

October 01 – December 31, 2006

MAKING A
DIFFERENCE
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INTERIM REPORT 1st QUARTER 2006/2007

OCTOBER 01 – DECEMBER 31, 2006

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The financial statements of the ThyssenKrupp Group are prepared in accordance with International Financial Reporting Standards (IFRS). This interim report was published on February 13, 2007.

THE GROUP IN FIGURES

Group

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	11,555	13,301
Sales	million €	10,942	12,332
EBITDA	million €	898	1,507
Income*	million €	425	1,062
Net income	million €	255	661
Basic earnings per share	€	0.49	1.31
Employees (Dec. 31)		184,980	184,240
* before taxes			
		Sep. 30, 2006	Dec. 31, 2006
Net financial (receivables)/liabilities	million €	(747)	391
Total equity	million €	8,927	9,426

Segments

	Order intake million €		Sales million €		Income* million €		Employees		
	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006	Dec. 31, 2005	Sep. 30, 2006	Dec. 31, 2006
Steel	2,641	2,806	2,484	2,816	272	409	31,439	30,647	30,654
Stainless	1,529	1,913	1,352	1,971	7	325	12,157	12,197	12,221
Technologies	3,201	3,770	3,219	3,110	118	138	63,801	62,950	61,137
Elevator	1,261	1,299	1,008	1,083	85	97	34,843	36,247	37,279
Services	3,127	4,207	3,066	3,972	85	192	34,940	40,163	40,690
Corporate	392	194	392	194	(137)	(93)	7,800	5,382	2,259
Consolidation	(596)	(888)	(579)	(814)	(5)	(6)			
Group	11,555	13,301	10,942	12,332	425	1,062	184,980	187,586	184,240

* before taxes

INTERIM MANAGEMENT REPORT

GROUP REVIEW

ThyssenKrupp – outstanding start in fiscal year 2006/2007

ThyssenKrupp carried on seamlessly from a very good fiscal 2005/2006 in the 1st quarter 2006/2007. In a generally favorable economic environment we successfully continued our course of sustainable, profitable growth. Group sales increased by 13% from the prior-year quarter to €12.3 billion. Group earnings before taxes improved to €1,062 million from €425 million in the prior-year period.

The highlights for the 1st quarter 2006/2007 were as follows:

- Order intake reached €13.3 billion, 15% more than in the corresponding prior-year quarter.
- Sales increased by 13% to €12.3 billion.
- EBITDA was €1,507 million, compared with €898 million in the 1st quarter of the prior year.
- Earnings before taxes improved from €425 million in the prior-year quarter to €1,062 million.
- Earnings per share increased to €1.31 from €0.49 in the prior-year quarter.
- Net financial liabilities at December 31, 2006 were €391 million, an increase of €1,138 million compared with September 30, 2006, when we reported net financial receivables of €747 million. On December 31, 2005 net financial liabilities stood at €315 million.

Mergers & Acquisitions activities in the 1st quarter 2006/2007 focused on the Technologies, Services and Elevator segments. The disposal of the North American body and chassis operations of ThyssenKrupp Budd with sales of around €1 billion was largely concluded with the closing on November 30, 2006. The Technologies segment sold ThyssenKrupp Fundições Ltda, Brazil. Services acquired the aerospace service business of Alcoa and Schöbel Technik & Service GmbH, Oldenburg. The Elevator segment made a number of smaller acquisitions.

Since the merger ThyssenKrupp has carried out disposals representing sales of €9 billion and acquisitions accounting for sales of €8 billion.

We expect the generally positive business situation to continue in the further course of the year. For the full year 2006/2007 we forecast sales of €48 billion to €49 billion. Our sustainable goal for earnings before taxes is €2.5 billion. After exceeding this figure significantly in 2005/2006 we are confident of doing the same in the current fiscal year. A similar level is targeted for 2007/2008. This is based on the assumption that the world economy remains stable and energy prices stay within manageable limits.

Economic environment

The world economy continued to grow strongly in the second half of 2006, although the pace of expansion slowed in some regions. The situation on the international oil market eased a little, reducing slightly the risk of an energy price-induced slowdown in the global economy.

The situation in the industrialized countries remained positive. In Japan, the moderate upward trend continued thanks to rising exports. In the USA, robust growth has weakened slightly recently as a result of slower consumer and business spending. The economic upturn in the euro zone and Germany was stronger than expected. In Germany, high capital spending as well as increasing exports and rising private consumption provided growth impetus.

The developing countries in Asia, Latin America and Central and Eastern Europe were again among the most dynamic economic regions in the 2nd half of 2006. India and China in particular continued to record high growth rates.

In the sectors of importance to ThyssenKrupp the picture was as follows:

- The international steel markets were in robust condition on the whole. World steel production in the final quarter of 2006 again significantly exceeded the comparable prior-year figure but there were regional differences. The Asian countries reported almost uninterrupted expansion, causing volume and price pressure through increased exports to the Western markets. North America was initially hit hardest by this. Against a background of increased supply, high inventory levels and weaker demand growth, the US steel industry cut back production. In Europe, too, market supply increased strongly under pressure from rising third-country imports, resulting in oversupply particularly at the lower end of the carbon steel flat product market. From fall 2006 this triggered a downward movement in steel prices for commodities in southern Europe but this was less pronounced than in the USA. In northern Europe, the market remained largely stable. Suppliers of higher- and high-quality carbon steel were able to achieve appropriate price increases enabling them to offset cost rises for raw materials, energy and goods.
- The market for stainless steel flat products continued to improve in the fourth calendar quarter 2006. Producers in Europe significantly expanded their shipments despite temporary production losses at some producers, while order intake returned to normal towards the end of the year after unusually high orders in previous quarters. In this positive market environment, it was possible to raise base prices again in the fourth calendar quarter 2006. However, as a result of continuing strong demand combined with a relatively high price level in Europe and increasing overcapacities in Asia, imports also rose further, particularly into southern Europe. This trend resulted in a significant increase in inventories at distributors and service centers. The price situation for major raw materials showed no sign of easing; prices for nickel reached a new record level in the first quarter of the fiscal year. In North America, demand was also positive. Prices stabilized at a high level. Despite

increased demand in Asia, prices there are unsatisfactory. In contrast to Europe and the USA, Asian manufacturers were unable to pass on increased raw material prices to the market quickly due to the lack of an alloy surcharge. Strong demand for nickel alloys and titanium continued in the reporting quarter.

- The international auto industry showed regional differences. Thanks to high production growth, China became the world's third-largest vehicle producer in 2006 after the USA and Japan. In Brazil too, vehicle production increased significantly in the fourth calendar quarter 2006. The performance of the auto industry in North America was weaker. In the USA, vehicle production in the final quarter of 2006 was markedly lower than a year earlier. US manufacturers lost market share to Asian and European producers. The auto market in Europe was positive. In the European Union, new car sales in the fourth calendar quarter 2006 were higher than a year earlier. The German car industry benefited from a positive market environment and a further increase in exports.
- The mechanical engineering sector showed an improvement against a background of continuing high world economic growth and increasing investment. In the USA, Japan and China, mechanical engineering output increased further. Production in Germany also grew vigorously thanks to strong orders from Germany and abroad. The plant engineering sector also achieved high growth rates.
- The construction sector reported growth in 2006 above all in the developing countries of Asia and in Central and Eastern Europe. In the USA, construction output weakened towards the end of the year. The situation in the German construction industry stabilized further. The biggest growth impetus is coming from commercial building, which is benefiting from the favorable economic situation.

ThyssenKrupp in figures

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	11,555	13,301
Sales	million €	10,942	12,332
EBITDA	million €	898	1,507
Income*	million €	425	1,062
Employees	December 31	184,980	184,240

* before taxes

Order intake and sales

In a generally pleasing economic environment demand for the products and services of ThyssenKrupp increased in the first quarter 2006/2007. Order intake rose by 15% from the prior-year quarter to €13.3 billion.

Group sales increased by 13% to €12.3 billion. The Steel and Stainless segments profited from high demand and increased prices for our carbon and stainless steel flat products. Technologies just failed to equal its prior-year sales as a result of the weak us dollar, disposals and lower sales in the automotive system business. Elevator increased its sales in all areas. Services also continued to expand, achieving record sales.

Sales billion €

2005/2006	1st quarter	10.9
	1st half	22.7
	9 months	34.9
	12 months	47.1
2006/2007	1st quarter	12.3

Income

ThyssenKrupp achieved a pre-tax profit of €1,062 million in the 1st quarter of the current fiscal year, its highest ever quarterly earnings. Compared with the 1st quarter 2005/2006 profit rose by €637 million.

The increase compared with the 1st quarter of the prior year is due mainly to the high earnings contribution of the Stainless segment, which was achieved thanks to high price levels and strong demand for stainless steel products and despite the continuing effects of the fire at the Krefeld plant. The Steel and Services segments also achieved significant profit increases due to high demand and the favorable price situation for steel and industrial materials. Technologies and Elevator increased their earnings contributions from a high level.

Net sales increased more than the cost of sales, with the result that gross margin improved substantially from 16% to 19%. Administrative and selling expenses also increased less than net sales. Other operating income includes the insurance recovery for the business interruption resulting from the fire in Krefeld. Set against this income were earnings reductions as a result of lower sales revenues and increased expenses for maintaining supply readiness and loss reduction measures.

Net income for the period was €661 million, compared with €255 million in the 1st quarter 2005/2006. Deducting from this the minority interest in profits of €20 million, earnings per share is €1.31, compared with €0.49 in the comparable prior-year quarter.

Income* million €

2005/2006	1st quarter	425
	1st half	1,198
	9 months	2,004
	12 months	2,623
2006/2007	1st quarter	1,062

* before taxes

Also compared with the previous quarter, i.e. the 4th quarter 2005/2006, profit increased again distinctly by €443 million. While the final quarter of fiscal 2005/2006 was marked by high nonrecurring expenses in connection with the sale and restructuring of Automotive activities, even taking these special charges into account the profit gain is still over €200 million. The earnings trend in the reporting quarter and the preceding quarter was characterized by a continuous increase in the Steel, Stainless and Services segments.

Net financial liabilities/receivables and capital expenditures

At December 31, 2006 the Group had net financial liabilities of €391 million, an increase of €1,138 million. On September 30, 2006 we reported net financial receivables of €747 million. The change is mainly attributable to increased working capital due to business expansion but it also reflects higher capital expenditures, for example for the new steel mill in Brazil.

Capital expenditures in the 1st quarter 2006/2007 totaled €832 million, 74% more than in the prior-year quarter. €769 million was invested in property, plant and equipment and intangible assets, with the remaining €63 million being used for the acquisition of businesses, shareholdings and other financial assets.

Net financial liabilities/(receivables) million €

2005/2006	December 31	315
	March 31	191
	June 30	(496)
	September 30	(747)
2006/2007	December 31	391

Change on the Executive Board

Dr. A. Stefan Kirsten left the Executive Board of ThyssenKrupp AG at November 30, 2006 after the establishment of the annual financial statements. He informed the Supervisory Board in the summer of last year that he did not wish to renew his contract as Chief Financial Officer. However, he will continue to be available to the company in various supervisory boards. His functions have been taken on additionally by Dr. Ulrich Middelmann, Vice Chairman of the Executive Board, and the Information Management function by Ralph Labonte.

SEGMENT REVIEW**Steel: High earnings rise****Steel in figures**

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	2,641	2,806
Sales	million €	2,484	2,816
Income*	million €	272	409
Employees	December 31	31,439	30,654

* before taxes

The Steel segment continued its very pleasing performance of the past fiscal year in the first quarter 2006/2007. Both order intake and sales were higher than in the prior-year quarter. The value of new orders increased by 6% to €2.8 billion; this was due to increased price levels, with order volumes down slightly on the whole. Sales increased by 13% to €2.8 billion as a result of higher volumes and prices. In addition, a further shift in the supply structure towards higher-grade products had a positive impact.

The Steelmaking business unit increased its crude steel production by 3% to almost 3.6 million metric tons. Due to repairs to blast furnace 1 in Duisburg-Schwelgern, ThyssenKrupp Steel AG just failed to reach its planned output. However, the reduction in iron production was offset by internal optimization measures in the melt shops, the use of existing slab inventories and purchases from third parties, so the volume of hot strip output was not affected.

With shipments almost unchanged, the Industry business unit achieved growth in sales. It did this despite the fact that shipments in various areas were temporarily impacted by starting material bottlenecks due to problems in the past. To overcome the bottlenecks, inventories of finished products were run down as far as possible; despite this, not all demand could be met. At the same time, further slight improvements in quarterly deals with many customers in the steel-using sector resulted in higher revenues. The European steel service centers expanded their sales strongly due to substantially higher volumes and also higher prices. The construction elements business also achieved volume and price-related growth against the weak prior-year quarter – not least as a result of the improving situation in the German construction industry.

The Auto business unit profited from generally lively sector demand in Europe and achieved a strong increase in sales. The main reasons for this were higher orders from most auto manufacturers and the continued impact of price increases under annual contracts. The steel service activities in North America reported lower sales as the large us auto producers cut back their production substantially. However, prices remained steady at a high level.

Sales also increased in the Processing business unit. Shipments and prices of tinplate were higher in a very competitive European market. Hoesch Hohenlimburg showed only a slight improvement in sales as the figures of the comparable prior-year quarter still included the since-sold long products business: volumes and prices for medium-wide strip were significantly higher than the below-average values of the corresponding prior-year quarter. The grain-oriented electrical steel business again performed strongly. Growing worldwide demand for this special product was again accompanied by a significant increase in price levels.

Income

The Steel segment increased its pre-tax income by €137 million to €409 million. The growth in income was generated by the external market operations of the Industry, Auto und Processing business units, while the Steelmaking business unit's contribution to earnings was considerably lower due to the temporarily restricted availability of one of the two large blast furnaces in Duisburg-Schwegern.

The Industry business unit reported strong growth in profits on virtually unchanged shipments. Price and product-mix improvements as well as further cost reduction measures offset the cost increases for zinc and other starting materials. The steel service centers were able to maintain the positive earnings level of the previous year; higher costs were balanced by increased shipments. Increased profits in the construction elements operating group were the result of higher prices and sales volumes.

The Auto business unit also achieved a substantial improvement in earnings. Higher prices and sales volumes together with advantages gained through the continuous improvement process outweighed the rise in costs on the procurement side. Tailored Blanks increased its profits mainly through higher sales volumes in Germany and abroad. The North American steel service center reported income unchanged from the prior-year quarter.

The Processing business unit achieved earnings significantly in excess of the high prior-year level. The main factor here was the positive price trend for electrical steel. In the medium-wide strip business earnings were again higher than the year before, mainly as a result of increased sales volumes. The tinplate operating group reported a slight improvement in profits. Higher volumes and prices offset the cost increases.

Stainless: Significantly higher stainless steel prices**Stainless in figures**

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	1,529	1,913
Sales	million €	1,352	1,971
Income*	million €	7	325
Employees	December 31	12,157	12,221

* before taxes

The Stainless segment performed very strongly in the 1st quarter 2006/2007. With order volumes returning to normal, the value of orders increased by 25% against the prior-year period to €1.9 billion. Contributing factors were the higher costs of alloying elements, which are passed onto customers via the alloy surcharge, and the multiple increases in base prices introduced since the beginning of 2006.

At around 550,000 metric tons, total shipments in the Stainless segment were at around the same level as the year before. Within this total, deliveries of cold-rolled strip showed a particularly strong increase against the previous year.

Stainless reported 1st quarter sales of €2.0 billion. This year-on-year improvement of 46% was mainly attributable to the recovery in global demand, the significantly higher base price level and in particular the nickel component included in the transaction price.

The ThyssenKrupp Nirosta business unit profited from continued high demand in Europe. Sales showed a distinct improvement on the prior-year quarter. Despite a fire at the Krefeld cold-rolling mill in June 2006, customer requirements were largely met thanks to the support of the Shanghai Krupp Stainless and ThyssenKrupp Acciai Speciali Terni business units.

The ThyssenKrupp Acciai Speciali Terni business unit also achieved high sales growth thanks to continued strong demand for stainless products. The capacity of the Terni plant was expanded with the start-up of a new Sendzimir mill in October 2006. Further investments are currently under way to strengthen the site's stainless activities; in addition the forge is undergoing modernization.

The increased capacity and wider product mix made possible by the new bright annealing line enabled ThyssenKrupp Mexinox to further expand its strong position in the North American market for high-quality stainless steel products. A substantial increase in sales was achieved.

The Shanghai Krupp Stainless business unit reported the highest growth in sales, mainly attributable to strong demand for stainless steel cold-rolled products on the Chinese domestic market and the start-up of the hot strip annealing/pickling line. In addition, Shanghai supported the ThyssenKrupp Nirosta business unit with material deliveries following the fire at its plant and associated production restrictions.

The ThyssenKrupp VDM business unit continued its comprehensive business process improvement program. In addition, a number of investments were initiated to build forging and remelting capacities to strengthen the company's long-term profitability. Sales of high-performance materials improved significantly thanks to increased demand from the chemical, plant construction and aerospace sectors together with considerably higher raw material prices for alloying elements.

The ThyssenKrupp Stainless International business unit strengthened its distribution capabilities by opening two new service centers in Poland and the United Kingdom to allow better coverage of the British and Eastern European markets. Sales were significantly expanded.

Income

The Stainless segment's profit increased by €318 million to €325 million in the reporting period.

The stainless business reached its low point towards the end of the 1st quarter of the previous year. In the 1st quarter 2006/2007 the demand recovery that began in early 2006 continued in almost all market segments. This was reflected in base price increases and also in higher shipment volumes. The positive trend was based on both increased demand from end consumers and restocking by distributors. In addition, the price increase for nickel had a positive earnings impact via the inventory buildup. The in some cases extreme rise in costs of raw materials and energy, in particular electricity and gas, had a negative impact on earnings.

Against this background the stainless activities worldwide reported significant growth in profits compared with the previous year. In Germany, increased expenditures for measures to maintain supply readiness and minimize damages following the fire at the Krefeld plant were offset by insurance recoveries.

The stainless operations in Italy achieved considerable growth in profits. The Mexican cold-rolling activities also significantly improved their earnings in a positive market environment. On the Asian market, especially in China, demand for stainless steel flat products continues to grow. However, the price increases realized by Chinese producers will not be enough to offset the current cost increases on the purchasing side. Despite the continued difficult market environment, the Chinese cold-rolling activities posted a profit, having reported a loss in the same quarter a year earlier. This reflects the improved product mix, increased export activities and hire work as well as the cost advantages achieved through the start-up of the annealing and pickling line for hot strip.

The nickel alloys activity also achieved significantly higher profits on the back of continued strong demand from the plant construction, aviation, oil and gas industries.

Technologies: High order volume**Technologies in figures**

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	3,201	3,770
Sales	million €	3,219	3,110
Income*	million €	118	138
Employees	December 31	63,801	61,137

* before taxes

At October 01, 2006 the Automotive activities of ThyssenKrupp were integrated into the Technologies segment in order to concentrate the Group's engineering competencies and further enhance its innovative strength. We also realigned the Automotive activities. The body and chassis business in North America with sales of around €1 billion and 3,500 employees was sold on November 30, 2006. The Technologies segment is now divided into the business units Plant Technology, Marine Systems, Mechanical Components, Automotive Solutions and Transrapid. The prior-year figures have been adjusted in line with the new structure.

Order intake and sales

Technologies started the new fiscal year well although the figures were weighed down by the negative effects of the us dollar exchange rate and the business disposals. At €3.8 billion, order intake showed an 18% improvement on the good prior-year quarter. Sales fell just short of the prior-year level at €3.1 billion. This was partly due to lower sales in the automotive systems business. With an order backlog of €13.9 million at December 31, 2006, orders in hand currently cover one year's sales.

The order situation at Plant Technology was particularly encouraging, with new projects significantly boosting order intake. Sales exceeded the high level of the prior-year quarter. Demand was particularly strong from regions with large raw material deposits and growing demand for energy and primary materials. Above all in the developing and emerging countries with limited production and transport capacities, this led to a sustained high level of project business for manufacturers of handling equipment.

Marine Systems recorded a slight improvement in orders against the previous year with the booking of orders for two SWATH ships for the German customs authority, three new yachts and increased repair and service orders. Sales were lower than the year before. SWATH ships are vessels with specially designed hulls for high stability even in rough seas.

The Mechanical Components business unit offers products and services for the automotive and construction equipment sectors and for general engineering applications. Overall demand in the 1st quarter 2006/2007 was positive. Order intake exceeded sales. Due to the appreciation of the euro against the us dollar and the Brazilian real and the absence of sales from the since-sold Brazilian foundry, sales were slightly lower than the year before. Excluding these factors, however, sales showed a slight improvement.

The Automotive Solutions business unit supplies innovative system solutions for the auto industry for use in steering systems, shock absorbers, body-in-white, body and chassis components as well as assembly systems for engines, transmissions and axles. Order intake increased, mainly as a result of higher orders for body-in-white lines, tooling and assembly systems. Sales were down from the year before due to lower billings of body shop equipment, tooling and assembly systems in Germany and the USA. Sales of shock absorber systems were also lower.

Transrapid achieved higher sales than a year earlier.

Income

The Technologies segment returned a profit of €138 million, compared with €118 million in the comparable prior-year quarter. The biggest contributions to earnings came from the Plant Technology, Marine Systems and Mechanical Components business units, which each achieved profits in the high two-digit million region.

Plant Technology reported a considerable improvement in income. This reflects increased sales with high-margin orders. Added to this were positive effects from the fair-value recognition of currency hedges.

Marine Systems more than doubled its profits compared with the 1st quarter of the previous year. The growth in profits was mainly the result of improved earnings from orders and an expansion of the service business.

As already reported, the remaining activities of the former Automotive segment have been integrated in the Mechanical Components and Automotive Solutions business units with effect from the current fiscal year. The components business was assigned to Mechanical Components.

The Mechanical Components business unit achieved a further significant increase in its already high profits. This was mainly the result of continued strong demand for large-diameter antifriction bearings and rings and reduced starting material prices at the North American foundries. The sale of a Brazilian foundry also made a positive contribution to earnings.

The Automotive Solutions business unit, which now also includes the systems business of the former Automotive segment, reported a single-digit million loss, having returned a profit the year before. Operating income was negatively affected by start-up costs for major orders at the German stamping plants and restructuring measures introduced in the steering gear business.

Transrapid reported a further reduced, small loss. License billings and cost reduction measures had a positive effect.

Elevator: Continuing growth track**Elevator in figures**

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	1,261	1,299
Sales	million €	1,008	1,083
Income*	million €	85	97
Employees	December 31	34,843	37,279

* before taxes

Order intake and sales

Elevator remained on growth track in the 1st quarter 2006/2007. Both order intake and sales increased despite continued margin pressure and negative exchange rate effects. Order intake climbed 3% to €1.3 billion. Sales were 7% up on the previous year at €1.1 billion. All business units contributed to the growth.

In the Central/Eastern/Northern Europe business unit, order intake and sales improved against the previous year. Above all in Germany and France, business was significantly expanded thanks to increased demand for new installations. The other regions achieved slight growth or equaled their good prior-year performance. Lower figures were reported only in Austria, Switzerland and the Benelux countries.

The Southern Europe/Africa/Middle East business unit significantly expanded its sales but could not quite match the high order level of the previous year. The growth in sales was mainly due to strong business with new installations in Spain. The other regions, too, reported rising sales.

The Americas business unit succeeded in maintaining the high prior-year order level and even increased sales slightly despite strongly negative exchange rate effects. The growth in sales was the result of expanding new installations business in North America.

The Asia/Pacific business unit recorded significantly higher order intake and slightly improved sales. In China we again profited from continued strong demand for new installations. In India, Australia and Southeast Asia, too, order intake was higher. All regions contributed to the rise in sales. Only in Korea were order intake and sales lower due to a further decline in new installations business.

In the Escalators/Passenger Boarding Bridges business unit, higher sales were achieved in both activities. Order intake, however, decreased against the previous year which was characterized by numerous new airport projects.

The growth trend in the Accessibility business unit continued unabated. Sales expanded compared with the previous year.

Income

Income in the Elevator segment increased by €12 million to €97 million in the 1st quarter 2006/2007.

The Central/Eastern/Northern Europe business unit achieved slightly higher earnings as a result of increased sales in particular in Germany and the United Kingdom. Negative effects were the deterioration in margins in Switzerland and the decline in income due to lower sales in the Benelux countries.

The Southern Europe/Africa/Middle East business unit posted higher income. Positive factors were the expansion of sales in Spain and the effects of the reorganization of the new installations business in Portugal.

In the Americas business unit, the main growth in profits came from the North American activities. In addition to a higher volume of business in new installations, efficiency enhancements in the service business had a positive effect. The Latin American activities – especially in Brazil – also achieved efficiency improvements. The lower average value of the us dollar in the quarter led to a translation loss.

The Asia/Pacific business unit failed to achieve its prior-year income and reported a loss. In Korea the situation in the new installations business remains difficult; in addition, further restructuring costs impacted earnings. Profits in China were stable. All other activities in the region achieved higher income contributions.

Earnings in the passenger boarding bridges business were level with the year before. Margin pressure again had a negative effect on the escalator activities in Europe. Overall the Escalators/Passenger Boarding Bridges business unit returned a loss.

Thanks to the expanded business volume in the Accessibility business unit, profits again increased, especially in the European activities.

Services: Record figures

Services in figures

		1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Order intake	million €	3,127	4,207
Sales	million €	3,066	3,972
Income*	million €	85	192
Employees	December 31	34,940	40,690

* before taxes

Order intake and sales

The Services segment achieved its highest ever quarterly sales of €4.0 billion in the first three months of fiscal 2006/2007. This was a 30% improvement on the prior-year quarter. All business units reported significant growth. Alongside the improved cyclical situation, the main reasons were extensive sales initiatives and the successful integration and development of the newly established companies and acquisitions.

The largest business unit, Materials Services Europe, which includes the South American and Asian as well as the European operations, changed its name to Materials Services International at the beginning of fiscal 2006/2007. This reflects in particular the increasing importance of business outside Europe. Materials Services International recorded significant growth in sales in the reporting period. Demand and prices recovered strongly from the relatively weak prior-year quarter. This was true of the entire range – rolled steel, stainless steel, tubular products, nonferrous metals and plastics – and virtually all regions of Europe.

Business at the Materials Services North America business unit followed a similar pattern to that in Europe. Demand and price levels – especially for rolled and stainless steel – showed signs of consolidating but were nevertheless significantly higher than in the 1st quarter 2005/2006.

The Industrial Services business unit also recorded substantial growth in sales. Business expanded significantly thanks to both the newly acquired companies and organic growth. The new activities in South America performed pleasingly. Sales in North America showed a slight improvement on the extremely high level of the prior year.

Substantial growth in technical trading activities and largely stable demand for metallurgical raw materials, in part at very high prices, enabled the Special Products business unit to significantly expand its sales compared with the year-earlier period.

Income

At €192 million, 1st quarter 2006/2007 profits at Services more than doubled compared with the prior-year period. The highest earnings were returned by the Materials Services International business unit, which tripled its profit contribution thanks to stronger demand and high prices. The same was true of the Materials Services North America business unit. The Industrial Services business unit doubled its income. Services for the German process industry in particular returned higher earnings, and the acquisition of activities in Brazil and Germany had a further positive effect. The Special Products business unit achieved a further improvement on its high prior-year profit, to which all activities contributed. This applied to the rolled steel and tubular products business and in particular to the technical trading and raw material activities.

Corporate includes the Group's head office and internal service providers as well as inactive companies not assignable to individual segments. Also included here is the non-operating real estate, which is managed and utilized centrally by Corporate. The retained assets and liabilities and held-for-sale operations of ThyssenKrupp Budd are also assigned to Corporate. The disposal in the meantime of the held-for-sale operations is responsible for the significant decrease in Corporate's sales.

Corporate reported a loss of €93 million, an improvement of €44 million on the prior-year quarter. This was mainly the result of positive earnings effects from the Group's internal financing system and from decreased pension obligations in Germany und the USA. This was partly offset by higher expense in the area of Real Estate.

Consolidation mainly includes the results of intercompany profit elimination.

INNOVATIONS

Innovative ideas and new approaches to products and processes are key to the future of ThyssenKrupp as a technology group. Our success in the coming years will depend to a large extent on our developers coming up with ideas which will solve our customers' problems better than ever before. In the 1st quarter 2006/2007, scientists and engineers at over 80 ThyssenKrupp research centers worked on upwards of 2,000 projects, in many cases collaborating with external partners such as our eight partner universities. Highlights of our market-driven development work included further advancements in material and surface technologies, new integrated solutions for improved energy generation, greater safety in road traffic and innovative moving walks as an attractive alternative for short-distance passenger transportation.

As development partners to the international auto industry, Steel and Technologies initiated the INCAR project, presenting the full cross-segment capabilities of the ThyssenKrupp Group along the automotive process chain. Our integrative approach to body, chassis and powertrain systems promises to provide new, groundbreaking solutions for our customers. To better present the outstanding innovations and technologies available in the Group for this, our Automotive Lightweight Design and Innovation Center LIZA in Bochum will prepare corresponding demonstration objects. Using digital technology, a body and chassis structure will be designed as a technological "construction kit" integrating new steering and powertrain solutions and including an active suspension system. The development project follows on from the NSB® NewSteelBody concept – a complete, weight-optimized steel body-in-white developed by ThyssenKrupp for automotive lightweighting.

In the future, steel sheet can play an increasingly important role in the area of solar thermal technology, which converts the heat of the sun into energy. Our surface engineering center Dortmund OberflächenCentrum DOC® is working on the development of a non-glazed, colored heat collector based on coated steel sheets. These sheets can convert building facades into solar collectors, while at the same time their variable and attractive design provides architects and owners with sufficient latitude for high-quality architecture.

Steel's development activities also included new processes to produce lightweight, low-cost tubular sections from steel sheet. The Thyssen Tailored Tubes® manufactured using T³ profiling technology – an in-house development – allow reductions in both cost and weight in auto manufacture. A pilot line for these new steel products is currently being started up in Duisburg.

Stainless is responding to customer requirements for cost-optimized, corrosion-resistant materials with an array of new ideas for high-performance materials and their applications. Significant improvements have been made to the production process for a ferritic stainless steel which is particularly suitable for use in water pipes and boilers. Our material experts are collaborating with a Swiss research institute on nanoporous nickel alloy films which can later be used to manufacture ultra-fine filters. Due to their excellent mechanical properties, their resistance to oxidation and their good weldability, nickel alloys have also been tested for use in efficient, environment-friendly steam power stations operating at temperatures over 700°C.

We continued our developments in the area of oil sands production, focusing on the design of cost-optimized machinery and equipment for the entire process chain. High capacity, low running costs and good efficiency are the goals of this development work.

Engineers from our Technologies, Stainless and Services segments also made important progress in the further development of a methanol reformer for fuel cell systems in modern submarines. They worked together to develop a new metal membrane for hydrogen separation which has now been successfully tested.

In the area of automotive construction, Technologies presented optimized door reinforcements as part of its Advanced Door Technology which increase side impact protection. The concepts are now being tested on the basis of prototypes made from various high-strength steels. Different cold- and hot-forming processes will optimize their production.

Elevator is currently launching a new moving walk. Passengers step on and off the TurboTrack comfortably at low speed, but cover the rest of their journey at higher speed. This makes such walks an attractive option with acceptable travel times for longer distances of up to 1,500 meters. The walks have a capacity of up to 15,000 passengers per hour. The first two systems of this kind, each with a length of 270 meters, have been sold to Toronto Airport.

EMPLOYEES

On December 31, 2006, ThyssenKrupp had 184,240 employees worldwide, 1.8% fewer than at the end of the past fiscal year. The 3,346 reduction in headcount is largely due to disposals as part of our portfolio optimization measures; a Brazilian foundry and auto part plants in the USA, Canada and Mexico were sold.

As a result of disposals, the size of our workforce outside Germany fell by 3.2% to 100,226. In Germany, the number of employees was virtually unchanged at 84,014. At the end of 2006, 46% of our workforce were employed in Germany, 24% in the rest of Europe and 16% in the NAFTA area.

ThyssenKrupp is making increasing use of new technologies and learning media to train its employees. These include an e-learning portal – available throughout the Group – which allows employees to learn at their own pace directly at the workplace. Employees can plan their training flexibly as they can access the network-based content online at any time. There is a broad array of subjects on offer, including languages, IT, business management, data protection and project management. Online training is also used as part of our compliance program on competition law and combating corruption.

FINANCIAL POSITION

Analysis of cash flow statement

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

There was a cash outflow of €0.6 billion from operating activities compared with an inflow of €0.1 billion in the prior-year quarter. The €0.7 billion decrease in operating cash flows was mainly due to the €1.1 billion increase in inventories compared with the year-earlier period. This was partly offset by a €0.4 billion rise in 1st quarter 2006/2007 net income before depreciation, amortization and impairment.

Cash outflow from investing activities increased by €0.2 billion in the reporting period to €0.6 billion due to an increase of €0.4 billion to €0.8 billion in capital expenditure on property, plant and equipment. This was partly offset by a €0.2 billion increase in proceeds from disposals of non-current assets in the 1st quarter 2006/2007.

Free cash flow, i.e. the sum of operating cash flows and cash flows from investing activities, decreased by €0.8 billion in the reporting period to €(1.2) billion; this was mainly due to the rise in inventories as well as increased capital expenditure on property, plant and equipment. The negative free cash flow generated in the reporting period is responsible for the increase in net financial liabilities.

Analysis of balance sheet structure

The following balance sheet analysis includes assets and liabilities held for sale which are reported separately in the Group's consolidated balance sheets.

The balance sheet total remained virtually unchanged compared with September 30, 2006 at €35,810 million.

The disposal of the North American body and chassis business led to a reduction in trade accounts receivable and payable and in accrued pension and similar obligations.

The €1,110 million increase in inventories to €8,520 million, mainly in the Stainless and Services segments, was primarily due to higher raw material prices, especially for nickel, and increased inventory levels caused by sales expansion.

The increase in inventories resulted in a cash outflow from operating activities; investment in property, plant and equipment also led to a cash outflow for capital expenditure. The net result of this was a decrease of €1,130 million in cash and cash equivalents to €3,317 million.

Total equity increased by €499 million to €9,426 million, mainly due to the positive earnings in the reporting quarter.

RISK REPORT

No threat to the existence of the Group

Against the background of a systematic and efficient risk management system, the risks at ThyssenKrupp are contained and manageable. There are no identifiable risks which could in the future pose a threat to the existence of the Company. Business processes are well controlled in general. We counter market risks from cyclical price and volume developments through our global market presence. Our customer structure is as diversified as possible to limit the impact of negative developments affecting individual customers and sectors. To hedge against financial risks, the Group uses among other things derivative financial instruments. In addition, detailed project controls restrict risks from business processes, especially on major projects. The information contained in the risk report in the 2005/2006 Annual Report is still valid.

We report on pending lawsuits, claims for damages as well as other risks in Note 7.

SUBSEQUENT EVENTS, OPPORTUNITIES AND OUTLOOK

Subsequent events

There were no events requiring disclosure.

Economic upswing to continue

The upswing in the global economy will continue in 2007. At 4.5%, world GDP growth will be only slightly lower than in 2006 (5.2%). The risks to world economic expansion from high raw material and oil prices have diminished somewhat recently.

In the industrialized countries, economic growth is expected to cool. Higher interest rates and the weakness of the property market are dampening growth prospects in the USA. Weaker growth is forecast for Japan, too, due to slowing investment and exports. A similar pattern is expected in the euro zone. In Germany, the pace of growth will slow at the start of 2007 due to the increase in VAT. For the developing countries of Asia and most countries of Latin America, Central and Eastern Europe, we expect the strong growth momentum to continue.

We expect the following developments and opportunities for ThyssenKrupp on the major markets:

- The prospects for the steel market remain positive overall. We expect global demand for rolled steel to increase further in 2007, still driven mainly by the emerging countries of Asia and Latin America and the CIS states. In Europe and the NAFTA region demand is expected to remain steady or fall slightly due to the somewhat subdued economic outlook and the expected reduction of stocks. However, steel consumption is expected to increase further. Output will rise primarily in the emerging countries such as China, India and Brazil as major new capacities go into operation.

- We expect demand for stainless steel and the high-performance materials nickel alloys and titanium to continue to rise in 2007, both in Europe and North America and also in Asia, in particular China. However, whereas in China most producers are operating below capacity due to strong capacity growth in recent years, plants in Europe and the USA have good workloads.
- We expect a further slight increase in auto production in 2007. The new production capacities are increasingly being installed in the emerging Asian countries and in Central and Eastern Europe. These countries will significantly expand their vehicle production in 2007. In the NAFTA region, Japan and Western Europe, volumes will decrease slightly. As a result of weaker domestic demand, German vehicle production is expected to fall
- Due to the slightly reduced pace of global expansion, growth in the mechanical engineering sector in 2007 is not expected to be as strong as the year before. There are signs of cooling in the USA and Western Europe. In China, persistently high investment will continue to ensure strong growth.
- The international construction market will remain characterized by large regional differences in 2007. The euro zone will continue to experience weak growth, and in Germany a further slight rise in construction output is expected. In the USA, however, construction activity is likely to cool further. Growth will remain focused on the countries of Eastern Europe as well as India and China.

We expect the generally positive business situation to continue in the further course of the year. For the full year 2006/2007 we forecast sales of €48 to 49 billion. Our sustainable goal for earnings before taxes is €2.5 billion. After exceeding this figure significantly in 2005/2006 we are confident of doing the same in the current fiscal year. A similar level is targeted for 2007/2008. This is based on the assumption that the world economy remains stable and energy prices stay within manageable limits.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(unaudited)

million €, earnings per share in €

	Note	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Net sales	10	10,942	12,332
Cost of sales		(9,209)	(9,964)
Gross margin		1,733	2,368
Selling expenses		(641)	(695)
General and administrative expenses		(564)	(576)
Other operating income	4	151	199
Other operating expenses		(146)	(136)
Gain/(loss) on the disposal of subsidiaries, net		11	2
Income from operations		544	1,162
Income from companies accounted for using the equity method		3	13
Interest income		61	72
Interest expense		(187)	(171)
Other financial income/(expense), net		4	(14)
Financial income/(expense), net		(119)	(100)
Income before income taxes		425	1,062
Income tax expense		(170)	(401)
Net income		255	661
Thereof:			
ThyssenKrupp AG's stockholders		250	641
Minority interest		5	20
Net income		255	661
Basic and diluted earnings per share	11		
Net income (attributable to ThyssenKrupp AG's stockholders)		0.49	1.31

See accompanying notes to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

Assets million €

	Note	Sept. 30, 2006	Dec. 31, 2006
Intangible assets, net		4,703	4,663
Property, plant and equipment, net		8,397	8,682
Investment property		501	494
Investments accounted for using the equity method		445	458
Financial assets		178	159
Deferred tax assets		695	651
Total non-current assets		14,919	15,107
Inventories, net		7,337	8,516
Trade accounts receivable, net		7,105	7,074
Other receivables		1,444	1,666
Current income tax assets		95	111
Cash and cash equivalents		4,446	3,317
Assets held for sale	2	386	19
Total current assets		20,811	20,703
Total assets		35,730	35,810

Equity and Liabilities million €

	Note	Sept. 30, 2006	Dec. 31, 2006
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		3,358	3,993
Cumulative income and expense directly recognized in equity thereof relating to disposal groups (Sept. 30, 2006:(34); Dec. 31, 2006: 0)		(149)	(248)
Treasury stock		(697)	(697)
Equity attributable to ThyssenKrupp AG's stockholders		8,513	9,049
Minority interest		414	377
Total equity	6	8,927	9,426
Accrued pension and similar obligations		8,018	7,812
Other provisions		652	655
Deferred tax liabilities		818	861
Financial liabilities		2,946	2,674
Other liabilities		50	94
Total non-current liabilities		12,484	12,096
Other provisions		1,598	1,467
Current income tax liabilities		560	700
Financial liabilities		842	1,162
Trade accounts payable		4,571	4,474
Other liabilities		6,449	6,477
Liabilities associated with assets held for sale	2	299	8
Total current liabilities		14,319	14,288
Total liabilities		26,803	26,384
Total equity and liabilities		35,730	35,810

See accompanying notes to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(unaudited)

million €

	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Operating:		
Net income	255	661
Adjustments to reconcile net income to operating cash flows:		
Deferred income taxes (net)	102	33
Depreciation, amortization and impairment of non-current assets	347	346
(Earnings)/losses from companies accounted for using the equity method, net of dividends received	(3)	(8)
(Gain)/loss on disposal of non-current assets	(13)	(2)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(44)	(1,136)
- trade accounts receivable	183	89
- accrued pension and similar obligations	55	(195)
- other provisions	97	(114)
- trade accounts payable	(347)	(159)
- other assets/liabilities not related to investing or financing activities	(573)	(83)
Operating cash flows	59	(568)
Investing:		
Purchase of investments accounted for using the equity method and financial assets	(67)	(32)
Expenditures for acquisitions of consolidated companies	(28)	(31)
Capital expenditures for property, plant and equipment and investment property	(347)	(750)
Capital expenditures for intangible assets	(37)	(19)
Proceeds from disposals of investments accounted for using the equity method and financial assets	12	23
Proceeds from disposals of previously consolidated companies	33	135
Cash of disposed businesses	(24)	(18)
Proceeds from disposals of property, plant and equipment and investment property	6	101
Proceeds from disposals of intangible assets	7	13
Cash flows from investing activities	(445)	(578)
Financing:		
Repayment of bonds	(4)	0
Proceeds from liabilities to financial institutions	285	567
Repayments of liabilities to financial institutions	(315)	(524)
Repayments on notes payable and other loans	(8)	0
Increase in bills of exchange	2	5
Decrease of liabilities due to sales of receivables not derecognized from the balance sheet	(109)	(14)
Increase in current securities	(15)	(15)
Proceeds from treasury shares sold	268	0
Profit distributions to entities outside the Group	(10)	(9)
Other financing activities	10	14
Cash flows from financing activities	106	24
Effect of exchange rate changes on cash and cash equivalents	2	(8)
Net decrease in cash and cash equivalents	(278)	(1,130)
Cash and cash equivalents at beginning of reporting period	4,715	4,447
Cash and cash equivalents at end of reporting period	4,437	3,317
[thereof cash and cash equivalents within disposal groups]	[0]	[0]

See note 12 to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE (unaudited)

million €

	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Foreign currency translation adjustment	5	(78)
Unrealized gains/(losses) from available-for-sale financial assets	0	13
Unrealized gains/(losses) on derivative financial instruments	22	(70)
Tax effect	(9)	22
Income and expense directly recognized in equity (net of tax)	18	(113)
Net income	255	661
Total recognized income and expense for the period	273	548
Thereof:		
ThyssenKrupp AG's stockholders	268	533
Minority interest	5	15

See accompanying notes to the unaudited condensed consolidated financial statements.

THYSSENKRUPP AG

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Corporate Information

ThyssenKrupp Aktiengesellschaft (“ThyssenKrupp AG” or “Company”) is a publicly traded corporation domiciled in Germany. The interim condensed consolidated financial statements of ThyssenKrupp AG and subsidiaries, collectively the “Group”, for the three months ended December 31, 2006, were authorized for issue in accordance with a resolution of the Executive Board on February 08, 2007.

Basis of presentation

The accompanying unaudited Group’s interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

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 period ended December 31, 2006, are not necessarily indicative for future results.

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

The accounting principles and practices as applied in the interim condensed consolidated financial statements correspond to those pertaining to the most recent annual consolidated financial statements. A detailed description of the accounting policies is published in the notes to the annual consolidated financial statements of our annual report 2005/2006.

1 EMISSIONS TRADING SCHEME

On January 01, 2005, the Group began to participate in the European Union Emissions Trading Scheme (ETS). The Group received notification from the national emissions-trading agency that it is entitled to receive allowances to emit 56.0 million tons

of CO₂ (one third is allocated to 2005) during the compliance period 2005 – 2007. The majority of the total allowances are allocated to the Steel segment. The rights are capitalized at cost as an intangible asset. If the emissions are expected to exceed the amount covered by the granted allowances, the Group records an obligation for the purchase of additional allowances.

2 DISPOSAL GROUPS

As part of the portfolio optimization program, in December 2006, in the Technologies segment the disposals of the defence technology division of Blohm + Voss Industries GmbH and the ThyssenKrupp Bilstein Wagenheber GmbH have been initiated. The defence technology division develops and manufactures armoured castings for tracked vehicles. The ThyssenKrupp Bilstein Wagenheber GmbH focuses on the acquisition, development, construction and distribution of car jacks and similar products which are utilized serially by the Automotive industry.

Both activities do not meet the requirements for discontinued operation reporting in accordance with IFRS 5. Therefore, revenues and expenses will continue to be presented as income from continuing operations until the date of the disposal.

The following table shows the assets and liabilities of the disposal groups as of December 31, 2006:

million €	Defence technology division of Blohm + Voss Industries GmbH Dec. 31, 2006	ThyssenKrupp Bilstein Wagenheber GmbH Dec. 31, 2006
Intangible assets	0	2
Property, plant and equipment, net	0	1
Inventories	4	0
Trade accounts receivable, net	5	3
Other receivables	0	1
Assets held for sale	9	7
Accrued pension and similar obligations	1	0
Deferred tax liabilities	0	1
Other current provisions	1	0
Current financial liabilities	0	3
Trade accounts payable	0	1
Other liabilities	0	1
Liabilities associated with assets held for sale	2	6

In addition to the assets attributable to the two disposal groups the line item “assets held for sale” includes a financial asset held for sale in the amount of €3 million.

The above mentioned “assets held for sale” and “liabilities associated with assets held for sale” are included in the various tables within the notes to the financial statements.

3 EXPENSE FOR SHARE-BASED COMPENSATION

At the end of the 1st quarter ended December 31, 2006, the stock rights granted in the second installment of the mid-term incentive plan were settled with a payment of €27.6 million. In total, ThyssenKrupp recorded compensation expense of €24.1 million for the obligations of this plan in the 1st quarter (1st quarter of 2005/2006: €2.6 million).

million €

	1st quarter ended Dec. 31, 2005		1st quarter ended Dec. 31, 2006	
	Germany	Outside Germany	Germany	Outside Germany
Service cost	10	15	9	12
Interest cost	63	31	66	32
Expected return on plan assets	(2)	(33)	(2)	(35)
Past service cost	1	1	0	0
Settlement and curtailment loss/(gain)	0	0	0	(12)
Net periodic pension cost	72	14	73	(3)

Due to the disposal of subsidiaries in the us, the expected contribution in fiscal year 2006/2007 related to ThyssenKrupp’s funded plans increased by €10 million.

million €

	1st quarter ended Dec. 31, 2005 USA/Canada	1st quarter ended Dec. 31, 2006 USA/Canada
Service cost	6	4
Interest cost	15	15
Expected return on reimbursement rights	(1)	(2)
Past service cost	0	0
Settlement and curtailment loss/(gain)	0	(39)
Net periodic postretirement benefit cost	20	(22)

The Group’s Share Purchase Plan which was implemented in February 2006 and entitles employees to purchase shares at a discount resulted in a compensation expense of €4.9 million in the 1st quarter ended December 31, 2006.

4 OTHER OPERATING INCOME

Other operating income includes €119 million from an insurance settlement in connection with fire damages. The corresponding expense due to the property damage and business interruptions is included in cost of sales.

5 COST FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

6 TOTAL EQUITY

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

million € (except number of shares)

	Equity attributable to ThyssenKrupp AG's stockholders								
	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Cumulative income and expense directly recognized in equity	Treasury stock	Total	Minority interest	Total equity
Balance as of Sept. 30, 2005	499,149,151	1,317	4,684	2,171	(315)	(368)	7,489	389	7,878
Net income				250			250	5	255
Income and expense directly recognized in equity					27		27	0	27
Tax effects on income and expense directly recognized in equity					(9)		(9)	0	(9)
Profit attributable to minority interest							0	(10)	(10)
Treasury stock sold	15,339,893			(100)		368	268	0	268
Other changes				(6)	6		0	(17)	(17)
Balance as of Dec. 31, 2005	514,489,044	1,317	4,684	2,315	(291)	0	8,025	367	8,392
Balance as of Sept. 30, 2006	488,764,592	1,317	4,684	3,358	(149)	(697)	8,513	414	8,927
Net income				641			641	20	661
Income and expense directly recognized in equity					(130)		(130)	(5)	(135)
Tax effects on income and expense directly recognized in equity					22		22	0	22
Profit attributable to minority interest							0	(9)	(9)
Share-based compensation				3			3		3
Other changes				(9)	9		0	(43)	(43)
Balance as of Dec. 31, 2006	488,764,592	1,317	4,684	3,993	(248)	(697)	9,049	377	9,426

7 CONTINGENCIES INCLUDING PENDING LAWSUITS AND CLAIMS FOR DAMAGES**Guarantees**

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

million €

	Maximum potential amount of future payments as of Dec. 31, 2006	Provision as of Dec. 31, 2006
Advance payment bonds	131	1
Performance bonds	142	0
Third party credit guarantee	47	0
Residual value guarantees	45	1
Other guarantees	255	1
Total	620	3

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

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

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

Special purpose entities

ThyssenKrupp has leased a facility used in the production of coke. The application of the rules of this Interpretation SIC 12 "Consolidation – Special Purpose Entities" to the company acting as operator of this facility resulted in considering this company to be a special purpose entity under the scope of the Interpretation which has to be consolidated. The consolidation of this company 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 company, that is also considered to be a special purpose entity under the scope of the Interpretation, it was determined that the Group does not control this company and consequently will not include this entity in the consolidated financial statements. The obligations of the Group existing under the lease and purchasing agreement will continue to be considered future minimum lease payments from operating leases and amount to approximately €62 million in the current fiscal year. The Group's maximum exposure to loss from this facility amounts to approximately €45 million and results from the residual value guarantee for the asset at the end of the lease and purchasing agreement which is mainly covered by third parties.

Commitments and other contingencies

On October 11, 2005, the European Commission announced the initiation of administrative fine proceedings against companies of the elevator and escalator industry. This has also affected some European companies of the ThyssenKrupp Group. Previous to the initiation of the administrative fine proceedings, the

European Commission had conducted pre-investigations in the beginning of 2004. As part of these pre-investigations, several revisions were carried out at the four major elevator manufacturers in the European Union and at the corresponding associations. The subject of the administrative fine proceedings is that the respective companies are accused of having violated the European antitrust law in connection with the manufacturing and servicing of elevators and escalators as well as the selling of the respective spare parts in certain memberstates of the European Union. ThyssenKrupp is cooperating with the antitrust authorities. The EU-Commission has not yet declared the amount of any possible administrative fine and therefore ThyssenKrupp is not yet able to estimate the financial consequences of the administrative fine proceedings.

On January 26, 2006, ThyssenKrupp AG has signed an agreement with Mittal Steel n.v. in which ThyssenKrupp has undertaken to acquire up to 100% of the shares in Dofasco if Mittal Steel takes over Arcelor. This may result in a purchase price obligation up to €4 billion. Information about the further development is disclosed in pending lawsuits and claims for damages which are presented below.

In the 1st quarter ended December 31, 2006, in the Steel segment the commitment to enter into investment projects increased by €1.1 billion. In addition, a long term iron ore and iron ore pellets supply contract and a long term iron gas supply contract were fixed. Beginning fiscal year 2008/2009, over a period of 15 and 20 years, respectively, these two contracts will result in purchasing commitments of €5.6 billion in total.

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.

On January 26, 2006, ThyssenKrupp AG has fixed an agreement with Mittal Steel n.v. in which Mittal Steel has undertaken to sell up to 100% of the shares in Dofasco if the takeover of Arcor will be successful. Dofasco is currently owned by a Dutch foundation to which Arcelor transferred the Dofasco shares as part of its defense against Mittal Steel's takeover bid.

On November 10, 2006, the directors of this foundation decided not to follow the requests of the Boards of Arcelor and Mittal Steel to transfer the Dofasco shares back to Arcelor. As a consequence, on December 22, 2006, ThyssenKrupp filed legal action against Mittal Steel n.v. in Rotterdam to obtain judicial clarification of the sale of Dofasco to ThyssenKrupp, as bindingly agreed by Mittal Steel. On January 23, 2007, the Rotterdam court decided that the release of Dofasco from the Dutch foundation cannot be enforced by court action.

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

8 DERIVATIVE FINANCIAL INSTRUMENTS

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

million €	Notional amount Sept. 30, 2006	Carrying amount Sept. 30, 2006	Notional amount Dec. 31, 2006	Carrying amount Dec. 31, 2006
Derivative financial instruments				
Assets				
Foreign currency derivatives including embedded derivatives	4,462	118	3,931	109
Interest rate derivatives	29	0	5	0
Commodity derivatives	802	87	1,022	80
Liabilities				
Foreign currency derivatives including embedded derivatives	3,116	72	3,340	106
Interest rate derivatives	980	58	993	41
Commodity derivatives	758	112	871	94
Total	10,147	447	10,162	430

9 RELATED PARTIES

In the 1st quarter ended December 31, 2006, real property was sold to the Alfried Krupp von Bohlen und Halbach Foundation at its fair value of €1.6 million resulting in a gain of €0.4 million.

10 SEGMENT REPORTING

As of October 01, 2006, the operations of the Automotive segment remaining after the disposals in North America were combined with the Technologies segment so as to pool key

capital goods capabilities in the new Technologies segment. The retained assets and liabilities and the held-for-sale operations of ThyssenKrupp Budd were assigned to Corporate as of October 01, 2006; the held-for-sale operations were deconsolidated in the course of the 1st quarter 2006/2007. Prior period presentation has been adjusted accordingly.

Segment information for the 1st quarter ended December 31, 2005 and December 31, 2006 is as follows:

million €	Steel	Stainless	Technologies	Elevator	Services	Corporate	Consolidation	Group
1st quarter ended Dec. 31, 2005								
External sales	2,162	1,231	3,211	1,007	2,943	388	0	10,942
Internal sales within the Group	322	121	8	1	123	4	(579)	0
Total sales	2,484	1,352	3,219	1,008	3,066	392	(579)	10,942
Income/(loss) before income taxes	272	7	118	85	85	(137)	(5)	425
1st quarter ended Dec. 31, 2006								
External sales	2,436	1,764	3,096	1,082	3,765	189	0	12,332
Internal sales within the Group	380	207	14	1	207	5	(814)	0
Total sales	2,816	1,971	3,110	1,083	3,972	194	(814)	12,332
Income/(loss) before income taxes	409	325	138	97	192	(93)	(6)	1,062

11 EARNINGS PER SHARE

Basic earnings per share is computed as follows:

	1st quarter ended Dec. 31, 2005		1st quarter ended Dec. 31, 2006	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Numerator:				
Net income (attributable to ThyssenKrupp AG's stockholders)	250	0.49	641	1.31
Denominator:				
Weighted average shares	505,796,438		488,764,592	

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

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

The weighted average number of outstanding shares was reduced by the reacquisition of shares on May 06, 2003 and increased by the sale of those shares in the 2nd quarter ended March 31, 2004, the 3rd quarter ended June 30, 2005 and the 1st quarter ended December 31, 2005. In the 4th quarter ended September 30, 2006, the weighted average number of outstanding shares was reduced again by the reacquisition of shares.

There were no dilutive securities in the periods presented.

12 ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	1st quarter ended Dec. 31, 2005	1st quarter ended Dec. 31, 2006
Interest received	37	37
Interest paid	63	42
Income taxes paid, net	87	182

million €

Non-cash investing activities

In the 1st quarter ended December 31, 2006, the acquisition and first-time consolidation of companies created an increase in intangible assets, property, plant and equipment and investment property of €3 million (December 31, 2005: €0 million).

The non-cash addition of assets under finance leases in the 1st quarter December 31, 2006 amounts to €3 million (December 31, 2005: €2 million).

Non-cash financing activities

In the 1st quarter ended December 31, 2006, the acquisition and first-time consolidation of companies did not result in any increase in gross financial payables (December 31, 2005: €0 million).

13 SUBSEQUENT EVENTS

No reportable events occurred.

FURTHER INFORMATION

REPORT BY THE SUPERVISORY BOARD AUDIT COMMITTEE

The interim report on the 1st quarter 2006/2007 and the review report by the Group's financial statement auditors were presented to the Audit Committee of the Supervisory Board in its meeting on February 12, 2007 and commented on by the Executive Board and the auditors. The Audit Committee approved the interim report.

Düsseldorf, February 12, 2007

Chairman of the Audit Committee
Dr. Martin Kohlhaussen

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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.

DATES

May 11, 2007

Interim report
2nd quarter 2006/2007 (January to March)

May 15, 2007

Analysts' and investors' meeting

August 10, 2007

Interim report
3rd quarter 2006/2007 (April to June)
Conference call with analysts and investors

December 04, 2007

Annual Press Conference
Analysts' and investors' meeting

January 18, 2008

Annual General Meeting

February 13, 2008

Interim report
1st quarter 2007/2008 (October to December)
Conference call with analysts and investors

German and English versions of this report are available 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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