical and steel sectors. The multimedia activities and – at the turn of the fiscal year – the environmental activities have been discontinued. The construction-related formwork and scaffolding business will be either sold or closed down in stages.

ThyssenKrupp has presented a sound set of figures. In a difficult reporting year, all segments made positive contributions to the Group's earnings. Net debt has been reduced step by step in the past few years.

The average age of the Executive Board of ThyssenKrupp AG has fallen substantially, but continuity is still our watchword and an important part of our corporate culture. The new ideas and outlooks of the new directors coupled with the experience of the longer-standing board members and their intimate knowledge of the Group provides a mix which we will use to the benefit of the Group.

ThyssenKrupp will once again be presenting its broad and varied spectrum to the public this year. The successful campaign in which the children of employees promoted the products and activities of their parents will be continued with renewed vigor. And that’s not all: today you have also been presented with ThyssenKrupp’s new magazine. Focusing on the subject of sustainability, this magazine aims to show in words and pictures that the Group with its innovative employees is ideally positioned to face the challenges of the future.

ThyssenKrupp has set itself ambitious but realistic targets: The Company wants to be the partner of choice for its customers and suppliers, an attractive employer for its workforce, and a responsible corporate citizen for society as a whole. But more than anything else, ThyssenKrupp wants to be a dependable long-term investment for its stockholders. ThyssenKrupp has made good progress. We ask you to continue to put your trust in the Company, its Executive Board and its employees in the future.