

Interim Report 3rd Quarter 2003_2004
April 01 – June 30, 2004

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ThyssenKrupp



Interim Report 3rd quarter 2003/2004
April 01 – June 30, 2004

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THE GROUP IN FIGURES

Group

| | | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|--|-----------|--|--|-------------------------------------|-------------------------------------|
| Order intake | million € | 9,021 | 10,610 | 27,084 | 30,923 |
| Sales | million € | 8,798 | 10,664 | 26,604 | 29,198 |
| EBITDA | million € | 635 | 917 | 1,895 | 2,158 |
| Income* | million € | 218 | 488 | 606 | 900 |
| Net income | million € | 214 | 274 | 426 | 640 |
| Basic earnings per share | € | 0.42 | 0.55 | 0.85 | 1.29 |
| Normalized earnings per share from continuing operations | € | 0.23 | 0.55 | 0.61 | 1.03 |
| Employees (June 30) | | 185,381 | 185,891 | 185,381 | 185,891 |

* from continuing operations before income taxes and minority interest

| | | Sept. 30, 2003 | June 30, 2004 |
|------------------------|-----------|----------------|---------------|
| Net financial payables | million € | 4,235 | 4,262 |
| Stockholders' equity | million € | 7,631 | 7,986 |

Segments

| | Order intake million € | | Sales million € | | Income* million € | | Employees | | |
|---------------|--|--|--|--|--|--|----------------|----------------|----------------|
| | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | June 30, 2003 | Sept. 30, 2003 | June 30, 2004 |
| Steel | 2,853 | 3,710 | 3,035 | 3,790 | 124 | 280 | 48,793 | 49,286 | 48,548 |
| Automotive | 1,502 | 1,960 | 1,534 | 1,937 | 58 | 89 | 37,010 | 41,414 | 43,167 |
| Elevator | 830 | 1,003 | 816 | 887 | 81 | 93 | 29,701 | 29,689 | 31,068 |
| Technologies | 1,453 | 1,159 | 1,183 | 1,260 | 1 | 12 | 29,980 | 29,871 | 27,355 |
| Services | 2,814 | 3,311 | 2,741 | 3,392 | 22 | 92 | 38,451 | 38,487 | 34,425 |
| Real Estate | 77 | 90 | 77 | 90 | 12 | 14 | 740 | 638 | 610 |
| Corporate | 4 | 4 | 4 | 4 | (74) | (89) | 706 | 717 | 718 |
| Consolidation | (512) | (627) | (592) | (696) | (6) | (3) | | | |
| Group | 9,021 | 10,610 | 8,798 | 10,664 | 218 | 488 | 185,381 | 190,102 | 185,891 |

* from continuing operations before income taxes and minority interest

THYSSENKRUPP IN THE 3RD QUARTER – SIGNIFICANT EARNINGS JUMP

The world economic upswing continued in the first half of 2004. In this economic environment, ThyssenKrupp significantly expanded its volume of business. Sales and order intake showed high double-digit growth rates in the 3rd fiscal quarter. The Group's income from continuing operations before taxes and minority interest reached €488 million, compared with €218 million in the corresponding prior-year quarter.

The highlights for the 3rd quarter of fiscal 2003/2004 were as follows:

- Order intake increased to €10.6 billion, up 18% from the same quarter a year earlier.
- Sales were €10.7 billion, up 21% from a year earlier.
- EBITDA increased to €917 million from €635 million a year earlier.
- Income from continuing operations before taxes and minority interest amounted to €488 million, an improvement of €270 million from the previous year. This corresponds to normalized earnings from continuing operations.
- Earnings per share from continuing operations reached €0.55, compared with €0.42 a year earlier.
- The Group's net financial payables amounted to €4,262 million at June 30, 2004, €27 million more than on September 30, 2003. Compared with June 30, 2003 the Group's net debt was €606 million lower.

For the rest of fiscal 2003/2004 we expect an unchanged economic environment. The continuing risks of an economic weakening have not impacted our performance so far. For the full year we plan sales in the magnitude of roughly €38 billion. In terms of earnings before taxes, excluding the effects of disposals, we previously expected to come close to the €1 billion mark or even exceed it with support from the economy and without major distortions on the currency and raw material markets. Based on the recent very good earnings performance of the Steel segment, as well as the improvements at Services and Automotive, we now aim to come as close as possible to our medium-term target of €1.5 billion.

ECONOMIC ENVIRONMENT

Despite the strains on the energy and raw material markets, the world economy continued its upswing in the first half of 2004. The greatest impetus for growth continued to come from the markets in North America and Asia.

The dynamic growth of the US economy continued unabated. Alongside private consumption, which continues to deliver the greatest contribution to growth, business spending also expanded strongly.

The Japanese economy has recorded surprisingly high growth rates in the year to date. Rising exports have been the main driving force. The continuing strong expansion of the Asian emerging economies is mainly the result of the tumultuous growth in China. The risk of overheating of the Chinese economy has prompted a more restrictive economic policy recently.

The situation of the Latin American economies has improved further. The upswing in Brazil is mainly due to increased exports. The countries of Central and Eastern Europe have maintained their robust growth in the year to date.

The euro zone continued to lag behind the rest of the world economy. Higher foreign demand resulted in a slight economic improvement as exports increased significantly despite the strength of the euro. In Germany, domestic demand remained very weak and the main growth stimulus also came from exports.

In the sectors of importance to ThyssenKrupp the picture was in part very mixed:

- The international steel market continued to be strongly influenced by expanding demand for steel and starting materials in China, which resulted in supply bottlenecks and all-time high price levels for raw materials, freight rates and steel products. Crude steel production increased by 8% worldwide in the 1st half of 2004 and by 21% in China. The European Union produced 4% more steel. Despite the higher output, the supply shortages on the Western European steel market persisted. Although suppliers of carbon steel flat products increased their shipments, the sharply increased volume requirements of customers could not be met in full, with high order backlogs and long delivery times. Imports of some products to the Western European steel market have been edging up again recently, but overall in the year to date were still well below the prior-year levels. In this market situation, price increases were pushed through on April 01 and July 01, 2004, although they only partly offset continuing high raw material costs. In the German steel industry, order intake normalized again towards the middle of the year but for the 1st half of 2004 was still 25% higher than a year earlier. The mills continued to operate at high capacity levels with exceptionally high order backlogs.
- On the market for stainless steel flat products, demand in Europe improved significantly at the beginning of the year, making it possible to push through higher base prices. A scrap surcharge was introduced in May 2004 to pass the massive increases in unalloyed scrap costs on to customers. Demand has returned to normal in recent months. In anticipation of lower alloy surcharges, customers have held back on purchases and delayed release orders for finished products. In contrast to Europe, no flattening of demand has yet occurred in North America. Both volumes and prices are showing an encouraging trend. One major reason for this is the consolidation process now underway among stainless cold-rolled producers. By contrast, the market situation in Asia and especially in China has become much more difficult. Higher capacities and inventory building have put additional pressure on already low price levels.

- Activity in the main auto sales markets was very subdued in the 1st half of 2004. Vehicle production in the NAFTA region was marginally higher than a year earlier, with higher output of light trucks such as minivans and sport utility vehicles compensating for lower passenger car volumes. In the Western European EU countries, demand for passenger cars improved slightly; the increase was more pronounced in the new accession countries of Eastern Europe. Despite lower new registrations on the domestic market, the German vehicle industry expanded its production to meet higher export demand.
- The worldwide economic improvement had a positive impact on the capital goods industry. In the USA, the machine tool market has been showing high growth rates since the beginning of the year. The German mechanical engineering industry is benefiting in particular from high foreign orders as well as higher domestic demand.
- Activity in the German construction sector remained very weak. In the year to date, both construction output and new orders have been below the already depressed prior-year figures. By contrast, very high growth rates have been recorded in the emerging markets of Central and Eastern Europe and in Asia.

BUSINESS SITUATION

Sales and order intake

ThyssenKrupp substantially increased its volume of business in the 3rd quarter 2003/2004. Compared with the 3rd quarter of the previous year, order intake improved by 18% to €10.6 billion. The Steel and Automotive segments recorded particularly large increases. The appreciation of the euro continued to have a negative impact. If the euro to us dollar exchange rate had been unchanged, total order intake would have increased by 19%.

Sales billion €

| | | |
|-----------|-------------|------|
| 2002/2003 | 1st quarter | 8.6 |
| | 1st half | 17.8 |
| | 9 months | 26.6 |
| | 12 months | 35.9 |
| 2003/2004 | 1st quarter | 8.7 |
| | 1st half | 18.5 |
| | 9 months | 29.2 |

Sales climbed by 21% to €10.7 billion. All segments reported increases, particularly Steel, Automotive and Services. Eliminating the effects of the appreciation of the euro against the us dollar, sales overall would have been 23% higher.

Earnings

ThyssenKrupp achieved earnings from continuing operations before taxes and minority interest of €488 million in the 3rd quarter of fiscal 2003/2004. This represents an increase of €270 million – more than double – compared with the same quarter a year earlier.

All segments contributed to the earnings leap. The Steel and Services segments achieved particularly large increases. The Steel segment realized volume and price increases for its main products. In addition, the measures carried out to improve efficiency showed an effect at both Carbon Steel and Stainless Steel. Substantial cost increases for raw materials, scrap and freight rates were offset to a considerable extent by price increases. The Services segment more than quadrupled its profit, driven by the continuing favorable situation on the material and commodity markets. Automotive profited from restructurings and success with powertrain components. Elevator expanded its profits despite difficult market and currency conditions in some areas. Technologies achieved a significant profit increase compared with the prior-year quarter, which was impacted by nonrecurring costs for the Transrapid project. Real Estate improved its earnings slightly. At Corporate interest costs increased. While the prior-year quarter benefited from the absence of interest-rate risks, interest expense in the reporting period increased in connection with the bond issue and the associated refinancing with longer maturities.

Income* million €

| | | |
|-----------|-------------|-----|
| 2002/2003 | 1st quarter | 140 |
| | 1st half | 388 |
| | 9 months | 606 |
| | 12 months | 706 |
| 2003/2004 | 1st quarter | 163 |
| | 1st half | 412 |
| | 9 months | 900 |

*from continuing operations before income taxes and minority interest

After deducting taxes and minority interest, Group earnings amounted to €274 million, an increase of €60 million from a year earlier. On this basis, earnings per share were €0.55, compared with €0.42 in the same quarter a year earlier, when tax expense at €96 million was lower than normal due to the partial tax deductibility of the cost of acquiring treasury shares. Excluding this special effect, normalized earnings per share in the comparative prior-year quarter were only €0.23.

Net financial payables and capital expenditures

Net financial payables at June 30, 2004 stood at €4,262 million, just €27 million higher than at September 30, 2003 and €606 million lower than at June 30, 2003.

Net financial payables million €

| | | |
|-----------|----------|-------|
| 2002/2003 | Dec. 31 | 4,864 |
| | March 31 | 4,931 |
| | June 30 | 4,868 |
| | Sept. 30 | 4,235 |
| 2003/2004 | Dec. 31 | 4,553 |
| | March 31 | 4,280 |
| | June 30 | 4,262 |

Capital expenditures in the reporting quarter totaled €331 million, 11% less than a year earlier. €295 million was invested in property, plant and equipment and intangible assets, with the remaining €36 million being used for the acquisition of businesses, shareholdings and other financial assets.

Employees

ThyssenKrupp had 185,891 employees worldwide on June 30, 2004, a decrease of 4,211 or 2.2% compared with the end of the last fiscal year. The number of employees increased in the Automotive and Elevator segments due to acquisitions and decreased at Technologies and Services due to disposals.

In Germany the headcount decreased by 5.1% to 94,477 while outside Germany it increased by 0.9% to 91,414. At the end of June 2004, 73% of the workforce was employed in Europe, 17% in the NAFTA region and 10% elsewhere.

SEGMENTS

Steel: Further improvement in earnings quality

Steel in figures

| | | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---------------------|-----------|--|--|-------------------------------------|-------------------------------------|
| Order intake | million € | 2,853 | 3,710 | 9,089 | 11,338 |
| Sales | million € | 3,035 | 3,790 | 9,049 | 10,396 |
| Income* | million € | 124 | 280 | 353 | 509 |
| Employees (June 30) | | 48,793 | 48,548 | 48,793 | 48,548 |

* from continuing operations before income taxes and minority interest

In a continuing favorable market environment, the Steel segment continued to build on its positive performance in the 3rd quarter. Order intake was 30% up from a year earlier at €3.7 billion, while sales increased by 25% to €3.8 billion. The reasons in both cases were higher volumes and – to a lesser extent – higher prices. Crude steel production increased by 5% to 4.5 million metric tons. Most of the production facilities were fully utilized. Nevertheless, not all of customers' increased volume requirements could be met. Inventories were further reduced during the quarter.

In the Carbon Steel business unit, order intake increased by 27% to €2.2 billion. Sales rose by 25% to €2.3 billion. The expansion of business at ThyssenKrupp Stahl was mainly a result of higher shipment volumes. Unlike in the preceding quarter, average revenues were also higher due to the price increases achieved on the market. The other companies also reported for the most part large sales increases. The performance of the medium-wide strip, steel service, tailored blanks and tinmill products units was very positive. The expansion of coating capacity at the Andernach tinplate plant is proceeding according to schedule.

In June 2004, ThyssenKrupp Stahl AG sold its 49% stake in the Brazilian joint venture GalvaSud S.A. to Companhia Siderúrgica Nacional (CSN). Reasons for the withdrawal were uncertainties over the future of the auto industry in the Mercosur region as well as capacity expansions in the steel industry. ThyssenKrupp Stahl is concentrating on the future expansion of its downstream operations on the fast-growing Chinese market.

The Stainless Steel business unit increased its order intake by 38% to €1.2 billion in the 3rd quarter, reflecting higher demand for stainless flat products. Demand for the core product cold-rolled strip was particularly high. Sales increased by 35% to €1.3 billion, partly due to a 10% rise in shipments. The cost increases that occurred in the course of the fiscal year, mainly for nickel, chromium and molybdenum, were passed on to the market in Europe and the USA with a time lag by means of alloy surcharges and, from May, by an additional scrap surcharge. In addition, due to the high demand, base price increases became effective on the European market in April and May 2004. In the USA, too, strong demand and supplier consolidation allowed a hike in base prices. A reversal of the negative trend in the nickel-base alloy business took place in the 3rd quarter. Sales were significantly higher than a year earlier.

The Special Materials business unit reported sales of €409 million, up around 5% from a year earlier. The restructured ThyssenKrupp Electrical Steel recorded a small increase in business. The strong expansion in the specialty steel long products business was mainly a result of the positive market trend.

The Steel segment increased its profits in the reporting quarter by €156 million to €280 million, more than doubling its earnings from a year earlier. All business units contributed to the earnings improvement. Stainless Steel achieved the largest profit increase.

Carbon Steel generated profits of €145 million, compared with €96 million a year earlier. The largest rise in profits was at ThyssenKrupp Stahl AG. The main reasons were higher shipments and increased average revenues. ThyssenKrupp Stahl pushed through price increases for non-contract volumes and in the process offset to a considerable extent the substantial cost increases for ore, coal/coke and freight rates. Most of the earnings rise was due to the measures implemented to improve efficiency. Performance was enhanced at all levels and the workload of the bottleneck units was optimized at full capacity. The building construction and cold room operations which emerged from the restructuring of the construction elements group improved their performance from a year earlier. Whereas the building construction sector still made a loss due to further adjustment costs, the cold room business achieved positive earnings. The tinmill products, medium-wide strip, steel service and tailored blanks units continued their positive performance and achieved significant profits.

Stainless Steel achieved profits of €134 million, up €102 million from the weak prior-year result of €32 million. The earnings leap was mainly due to large increases in shipments and the improved base price level. As demand began to revive, Stainless Steel pushed through price increases in the EU region; price levels on the US market also improved in the course of the quarter. To offset in part drastic scrap price increases, a scrap surcharge was introduced. Performance improvements due to action programs resulted in significant gains at the companies in Europe and Mexico. On the Chinese market, raw material cost increases could not be passed on to customers. In order to achieve profitability as quickly as possible, the expansion plans were modified accordingly. The nickel-base alloy business improved its profits significantly following restructuring measures.

Special Materials again generated almost break-even earnings, reporting a loss of €1 million compared with €2 million a year earlier. The specialty steel long products unit increased its operating earnings substantially and achieved a profit in the reporting quarter compared with a loss in the prior-year quarter which was impacted by restructuring costs of €11 million. Berkenhoff, a manufacturer of high-quality copper wires, matched its prior-year profit level. The electrical steel operations made a loss overall; the non-grain-oriented sector posted another profit, but the grain-oriented sector continued to make a loss, mainly due to the Italian plant in Terni. The positive impact of implemented price increases will not be felt until future quarters.

Automotive: High sales growth

Automotive in figures

| | | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---------------------|-----------|--|--|-------------------------------------|-------------------------------------|
| Order intake | million € | 1,502 | 1,960 | 4,609 | 5,536 |
| Sales | million € | 1,534 | 1,937 | 4,627 | 5,486 |
| Income* | million € | 58 | 89 | 125 | 195 |
| Employees (June 30) | | 37,010 | 43,167 | 37,010 | 43,167 |

* from continuing operations before income taxes and minority interest

Despite a continuing difficult market situation, the Automotive segment achieved sales of €1.9 billion in the 3rd quarter 2003/2004, up 26% from a year earlier. If exchange rates had remained unchanged, especially the euro/us dollar rate, the increase would have been larger. New auto sales on the markets relevant to ThyssenKrupp Automotive were moderately positive on the whole, and all three business units – Chassis, Body and Powertrain – contributed to the higher sales.

The Chassis business unit achieved encouraging sales growth, particularly in the systems business, due to the start of production of the new plants in Mexico and Canada and ramp-ups for individual models. Especially in the NAFTA region, increased demand had a positive impact on sales.

Sales of the Body business unit were significantly higher than a year earlier. The unit profited above all from the acquisition of the French body and chassis manufacturer Sofédit. The plants in the NAFTA region recorded in part lower orders for individual vehicle models.

Sales of the Powertrain business unit also increased sharply from a year earlier. This was mainly due to the acquisition of DaimlerChrysler's steering system business. In addition, demand growth at the South American plants and ramp-ups in Europe contributed to the sales increase. The recovery of the heavy truck market also had a positive impact.

The Automotive segment achieved earnings of €89 million, up €31 million from the same period a year earlier. The Chassis and Powertrain business units made the largest contributions to this improvement. The main earnings driver was once again the Powertrain business unit, which also achieved the largest profit growth.

The Chassis business unit improved substantially on its prior-year profit. The North American iron foundries and the European sheet metal forming operations achieved higher earnings, while the Canadian plant in Kitchener continued to make a loss.

The Body business unit continued its positive performance and expanded its profits. Positive factors were the restructuring measures initiated in the North American plants and the inclusion of the French company Sofédit, acquired at July 01, 2003. One negative factor was increased personnel expense in the USA, mainly due to higher healthcare costs.

The Powertrain business unit achieved another profit improvement in the 3rd quarter 2003/2004. All sectors contributed to this improvement.

Elevator: Encouraging service business

Elevator in figures

| | | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---------------------|-----------|--|--|-------------------------------------|-------------------------------------|
| Order intake | million € | 830 | 1,003 | 2,620 | 2,860 |
| Sales | million € | 816 | 887 | 2,448 | 2,595 |
| Income* | million € | 81 | 93 | 245 | 261 |
| Employees (June 30) | | 29,701 | 31,068 | 29,701 | 31,068 |

* from continuing operations before income taxes and minority interest

In the Elevator segment demand for new installations remained weak, especially in the USA and Germany. In France improved demand led to a positive trend in new installations; in Spain construction activity slowed slightly, while in China the growth phase continued. Less vulnerable to cyclical fluctuations, the service activities continued to perform encouragingly. Despite negative exchange-rate effects, Elevator reported 3rd-quarter orders of €1,003 million, an increase of 21%. Year on year, sales climbed by 9% to €887 million. The improvement is attributable to increased marketing efforts and acquisitions.

In the Germany/Austria/Switzerland business unit, sales were down as a result of the very weak construction market. Nevertheless, order intake improved. Intensified marketing efforts led to a year-on-year improvement in both sales and orders in the France/Benelux business unit. The Spain/Portugal/Latin America business unit also improved on its high prior-year figures. In Spain various infrastructure projects had a positive impact, while construction activity on the Latin American markets slowed. In the North America/Australia business unit, order intake improved despite the continued high vacancy rates in office and residential buildings. Sales declined for exchange-rate reasons.

The Other Countries business unit reports strong growth in order intake and sales, due in particular to the acquisition of the company now named ThyssenKrupp Dongyang Elevator in South Korea. In China, too, business expanded significantly.

The Passenger Boarding Bridges business unit achieved higher sales and booked several major orders, including a €40 million contract to install 117 passenger boarding bridges at Dubai International Airport. The Accessibility business unit likewise recorded growth in order intake and sales.

The Elevator segment achieved earnings of €93 million in the 3rd quarter 2003/2004, a significant improvement on the €81 million achieved a year earlier. The France/Benelux business unit played a major role in this. All other units either maintained or improved on their prior-year earnings. Overall, despite weak activity in important markets and increased starting material prices, Elevator cemented its market position and increased its earnings significantly – due mainly to intensive marketing efforts and further expansion and optimization of the service business.

The Germany/Austria/Switzerland business unit achieved profits roughly level with a year earlier. The France/Benelux business unit increased its profits significantly. Positive factors here were the restructurings in the prior-year quarter as well as intensified marketing efforts. The Spain/Portugal/Latin America business unit did not quite match the high earnings level of the previous year due to losses in Latin America which the operations on the Iberian Peninsula were unable to offset in full. By contrast, the North America/Australia business unit equaled its profits of a year earlier, despite the 12% depreciation of the us dollar. On a us dollar basis, profit increased by around 5%. Further intensification of the modernization and service business offset price pressure in the new installations business. The Other Countries business unit increased its profits, with the operations in Eastern Europe and Asia posting large earnings increases. The ThyssenKrupp Dongyang Elevator acquisition in South Korea also contributed to this. Earnings at the units in Northern Europe were lower due to the weak economy. The Passenger Boarding Bridges business unit achieved a significant profit in the reporting quarter, compared with a slight loss a year earlier. In the USA, the unit achieved a small profit thanks to significant efficiency improvements. The Accessibility business unit remained on the growth track, maintaining its very good year-earlier earnings through intensive marketing activities.

Technologies: Strong order intake

Technologies in figures

| | | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---------------------|-----------|--|--|-------------------------------------|-------------------------------------|
| Order intake | million € | 1,453 | 1,159 | 3,859 | 4,136 |
| Sales | million € | 1,183 | 1,260 | 3,882 | 3,577 |
| Income* | million € | 1 | 12 | 12 | 17 |
| Employees (June 30) | | 29,980 | 27,355 | 29,980 | 27,355 |

* from continuing operations before income taxes and minority interest

With new orders worth €1.2 billion, Technologies recorded an encouraging order intake in the 3rd quarter 2003/2004. The 20% decline reflects special effects such as the booking of a major order at Plant Technology in the prior-year quarter and the disposal of several companies. Excluding disposals, the Mechanical Engineering business unit achieved distinct growth in orders. Marine also reported a year-on-year improvement with an order for a further container ship. At Production Systems, orders for metal-cutting machine tools and assembly equipment increased. Plant Technology won new orders for coke oven equipment and chemical plant.

Despite disposals, 3rd-quarter sales at Technologies were up 7% at €1.3 billion. Plant Technology recorded higher sales thanks to the continued good business situation. Higher ship repair business led to a slight increase at Marine. Sales at Production Systems also climbed, with higher revenues reported for metal-cutting machine tools – despite the closure and sale of company units the previous year – and autobody manufacturing systems. Excluding disposals, Mechanical Engineering significantly expanded its volume of business. At Transrapid the billing of the Shanghai contract led to a rise in sales.

The Technologies segment achieved a profit of €12 million, up €11 million from a year earlier.

Production Systems made a single-digit loss, a clear improvement compared with the loss in the same period a year earlier. At the metal cutting machine tools unit, the improved workload and the absence of restructuring costs resulted in a significant reduction in losses. Plant Technology generated break-even earnings following a profit in the prior-year quarter. The main factors were currency effects and the postponement of billings into the 4th quarter. The cement plant unit increased its profits as a result of the good order and workload situation.

Marine achieved a small profit, level with the prior-year quarter. While Nordseewerke in Emden posted substantial earnings on account of a good workload, income at Blohm + Voss in Hamburg was reduced by the cost of holding capacity for new orders.

Mechanical Engineering generated a large profit increase, reflecting the positive performance of all activities, particularly the construction equipment components business. The large-diameter bearings unit again made the biggest contribution to profits.

The loss at Transrapid was significantly lower than in the 3rd quarter of the previous year, which was impacted by high project costs from the Shanghai contract.

ThyssenKrupp and One Equity Partners LLC., New York, USA, (OEP) signed a non-binding letter of intent on May 16, 2004. The aim is to combine ThyssenKrupp Werften and Howaldtswerke-Deutsche Werft (HDW) in a new group under the control of ThyssenKrupp Werften GmbH.

To this end, European Shipyards Holding B.V., a subsidiary of OEP, is to transfer all its shares in HDW to ThyssenKrupp Werften GmbH. Under a new name, a group of companies will be formed essentially comprising Blohm + Voss GmbH and Blohm + Voss Repair GmbH, Hamburg, Nordseewerke GmbH, Emden, Howaldtswerke-Deutsche Werft AG, Kiel, Kockums AB, Sweden, and Hellenic Shipyards Co., Greece. Representing a sales volume of some €2.2 billion, the new shipyard group will employ around 9,300 people.

The negotiations are proceeding well and the reciprocal due diligence reviews have now been successfully completed. We expect the agreement to be signed in the late summer. Subject to the approval of the relevant supervisory bodies of both partners and the competent authorities, it is planned to close the transaction at the end of December. We will report to the shareholders and the public on the next steps in the implementation process shortly.

Services: Lively demand for materials

Services in figures

| | | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---------------------|-----------|--|--|-------------------------------------|-------------------------------------|
| Order intake | million € | 2,814 | 3,311 | 8,305 | 8,879 |
| Sales | million € | 2,741 | 3,392 | 8,103 | 8,816 |
| Income* | million € | 22 | 92 | 61 | 153 |
| Employees (June 30) | | 38,451 | 34,425 | 38,451 | 34,425 |

* from continuing operations before income taxes and minority interest

At €3.4 billion, sales of the Services segment were up 24% from the prior-year period, which included the since sold Construction Services business unit.

Sales of the Materials Services Europe business unit grew strongly in the 3rd quarter, reflecting improving business in numerous product lines coupled with a significantly higher price level. Lively demand allowed price increases and material surcharges to be passed on to customers. This was the case both in Germany and in other Western European countries. France, the Benelux countries and the United Kingdom were all higher than a year earlier. Sales growth in Eastern Europe accelerated significantly again and we further expanded our market position. In addition, new business activities were commenced in Russia.

The us market, too, is showing ever stronger signs of recovery. Despite the weak dollar, the Materials Services North America business unit achieved a substantial increase in sales due to stronger demand and generally higher prices. The lifting of import restrictions played only a minor role.

Sales of the Industrial Services business unit in the 3rd quarter were slightly higher than a year earlier. Business in the us market showed a particular improvement. In Germany, service orders were slow due to the sluggish economy.

Sales growth in the Special Products business unit intensified further in the 3rd quarter. The reasons were strong demand for steel from the Asian region, especially China, and very high demand and price levels for most raw materials.

The new Services segment more than quadrupled its profits, achieving earnings of €92 million compared with €22 million on a like-for-like basis a year earlier. The earnings of the since sold Information Services unit are not included either in the reporting quarter or in the comparative quarter. The growth was driven mainly by the continuing positive situation on the international material and commodity markets.

The largest earnings contribution came from the Material Services Europe business unit which almost quintupled its quarterly profit. The strong market situation, efficiency and cost-reduction programs as well as new marketing activities impacted positively on earnings. The same applies to the Material Services North America business unit, which significantly improved on its year-earlier results despite the weaker us dollar. The Industrial Services business unit closed the 3rd quarter with a small loss. Earnings in Germany were slightly higher, but losses were incurred outside Germany as a result of allowances for doubtful accounts on old contracts. Further restructuring measures in the facility systems business also impacted on earnings. The Special Products business unit exceeded its prior-year earnings and made a substantial contribution to segment profit.

Real Estate posted 3rd-quarter sales of €90 million, a year-on-year improvement of 17%.

Real Estate generated earnings before taxes of €14 million in the 3rd quarter 2003/2004, up €2 million from the same period a year earlier. The main earnings driver was the residential real estate business unit. The earnings increase is mainly due to operating improvements in the residential real estate unit.

Corporate includes the Group's head office and the companies not assigned to the individual segments. Corporate reported a loss of €89 million in the 3rd quarter compared with a loss of €74 million a year earlier. The prior-year quarter benefited from the absence of interest-rate risks. In the reporting period interest expense increased in connection with the bond issue and the associated refinancing with longer maturities.

Consolidation mainly includes the results of intercompany profit elimination.

INNOVATION

L-IP steels (lightweight steels with induced plasticity) are a new class of steels. With a special crystal structure, these high-alloy steels combine high strength with extreme formability, making it possible for the first time to produce ultra-high-strength auto body components with complex shapes. Increased functional integration can reduce the parts count, simplify customers' assembly processes and reduce component weight. The start of production is scheduled for the first half of 2006.

The new Presta Delta Valve Control system developed by the Automotive segment is a mechanical system for the continuous variable control of engine valves. With it, variable valve control can be introduced at low risk and low cost, and development steps necessary in the future can be realized without further modification of the cylinder head. The Presta Delta Valve Control system enhances many engine characteristics, including fuel consumption, exhaust emissions, performance and torque.

Faced with the challenge of optimally serving what will be the world's largest passenger aircraft, the Airbus A380, ThyssenKrupp Elevator has introduced a unique passenger boarding bridge onto the market. The aim was to connect to a door on the upper deck and thereby reduce boarding and disembarking times from 45 to 38 minutes. The higher lift required for this was achieved on the basis of the tried and trusted "Apron Drive" with its hydraulic lift system, allowing the use of mainly tested, low-cost technology. Zurich and London Heathrow airports each have a passenger boarding bridge of this design, and now 25 of the 117 passenger boarding bridges to be installed for the expansion of Dubai Airport will feature this technology. Dubai will therefore become the first airport capable of efficiently handling the A380 on a large scale.

OUTLOOK

World economic growth is expected to continue in the further course of the year. However, the momentum of the upswing is likely to slow slightly. For the USA and Asia we expect continued high growth rates, although the pace of the expansion may moderate as a result of tighter monetary policies. In Western Europe and Germany the low level of growth so far may pick up slightly. Economic risks continue to be the geopolitical situation and the development of exchange rates. We do not expect any further critical developments on the raw material and energy markets.

We expect the following developments on the markets important to ThyssenKrupp:

- The international steel market is currently influenced in particular by demand from China. Although the pace of the expansion of the Chinese steel market has slowed a little recently, slightly easing the situation on the raw material markets, the steel markets remain strained due to high demand and supply bottlenecks. On July 01, 2004 ThyssenKrupp Stahl implemented further price increases for carbon steel flat products.
- In contrast to the continued stainless steel boom in North America, the market for stainless flat products in Europe has been showing signs of slowing since May, with customers holding back on purchases in anticipation of lower alloy surcharges. The renewed rise in nickel prices should trigger increased demand in Europe following the traditionally weaker phase in the summer.
- Growth in global automobile production will remain subdued outside the Asian emerging economies. The slight increase expected this year in Germany will be driven entirely by exports.
- The outlook for the German mechanical engineering sector has brightened further recently. In view of the improving order situation, the German engineering industry federation recently increased its forecast for production growth in 2004 to 4%. A sustained recovery is also expected in the USA.
- For the German construction sector the situation remains precarious. In view of the weak order situation, no turnaround can be expected at present. By contrast, the outlook in the emerging markets of Central and Eastern Europe and in Asia remains favorable.

For the rest of fiscal 2003/2004 we expect an unchanged economic environment. The continuing risks of an economic weakening have not impacted our performance so far. For the full year we plan sales in the magnitude of roughly €38 billion. In terms of earnings before taxes, excluding the effects of disposals, we previously expected to come close to the €1 billion mark or even exceed it with support from the economy and without major distortions on the currency and raw material markets. Based on the recent very good earnings performance of the Steel segment, as well as the improvements at Services and Automotive, we now aim to come as close as possible to our medium-term target of €1.5 billion.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

million €, earnings per share in €

| | Note | 3rd quarter ending June 30, 2003* | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003* | 9 months ending June 30, 2004 |
|--|-----------|---|--|--------------------------------------|-------------------------------------|
| Net sales | 10 | 8,798 | 10,664 | 26,604 | 29,198 |
| Cost of sales | | (7,179) | (8,796) | (21,887) | (24,170) |
| Gross margin | | 1,619 | 1,868 | 4,717 | 5,028 |
| Selling expenses | | (677) | (697) | (2,061) | (2,041) |
| General and administrative expenses | | (645) | (606) | (1,798) | (1,822) |
| Other operating income | | 78 | 59 | 307 | 237 |
| Other operating expenses | | (130) | (99) | (438) | (352) |
| Gain/(loss) on the disposal of subsidiaries, net | | 4 | 2 | (4) | 3 |
| Income from operations | | 249 | 527 | 723 | 1,053 |
| Financial expense, net | 4 | (31) | (39) | (117) | (153) |
| Income from continuing operations before income taxes and minority interest | 10 | 218 | 488 | 606 | 900 |
| Provisions for income taxes | | 3 | (199) | (144) | (349) |
| Minority interest | | (9) | (17) | (34) | (37) |
| Income from continuing operations | | 212 | 272 | 428 | 514 |
| Discontinued operations (net of tax) | 2 | 2 | 2 | 4 | 126 |
| Cumulative effects of changes in accounting principles (net of tax) | | 0 | 0 | (6) | 0 |
| Net income | | 214 | 274 | 426 | 640 |
| Basic earnings per share | 11 | | | | |
| Income from continuing operations | | 0.42 | 0.55 | 0.84 | 1.03 |
| Net income | | 0.42 | 0.55 | 0.83 | 1.29 |

* adjusted due to the presentation of discontinued operations

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

Assets million €

| | Note | Sept. 30, 2003 | June 30, 2004 |
|--|------|----------------|---------------|
| Intangible assets, net | 6 | 3,473 | 3,454 |
| Property, plant and equipment, net | | 10,919 | 10,654 |
| Financial assets, net | | 1,002 | 1,029 |
| Fixed assets | | 15,394 | 15,137 |
| Inventories, net | | 5,720 | 6,179 |
| Trade accounts receivable, net | | 5,301 | 6,010 |
| Other receivables and other assets, net | | 1,242 | 1,301 |
| Marketable securities | | 20 | 19 |
| Cash and cash equivalents | | 690 | 747 |
| Operating assets | | 12,973 | 14,256 |
| Deferred income taxes | | 1,290 | 1,256 |
| Prepaid expenses and deferred charges | | 204 | 239 |
| Assets held for sale | | 280 | 0 |
| Total assets | | 30,141 | 30,888 |

Stockholders' Equity and Liabilities million €

| | Note | Sept. 30, 2003 | June 30, 2004 |
|---|------|----------------|---------------|
| Capital stock | | 1,317 | 1,317 |
| Additional paid in capital | | 4,684 | 4,684 |
| Retained earnings | | 2,790 | 3,174 |
| Accumulated other comprehensive income | | (754) | (802) |
| Treasury stock | | (406) | (387) |
| Total Stockholders' Equity | | 7,631 | 7,986 |
| Minority interest | | 318 | 350 |
| Accrued pension and similar obligations | | 7,387 | 7,276 |
| Other accrued liabilities | 7 | 2,959 | 2,887 |
| Accrued liabilities | | 10,346 | 10,163 |
| Financial payables | | 4,944 | 5,028 |
| Trade accounts payable | | 3,051 | 3,287 |
| Other payables | | 2,917 | 3,010 |
| Payables | | 10,912 | 11,325 |
| Deferred income taxes | | 732 | 856 |
| Deferred income | | 108 | 208 |
| Liabilities associated with assets held for sale | | 94 | 0 |
| Total Stockholders' Equity and Liabilities | | 30,141 | 30,888 |

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

million €

| | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---|-------------------------------------|-------------------------------------|
| Operating: | | |
| Net income | 426 | 640 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Deferred income taxes (net) | 6 | 153 |
| Minority interest | 33 | 37 |
| Depreciation, amortization and impairment of fixed assets | 1,165 | 1,111 |
| Earnings from companies valued at equity, net of dividends received | (43) | (10) |
| (Gain)/loss from disposal of assets | 5 | (2) |
| Gain on disposal of discontinued operations | 0 | (127) |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures: | | |
| - inventories | (246) | (400) |
| - trade accounts receivable | 102 | (686) |
| - other assets not related to investing or financing activities | (284) | (116) |
| - accrued pension and similar obligations | (19) | (63) |
| - other accrued liabilities | (37) | (46) |
| - trade accounts payable | (128) | 237 |
| - other liabilities not related to investing or financing activities | 110 | 105 |
| Net cash provided by operating activities | 1,090 | 833 |
| Investing: | | |
| Purchase of financial assets and businesses | (216) | (261) |
| Cash acquired from acquisitions | 15 | 2 |
| Capital expenditures for property, plant and equipment | (853) | (913) |
| Capital expenditures for intangible assets | (42) | (43) |
| Proceeds from the sale of financial assets and businesses | 104 | 447 |
| Cash of disposed businesses | (5) | (19) |
| Proceeds from disposals of property, plant and equipment | 115 | 125 |
| Proceeds from disposals of intangible assets | 13 | 8 |
| Net cash used in investing activities | (869) | (654) |
| Financing: | | |
| (Decrease)/increase of bonds | (207) | 745 |
| Increase/(decrease) of payables to financial institutions | 482 | (745) |
| Proceeds from notes payable and other loans | 143 | 90 |
| (Decrease)/increase in bills of exchange | (8) | 5 |
| Decrease in securities classified as operating assets | 1 | 3 |
| (Payments to repurchase shares)/proceeds from treasury shares issued | (406) | 12 |
| Payment of ThyssenKrupp AG dividend from the preceding year | (206) | (249) |
| Other financing activities | 4 | 29 |
| Net cash used in financing activities | (197) | (110) |
| Effect of exchange rate changes on cash and cash equivalents | (16) | (15) |
| Net increase in cash and cash equivalents | 8 | 54 |
| Cash and cash equivalents at beginning of reporting period | 921 | 693* |
| Cash and cash equivalents at end of reporting period | 929 | 747 |

* thereof cash and cash equivalents in the amount of €3 million within the disposal group Novoferm

See accompanying notes to the unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited)

million € (except number of shares)

| | Number of shares outstanding | Capital stock | Additional paid in capital | Retained earnings | Accumulated other comprehensive income | | | | Treasury stock | Total |
|---------------------------------------|---------------------------------|------------------|----------------------------------|----------------------|---|--------------------------------------|---------------------------------|--|-------------------|--------------|
| | | | | | Cumulative translation adjustment | Available- for-sale securities | Minimum pension liability | Derivative financial instruments | | |
| Balance as of Sept. 30, 2002 | 514,468,024 | 1,317 | 4,684 | 2,484 | 32 | 1 | (180) | (51) | 0 | 8,287 |
| Net income | | | | 426 | | | | | | 426 |
| Other comprehensive income | | | | | (191) | 0 | (16) | 13 | | (194) |
| Total comprehensive income | | | | | | | | | | 232 |
| Dividend payment | | | | (206) | | | | | | (206) |
| Treasury stock purchased | (16,921,243) | | | | | | | | (406) | (406) |
| Treasury stock issued | 170 | | | 0 | | | | | 0 | 0 |
| Balance as of June 30, 2003 | 497,546,951 | 1,317 | 4,684 | 2,704 | (159) | 1 | (196) | (38) | (406) | 7,907 |
| Balance as of Sept. 30, 2003 | 497,546,991 | 1,317 | 4,684 | 2,790 | (197) | 1 | (525) | (33) | (406) | 7,631 |
| Net income | | | | 640 | | | | | | 640 |
| Other comprehensive income | | | | | (71) | 0 | 9 | 14 | | (48) |
| Total comprehensive income | | | | | | | | | | 592 |
| Dividend payment | | | | (249) | | | | | | (249) |
| Treasury stock issued | 791,278 | | | (7) | | | | | 19 | 12 |
| Balance as of June 30, 2004 | 498,338,269 | 1,317 | 4,684 | 3,174 | (268) | 1 | (516) | (19) | (387) | 7,986 |

See accompanying notes to the unaudited condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1 Basis of presentation

The accompanying unaudited condensed consolidated financial statements present the operations of ThyssenKrupp AG and its subsidiaries (the "Group"). The condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP) for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required by US GAAP for complete financial statements for year end reporting purposes.

In the opinion of Management, the accompanying unaudited condensed consolidated 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 periods ending June 30, 2004, are not necessarily indicative of future results.

The accounting principles and practices as applied correspond in general to those pertaining to the most recent annual consolidated financial statements. A detailed description of these principles is published in the financial report of our annual report 2002/2003.

During the previous fiscal year, management revised its assessment concerning the Group's ability to exercise significant influence over the operating and financial policies of a significant investee, RAG Aktiengesellschaft, as a result of its inability to obtain timely reviewed US GAAP financial information on a quarterly basis. Accordingly, the Group has discontinued using the equity method of accounting to account for its investment in RAG Aktiengesellschaft. Beginning April 01, 2003, the Group accounted for its investment in RAG Aktiengesellschaft using the cost method under which the investment was recorded at its carrying amount as of the end of the second quarter 2002/2003. The effect of this change in estimate on the current and subsequent periods cannot be determined.

Certain reclassifications have been made to the prior period presentation to conform to that of the current period.

In December 2003, the FASB issued SFAS 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". The standard requires that companies provide more details about their plan assets, benefit obligations, cash flows, benefit costs and other relevant information on an annual basis. In addition,

companies are required to report the various elements of pension and other postretirement benefit costs on a quarterly basis. The guidance is effective for fiscal years ending after December 15, 2003, and for quarters beginning after December 15, 2003. The Group adopted the standard in the second quarter of 2003/2004 and has disclosed the required information.

In December 2003, the us government passed the Medicare Prescription Drug, Improvement and Modernization Act (the "Act") into law. The law provides for a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the benefit established by the law. The Group has elected to defer accounting for the economic effects of the new Medicare Act and therefore these effects have not been recognized in the measure of the accumulated postretirement benefit obligation or net periodic postretirement benefit cost as of June 30, 2004. The economic effects of the Act will be recognized in accordance with FASB Staff Position (FSP FAS) 106-2 in the period beginning July 01, 2004. The Group does not anticipate the economic effects of the Act will have a material impact on the results of operation or the financial position of the Group.

In December 2003, the SEC published Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition". This SAB updates portions of the SEC staff's interpretive guidance provided in SAB 101. SAB 104 deletes interpretive material no longer necessary, and conforms the interpretive material retained, because of pronouncements issued by the FASB's EITF on various revenue recognition topics. The adoption of SAB 104 did not have a material impact on the results of operation or the financial position of the Group.

2 Discontinued operations

As part of the portfolio optimization program, in the Services segment the activities of the Information Services business unit have been discontinued. In this context as of March 31, 2004, the Triaton group was sold and the other remaining activities within the business unit were terminated. The selling price amounted to €249 million, which will result in a total gain before taxes in the amount of €191 million. Due to the continuation of service contracts between ThyssenKrupp and Triaton for a fixed period of seven years, €64 million of the disposal gain will be recognized ratably over a period of seven years. The Group recognized €3 million of this disposal gain in cost of sales

in the Services segment in the 3rd quarter ending June 30, 2004, which partially offset the cost of services purchased from the former Triaton group during the period. In the 2nd quarter ending March 31, 2004, a gain on the disposal of discontinued operations of €127 million (€126 million net of tax) was realized.

In accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the transaction has been classified as a discontinued operation. Accordingly the income from discon-

tinued operations as well as the gain on the disposal of the discontinued operation have been presented separately (net of tax) in the consolidated statements of income in the line item "discontinued operations (net of tax)". Prior period presentations have been adjusted accordingly.

The results from discontinued operations are as follows:

million €

| | 3rd quarter ending June 30, 2003 | 3rd quarter ending June 30, 2004 | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|---|--|--|-------------------------------------|-------------------------------------|
| Net sales* | 95 | 0 | 282 | 181 |
| Other income / expenses (including cost of sales) | (92) | 1 | (276) | (178) |
| Income/(loss) from discontinued operations before taxes | 3 | 1 | 6 | 3 |
| Provisions for income taxes | (1) | 1 | (2) | (3) |
| Income from discontinued operations (net of tax) | 2 | 2 | 4 | 0 |
| Gain on the disposal of discontinued operations | 0 | 0 | 0 | 127 |
| Provisions for income taxes | 0 | 0 | 0 | (1) |
| Gain on the disposal of discontinued operations (net of tax) | 0 | 0 | 0 | 126 |
| Discontinued operations (net of tax) | 2 | 2 | 4 | 126 |

* Net sales include internal sales within the Group of €41 million in the 3rd quarter ending June 30, 2003, €117 million in the 9 months ending June 30, 2003 and €82 million in the 9 months ending June 30, 2004

3 Compensation for management incentive plans

As of June 30, 2004, the performance hurdles for the fifth installment of the Group's long-term management incentive plan were met again. During the 3rd quarter the intrinsic value of the stock appreciation rights of the fifth installment decreased, resulting in the Group recording compensation income from the plan in the amount of €3.0 million in the 3rd quarter of 2003/2004 (3rd quarter of 2002/2003: compensation expense of €0.4 million).

In May 2004, the mid-term incentive plan was expanded to include the Executive Board members of the segment lead companies and several other selected executive employees. The number of stock

rights granted under the second installment amounts to 252,068.

For the obligations under the mid-term incentive plan, ThyssenKrupp recorded compensation expense of €0.7 million in the 3rd quarter (3rd quarter of 2002/2003: €0.3 million).

4 Financial expense, net

Financial expense includes a gain of €9 million resulting from the sale of the Group's interest in the Brazilian GalvaSud joint venture in June 2004.

5 Cost for pensions and similar obligations

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

million €

| | 3rd quarter ending June 30, 2003 | | 3rd quarter ending June 30, 2004 | | 9 months ending June 30, 2003 | | 9 months ending June 30, 2004 | |
|--|-------------------------------------|-------------------|-------------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|-------------------|
| | Funded plans | Unfunded plans | Funded plans | Unfunded plans | Funded plans | Unfunded plans | Funded plans | Unfunded plans |
| Service cost | 11 | 16 | 10 | 14 | 33 | 47 | 29 | 44 |
| Interest cost | 30 | 84 | 27 | 75 | 89 | 252 | 80 | 226 |
| Expected return on plan assets | (36) | 0 | (51) | 0 | (109) | 0 | (94) | 0 |
| Amortization of transition obligations | 0 | 9 | 0 | 9 | (1) | 28 | (1) | 27 |
| Amortization of prior service cost | 2 | 0 | 2 | 0 | 7 | 0 | 6 | 0 |
| Amortization of actuarial loss | 0 | 0 | 4 | 1 | 1 | 0 | 13 | 3 |
| Settlement and curtailment (gain)/loss | 0 | 0 | (1) | 8 | 0 | 0 | 0 | 8 |
| Net periodic pension cost | 7 | 109 | 11 | 107 | 20 | 327 | 33 | 308 |

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

million €

| | 3rd quarter ending June 30, 2003 US/Canadian plans | 3rd quarter ending June 30, 2004 US/Canadian plans | 9 months ending June 30, 2003 US/Canadian plans | 9 months ending June 30, 2004 US/Canadian plans |
|---|---|---|--|--|
| | Service cost | 3 | 5 | 10 |
| Interest cost | 14 | 13 | 42 | 41 |
| Amortization of prior service cost | (1) | (1) | (2) | (3) |
| Amortization of actuarial loss | 5 | 7 | 14 | 23 |
| Net periodic postretirement benefit cost | 21 | 24 | 64 | 76 |

6 Goodwill and other intangible assets

Intangible assets of the Group by major classes are as follows:

million €

| | Gross values | | Accumulated amortization | | Net values | |
|--|--------------------------------|---------------|--------------------------|---------------|----------------|---------------|
| | Sept. 30, 2003 | June 30, 2004 | Sept. 30, 2003 | June 30, 2004 | Sept. 30, 2003 | June 30, 2004 |
| | Customer base and relationship | 23 | 23 | 17 | 18 | 6 |
| Prohibition to compete | 1 | 1 | 1 | 1 | 0 | 0 |
| Licences and franchises | 138 | 107 | 82 | 68 | 56 | 39 |
| Patents, copyrights and similar | 8 | 9 | 4 | 5 | 4 | 4 |
| Service contracts | 190 | 200 | 51 | 59 | 139 | 141 |
| Other contractual positions | 11 | 9 | 8 | 8 | 3 | 1 |
| Acquired software and website | 316 | 307 | 220 | 223 | 96 | 84 |
| Internally developed software and website | 64 | 64 | 31 | 45 | 33 | 19 |
| Intangible assets subject to amortization | 751 | 720 | 414 | 427 | 337 | 293 |

In addition to the above mentioned amortized intangible assets the Group has an unamortized intangible asset resulting from a company name with a net book value of €9 million (Sept. 30, 2003: €9 million).

The aggregate amortization expense related to intangible assets for the 3rd quarter and the 9 months ending June 30, 2004, were

€22 million and €68 million, respectively. Estimated amortization expense for each of the next five years will be approximately €78 million.

The change in the carrying amount of goodwill (excluding goodwill of equity method investments) is as follows:

million €

| | Steel | Automotive | Elevator | Technologies | Services | Real Estate | Corporate | Total* |
|------------------------------------|------------|------------|--------------|--------------|------------|-------------|-----------|--------------|
| Balance as of Sept. 30, 2003 | 807 | 364 | 1,065 | 464 | 403 | 0 | 16 | 3,119 |
| Currency changes | (7) | (5) | (43) | (4) | (3) | 0 | 0 | (62) |
| Acquisitions/(divestitures) | 22 | 1 | 143 | (57) | (54) | 0 | 0 | 55 |
| Balance as of June 30, 2004 | 822 | 360 | 1,165 | 403 | 346 | 0 | 16 | 3,112 |

* excluding goodwill of equity investments

Furthermore, the intangible asset position in the balance sheet includes advance payments on intangible assets and intangible pension assets in the amount of €40 million as of June 30, 2004 (Sept. 30, 2003: €69 million).

7 Other accrued liabilities

The accrued liability for asset retirement obligations consists primarily of obligations associated with mining activities and recultivating landfills. In most cases the associated asset is already fully depreciated.

The change in the accrued liability for asset retirement obligations is as follows:

million €

| | Total |
|------------------------------------|------------|
| Balance as of Sept. 30, 2003 | 243 |
| Accretion | 3 |
| Amounts utilized | (3) |
| Reversals | (12) |
| Balance as of June 30, 2004 | 231 |

Product warranties and product defects represent the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation to compensate the clients for damages that arise from the use of the products sold (product defect).

The change in the accrued liability for product warranties and product defects is as follows:

million €

| | Total |
|---|------------|
| Balance as of Sept. 30, 2003 | 304 |
| Currency changes | (5) |
| Acquisitions/(divestitures) | (1) |
| Amounts utilized | (53) |
| Changes from product warranties and product defects issued in 9 months of 2003/2004 | 58 |
| Changes from prior periods product warranties and product defects issued | (31) |
| Balance as of June 30, 2004 | 272 |

8 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 customers 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 June 30, 2004 | Accrued liability as of June 30, 2004 |
|------------------------------|---|---------------------------------------|
| Advance payment bonds | 3 | 0 |
| Performance bonds | 200 | 0 |
| Third party credit guarantee | 39 | 0 |
| Residual value guarantees | 55 | 1 |
| Other guarantees | 102 | 14 |
| Total | 399 | 15 |

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 always the non-performance of the primary obligor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, non-performance with respect to the warranted quality or default under a loan agreement.

All guarantees issued by ThyssenKrupp AG or the segment lead companies are based on requests from third parties who are subject to recourse provisions in case of default. In some cases we, as the guarantor, have received cash under a collateralization agreement to partially cover a potential loss from our performance under such guarantee.

Variable interest entities

ThyssenKrupp has leased facilities used in the production of coke and transloading of coal from four entities which have characteristics of variable interest entities as described in the FASB Interpretation No. 46, "Consolidation of Variable Interest Entities". The application of the rules of this Interpretation to the two companies acting as operators of these facilities resulted in the consolidation of these variable interest entities as of July 01, 2003. The consolidation of these companies does not have a material effect on the results of operations or the financial position of the Group.

In addition, upon review of the owner companies of the leased facilities, that are also considered variable interest entities under the scope of the Interpretation, it was determined that the Group is not the primary beneficiary of those companies and consequently will not include these entities in the consolidated financial statements. The obligations of the Group existing under the leasing and purchasing agreements will continue to be considered future minimum lease payments from operating leases in the Notes to the Group's consolidated financial statements and amounts to approximately €68 million in the current fiscal year. The Group's maximum exposure to loss from both facilities amounts to approximately €55 million and results from the residual value guarantees for the assets at the end of the lease and purchasing agreements.

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. Certain 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.

Regarding the remaining contingencies, including pending litigations, there have been no significant changes since the previous year end.

9 Derivative financial instruments

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

million €

| | Carrying value Sept. 30, 2003 | Fair value Sept. 30, 2003 | Carrying value June 30, 2004 | Fair value June 30, 2004 |
|---|----------------------------------|------------------------------|---------------------------------|-----------------------------|
| Derivative financial instruments | | | | |
| Assets | | | | |
| Foreign currency derivatives incl. embedded derivatives | 198 | 198 | 125 | 125 |
| Commodity derivatives | 9 | 9 | 41 | 41 |
| Liabilities | | | | |
| Foreign currency derivatives incl. embedded derivatives | 105 | 105 | 74 | 74 |
| Interest rate derivatives | 59 | 59 | 27 | 27 |
| Commodity derivatives | 7 | 7 | 25 | 25 |
| Total | 378 | 378 | 292 | 292 |

10 Segment reporting

Effective as of October 01, 2003, the Group combined the former Serv and Materials segments to form the new Services segment. Amounts reported for the previous period were adjusted accordingly. Regarding the presentation of the Information Services business unit

as a discontinued operation the amounts disclosed for the Services segment were adjusted for all periods presented.

Segment information for the 3rd quarter ending June 30, 2003 and June 30, 2004 and for the 9 months ending June 30, 2003 and June 30, 2004 is as follows:

million €

| | Steel | Automotive | Elevator | Technologies | Services | Real Estate | Corporate | Consolidation | Group |
|--|--------|------------|----------|--------------|----------|-------------|-----------|---------------|--------|
| 3rd quarter ending June 30, 2003 | | | | | | | | | |
| External sales | 2,617 | 1,526 | 816 | 1,165 | 2,601 | 70 | 3 | 0 | 8,798 |
| Internal sales within the Group | 418 | 8 | 0 | 18 | 140 | 7 | 1 | (592) | 0 |
| Total sales | 3,035 | 1,534 | 816 | 1,183 | 2,741 | 77 | 4 | (592) | 8,798 |
| Income/(loss) from continuing operations before income taxes and minority interest | 124 | 58 | 81 | 1 | 22 | 12 | (74) | (6) | 218 |
| 3rd quarter ending June 30, 2004 | | | | | | | | | |
| External sales | 3,297 | 1,931 | 887 | 1,250 | 3,211 | 85 | 3 | 0 | 10,664 |
| Internal sales within the Group | 493 | 6 | 0 | 10 | 181 | 5 | 1 | (696) | 0 |
| Total sales | 3,790 | 1,937 | 887 | 1,260 | 3,392 | 90 | 4 | (696) | 10,664 |
| Income/(loss) from continuing operations before income taxes and minority interest | 280 | 89 | 93 | 12 | 92 | 14 | (89) | (3) | 488 |
| 9 months ending June 30, 2003 | | | | | | | | | |
| External sales | 7,796 | 4,604 | 2,443 | 3,811 | 7,706 | 224 | 20 | 0 | 26,604 |
| Internal sales within the Group | 1,253 | 23 | 5 | 71 | 397 | 15 | 1 | (1,765) | 0 |
| Total sales | 9,049 | 4,627 | 2,448 | 3,882 | 8,103 | 239 | 21 | (1,765) | 26,604 |
| Income/(loss) from continuing operations before income taxes and minority interest | 353 | 125 | 245 | 12 | 61 | 53 | (233) | (10) | 606 |
| 9 months ending June 30, 2004 | | | | | | | | | |
| External sales | 8,963 | 5,465 | 2,590 | 3,542 | 8,377 | 238 | 23 | 0 | 29,198 |
| Internal sales within the Group | 1,433 | 21 | 5 | 35 | 439 | 15 | 1 | (1,949) | 0 |
| Total sales | 10,396 | 5,486 | 2,595 | 3,577 | 8,816 | 253 | 24 | (1,949) | 29,198 |
| Income/(loss) from continuing operations before income taxes and minority interest | 509 | 195 | 261 | 17 | 153 | 44 | (270) | (9) | 900 |

11 Earnings per share

Basic earnings per share is computed as follows:

| | 3rd quarter ending June 30, 2003 | | 3rd quarter ending June 30, 2004 | |
|--|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | Total amount in million € | Earnings per share in € | Total amount in million € | Earnings per share in € |
| Numerator: | | | | |
| Income from continuing operations (net of tax) | 212 | 0.42 | 272 | 0.55 |
| Income from discontinued operations (net of tax) | 2 | 0.00 | 2 | 0.00 |
| Gain on disposal of discontinued operations (net of tax) | 0 | 0.00 | 0 | 0.00 |
| Cumulative effect of changes in accounting principles (net of tax) | 0 | 0.00 | 0 | 0.00 |
| Net income | 214 | 0.42 | 274 | 0.55 |
| Denominator: | | | | |
| Weighted average shares | 504,148,285 | | 498,358,299 | |

| | 9 months ending June 30, 2003 | | 9 months ending June 30, 2004 | |
|--|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | Total amount in million € | Earnings per share in € | Total amount in million € | Earnings per share in € |
| Numerator: | | | | |
| Income from continuing operations (net of tax) | 428 | 0.84 | 514 | 1.03 |
| Income from discontinued operations (net of tax) | 4 | 0.01 | 0 | 0.00 |
| Gain on disposal of discontinued operations (net of tax) | 0 | 0.00 | 126 | 0.26 |
| Cumulative effect of changes in accounting principles (net of tax) | (6) | (0.02) | 0 | 0.00 |
| Net income | 426 | 0.83 | 640 | 1.29 |
| Denominator: | | | | |
| Weighted average shares | 511,042,124 | | 497,919,133 | |

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

Earnings per share have been computed by dividing income available to common stockholders (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.

The weighted average number of outstanding shares was reduced by the reacquisition of shares on May 06, 2003 and

increased by the reissuance of a portion of those shares on March 01, 2004. The reacquisition of shares held in treasury for settlement with outside shareholders of the former Thyssen Industrie AG who have not yet converted their shares but continue to be entitled to dividends, does not effect the determination of the weighted average number of shares. As of June 30, 2004, there are 20,030 (June 30, 2003: 20,850) of these shares held in treasury included in the weighted average number.

There were no dilutive securities in the periods presented.

12 Additional information to the consolidated statements of cash flows

The liquid funds considered in the consolidated statement of cash flows correspond to the "Cash and cash equivalents" line in the balance sheet.

Included in the Group's cash flows from operations were the following amounts of interest and income taxes paid or received:

million €

| | 9 months ending June 30, 2003 | 9 months ending June 30, 2004 |
|------------------------|-------------------------------------|-------------------------------------|
| Interest paid | 248 | 226 |
| Income taxes paid, net | 173 | 135 |

Non-cash investing activities

In the 9 months ending June 30, 2004, the acquisition and first-time consolidation of companies created an increase in fixed assets of €247 million (June 30, 2003: €70 million).

The non-cash addition of assets under capital leases in the 9 months ending June 30, 2004 amounts to €16 million (June 30, 2003: €18 million).

Non-cash financing activities

In the 9 months ending June 30, 2004, the acquisition and first-time consolidation of companies resulted in an increase in gross financial payables in the amount of €99 million (June 30, 2003: €9 million).

REPORT OF THE SUPERVISORY BOARD AUDIT COMMITTEE

In a meeting on August 11, 2004 the interim report on the 3rd quarter 2003/2004 and the review report of the Group auditors were presented to the Supervisory Board Audit Committee and explained by the Executive Board and Group auditors. The Audit Committee approved the interim report.

Düsseldorf, August 11, 2004

Chairman of the Audit Committee
Dr. Karl-Hermann Baumann

DATES IN 2004_2005

| | |
|-------------------|--|
| December 01, 2004 | Annual press conference Analysts' and investors' meeting |
| January 21, 2005 | Annual General Meeting |
| January 24, 2005 | Payment of dividend for the 2003/2004 fiscal year |
| February 14, 2005 | Interim report 1st quarter 2004/2005 (October to December) Conference call with analysts and investors |
| May 13, 2005 | Interim report 2nd quarter 2004/2005 (January to March) |
| May 18, 2005 | Analysts' and investors' meeting |
| August 12, 2005 | Interim report 3rd quarter 2004/2005 (April to June) |

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Forward-looking statements

This document 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.

This report is available in German and English for downloading and as an interactive online version at <http://www.thyssenkrupp.com>.

On request, we would be pleased to send you additional information on the ThyssenKrupp Group free of charge.

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