

Financial Statements and Management Report 1998/99 Thyssen Krupp AG.



**Financial Statements as of September 30, 1999 and
Management Report on the Fiscal Year 1998/99
Thyssen Krupp AG**

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The extraordinary stockholders' meeting of Thyssen AG on December 3/4, 1998 and the extraordinary stockholders' meeting of Fried. Krupp AG Hoesch-Krupp on November 30, 1998 approved the merger. Thyssen Krupp AG was registered in the Commercial Register at Düsseldorf local court on March 17, 1999. The merger of Thyssen AG, Duisburg, and Fried. Krupp AG Hoesch-Krupp, Essen/Dortmund, was thus consummated with economic effect at October 1, 1998.

Thyssen Krupp AG directs the ThyssenKrupp Group as parent company. Responsibility for operating business rests with the Group companies.

The consolidated financial statements of Thyssen Krupp AG are drawn up in accordance with Generally Accepted Accounting Principles (US GAAP) and are supplemented by a Group Management Report pursuant to Art. 315 of the German Commercial Code (HGB). The consolidated statements are exempting statements pursuant to Art. 292 a HGB. This Group Management Report contains additional information on the business situation of the ThyssenKrupp Group.

Economic environment

The overall economic environment provided only few positive impulses for the business of the ThyssenKrupp Group in the year under review. The world economy was weak, particularly in the first half of 1999. Thanks to the slight recovery that followed, world economic growth reached a level of 2.5%. World trade increased by 4%.

Sector trends

The international steel market showed a mixed picture in 1999. Demand, clearly in decline at the beginning of the year against falling prices, picked up markedly as the year progressed. World raw steel production at 780 million tonnes was slightly up on the prior year (775 mt). German raw steel production in 1999 at just under 42 mt was 5% down. Steel prices, on a steep decline since mid-1998, recovered gradually in the second half of 1999, but on average were still well below the comparable prior-year figures.

Demand for stainless steel flat products remained on an upward trend in 1999. However, European manufacturers were subject to considerable price pressure through to the beginning of the year. The Asian crisis and anti-dumping cases in the USA increasingly worsened export opportunities. Only later in the year could price increases be pushed through.

The international automobile market remained lively in 1999. More than 54 million vehicles were produced worldwide. However, production in Japan and Brazil declined. In North America there was a further rise in production from an already high level. In Western Europe production was on a par with the previous year at 16.4 million cars and trucks. The German automobile industry equaled the record of 5.7 million vehicles set a year earlier.

After years of recession the German construction sector recovered slightly. There was growth in the west of the country, but building investment in eastern Germany slipped further. The construction industry performed much better in the rest of Western Europe and, particularly, in Central and Eastern Europe.

Investment restraint in Western Europe affected the German mechanical engineering industry in particular in 1999. Orders fell significantly, and it was only thanks to high order backlogs that production matched the prior-year figures. In the machine tool sector German manufacturers performed slightly better with production up by 2%, but the North American market recorded weak demand. The plastics machinery sector stayed at the prior-year level. The German plant engineering industry suffered from declining orders from the Asian region.

Development of business

The economic situation described above affected the segments in different ways.

In Steel the situation was mixed. In the Carbon Steel Flat-Rolled division this was reflected primarily in significantly lower shipments. Thanks to selective order booking and the high proportion of contract business the decline in revenues was less pronounced. The falls in shipments and revenues were worst in hot and cold rolled uncoated flat products. Coated products fared better. Revenue levels for stainless flat products, the main pillar of sales of the Stainless division, were unsatisfactory. Shipments were slightly higher than a year earlier. Shipments by Mexinox in North America were particularly encouraging, whereas business at the nickel-base alloy group VDM was slightly weaker.

The steel service center network in Europe was expanded with the purchase of the French Coste S.A. and S.A. Laminoires et Ateliers de Jeumont.

The Automotive segment continued its growth. A positive factor was continuing good auto sector activity in North America and Germany.

In the Body division both Budd in the USA and the German plants Brackwede and Ludwigsfelde expanded their volume of business. However, the UK plants recorded declining business due to unfavorable market conditions. Aventec in Mexico, a joint venture of Budd and Japanese partners, started production in August 1999.

In the Chassis division a new production line for chassis components began operation in May 1999 at the Hopkinsville, Kentucky, plant.

In the Powertrain division there was growth in particular at Gerlach and Presta in crankshafts, camshafts and steering columns. This more than offset the market-related deterioration at the Brazilian plants of Krupp Metalúrgica Campo Limpo Ltda.

There was an encouraging increase in business at Krupp Automotive Systems and Bilstein in the Systems/Suspensions division resulting from the start of production on further systems orders, the market success of the air suspension system and additional shock absorber contracts.

The Schalker Verein plant was sold, taking Automotive out of cast iron pipe production.

The growth in the Industries segment resulted from acquisitions designed to strengthen the core elevator business.

Thyssen Aufzüge, the world's third biggest elevator manufacturer after the acquisition of Dover Elevators, USA, increased its sales considerably. The purchase of Access Industries, USA, makes the company world market leader in stair lifts. In Brazil, Thyssen Aufzüge bought Elevadores Sür. The light conveyor activities were sold. The main markets for Thyssen Aufzüge in the USA and Europe were mainly stable.

The Production Systems division recorded mixed results, mainly due to weak demand for machine tools in North America. However the assembly system and body-in-white equipment units improved on their good prior-year results.

ThyssenKrupp Plastics Machinery continued its good performance of recent years. Krupp Kunststofftechnik benefited in particular from growth in

PET drinks bottles, while Krupp Elastomer-technik was affected by the delayed effects of the Asian crisis. Krupp Werner & Pfleiderer further expanded its market position.

Despite weak activity in its main market, the construction industry, ThyssenKrupp Komponenten maintained its good performance of recent years on the whole and even improved on it in some areas, e.g. Thyssen Polymer and Novoferm.

ThyssenKrupp Werften (shipyards) continued to perform encouragingly. Thyssen Nordseewerke billed two submarines and Blohm + Voss a frigate. The orders backlog provides a solid basic workload for the next few years.

ThyssenKrupp Ingenieurbau recorded a clear fall in business. A final decision on the construction of the Berlin – Hamburg Transrapid line had not been made by the end of the reporting period.

The Engineering segment was partly affected by the currency and financial crises in Southeast Asia.

Krupp Uhde billed a fertilizer factory in Egypt and a plastics plant in Thailand. The high volume of orders reflected the stable project situation for chemical plants in key Middle East markets.

At Krupp Polysius the demand situation recovered markedly in the year under review. Several cement plants were booked in North and Latin America.

The difficult situation on the raw materials markets led to falling orders at Krupp Fördertechnik, with ready-to-award projects being delayed or cancelled.

ThyssenKrupp EnCoke, which combines the coke oven plant activities of the former Thyssen Still Otto Anlagentechnik and Krupp Uhde, also recorded a drop in orders.

Despite unfavorable conditions Krupp Industries India held up well in its various fields of business.

The divisions in the Materials & Services segment reported a mixed picture.

The Materials Services division recorded large sales losses in European and overseas business in the first half of 1998/99. In rolled steel business demand picked up in the second half. Sharply falling revenues and higher sales volumes characterized the situation in stainless steel products. The market position in North America was improved but with distinct falls in prices and margins. Against the market trend, the domestic business achieved higher sales and gains in market share through a systematic expansion of the product and service range and a focus on a broader customer base.

In the Facilities Services division there was an increase in industrial services business despite the subdued domestic economy. A major factor in this was the targeted expansion and interlinking of individual service elements such as maintenance, erection and installation, environmental services, facility systems and facility management. There was a disproportionate increase in business at the information services unit, which operates computing centers, client-server architectures and customized telephony systems for industry and authorities.

In the Project Management division activities focused on the discharging of naval and merchant shipbuilding orders, the conclusion of a major

German wind farm project, and international trading in components and machine tools.

The Materials Services division further strengthened its international activities. The takeover of Mannesmann Handel AG expanded tube and rolled-steel sales and the technical trading business. The stainless service center business was bolstered by the acquisition of Vetchberry Steels Ltd. in the UK. The Facilities Services division acquired Palmers Limited, a leading supplier of industrial services in the UK. At October 1, 1999 the Nestrans Logistik group, including the inland waterway shipping business, was sold.

Real Estate made progress on optimizing the Group's real estate portfolio from an income, development and marketing point of view. The expertise is being made available on the market. Despite the tight situation on the real estate management market, competitiveness was improved by targeted measures to increase real estate value.

Income situation

Two main factors characterize the net income of DM941.7 million. Large parts of the fiscal year were marked by difficult trading conditions. The economic weakening in many countries of Europe, Asia and Latin America placed a burden on earnings. Income from investments amounts to DM862.4 million. As part of the merger-related pooling of foreign shareholdings in countries of importance to the Group, proportions of foreign investments were transferred to foreign holding companies of Thyssen Krupp AG for reasons of financial, organizational and tax optimization. Most of the profits arising as a result of this measure were collected without incurring income tax, where-

as the current earnings of the foreign companies have been largely retained due to the disadvantages existing since introduction of the German Tax Relief Law ("Steuerentlastungsgesetz 1999/2000/2002").

After offsetting expenditure for Group management activities, income from ordinary activities totals DM946.7 million. The mergers of Thyssen Industrie AG, Thyssen Handelsunion AG and Westdeutsches Assekuranz-Kontor GmbH resulted in a net profit of DM45.4 million, which is stated as extraordinary income. Income before taxes is thus DM992.1 million. After deducting income taxes of DM50.4 million, net income amounts to DM941.7 million. DM219.9 million is being taken to retained earnings to strengthen the substance of the business.

A recommendation will be made to the Annual Stockholders' Meeting to use the unappropriated profit of DM720.3 million to pay a dividend of DM1.40 per share.

Employees

On September 30, 1999 Thyssen Krupp AG had 419 employees.

Euro capability established

Since January 1, 1999 the ThyssenKrupp Group has been able to offer external business partners the option of conducting transactions in the currency of one of the EMU participating countries – e.g. German marks, French francs, Italian lire Spanish pesetas etc. – or in euros. Internally the switch to the euro has been made in the course of the current fiscal year.

Ready for the Year 2000

Both Thyssen and Krupp initiated groupwide Year 2000 projects several years ago and prepared themselves comprehensively and systematically to deal with the problems associated with the change of millennium. ThyssenKrupp's Year 2000 project organization extends throughout the Group and spreads responsibilities from the Executive Board of Thyssen Krupp AG to the managements of each individual Group company. Monitoring and control is in the hands of a 'Date 2000' task force.

Thyssen and Krupp agreed at an early stage on the method to ensure Year 2000 compliance. An approach was selected based on the globally recognized system of the Automotive Industry Action Group (AIAG). This model breaks down into the phases inventory, analysis, risk assessment and prioritization, remediation planning, remediation, test and implementation, which can be expanded or condensed in line with requirements.

The companies of the ThyssenKrupp Group have largely completed the necessary measures to ensure Year 2000 readiness. Despite the extensive preparations, a residual risk remains because the production and business processes of our companies are subject to external factors over which we have no control (raw material deliveries, utility supplies, telecommunications etc.). To minimize this residual risk, the companies have drawn up contingency plans to avoid personal or economic damage.

The projects to establish Y2K compliance were systematically examined by external auditors at around 200 Group companies throughout the world. The overall findings were satisfactory. KPMG and PwC also audited the Year 2000 measures in the ThyssenKrupp Group at almost 100 systematically selected subsidiaries.

In general, the level of risk in the ThyssenKrupp Group as a whole was assessed as low.

Forced laborers

In the USA, several class action lawsuits have been filed against Thyssen Krupp AG by former forced laborers. Following detailed examination by American lawyers, the Company is confident that these actions will fail. The same applies to numerous actions brought before German courts by former forced laborers.

The German government and a number of German corporations, including ThyssenKrupp, have launched an initiative to supplement state reparations; a national foundation is to be set up comprising a humanitarian fund to compensate former forced laborers and other groups of Nazi victims and a foundation to provide future support for projects related to the fund's origins. The legislation establishing the foundation and corresponding inter-governmental agreements will provide the German companies with adequate legal security against further court actions.

Risk management

The risks involved in any business activity are controlled by risk management. Early recognition and control of potential risks to assets, finances and income permits measures to be taken to secure the long-term future of the business, such as consolidating and developing existing potential for success and identifying new sources. In Germany, a further function of risk management is to satisfy the new regulations imposed by the law on control and transparency in business ("KonTraG") introduced on May 1, 1998.

Following the merger of Thyssen and Krupp, work began on harmonizing the existing risk management systems of the two former groups, starting out from the actual structure of the merged companies as presented in the Thyssen Krupp AG Merger Report dated October 16, 1998. The ThyssenKrupp Group has a multi-tiered management structure. Overall responsibility for the Group lies with the Executive Board of Thyssen Krupp AG; Group management is characterized by a sharing of duties and extensive delegation.

The ThyssenKrupp Group is combining the risk management policies of the former groups into a single system and has established its own risk management principles. Based on a review, documentation and assessment of the existing systems for the 1998/99 fiscal year, opportunities for further optimization and increased efficiency are being utilized. Risk management in the Group is supported by an integrated controlling concept; this is part of a value-oriented management approach which targets a systematic and sustained increase in the company's value by concentrating on the core businesses and achieving leading competitive positions in all activities.

Particularly important for successful risk management is communication between the Group parent company and the segments. To this end, situation reports are submitted to the parent company's Executive Board at regular and frequent intervals during the year.

Group financing is handled centrally by Thyssen Krupp AG to limit the risks involved, secure the Group's liquidity and maintain its financial independence. We use derivative financial instruments to counter risks from foreign currency transactions, price fluctuations for raw materials and changes in interest rates. However, derivatives are used only to

manage risks arising from underlying business activities. No transactions of a speculative nature are undertaken.

Future business risks

ThyssenKrupp is a broadly diversified capital goods and trading group faced with the typical business risks - in particular falling demand, currency fluctuations, country risks and risks from technological advancement - which can have a major impact on assets, finances and income. The Group's portfolio is extremely complex with highly cyclical income patterns. Certain business areas have inadequate profitability or growth potential.

The Steel segment is reducing the risk of limited traditional markets in the Carbon Steel Flat-Rolled division through globalized production and increasing internationalization of sales.

Growing demands for weight reduction from the auto industry and its suppliers – the division's key customer sector – are primarily met by the development and systematic marketing of high-strength and ultra-high-strength steels and participation in the “Ultra Light Steel Auto Body” project.

Future developments in the Stainless division depend in particular on

- the situation vis-à-vis competitors who have locational advantages through integrated production, and barriers to market entry on growth markets outside Europe – the division is looking to further strengthen its competitive situation;
- the volatility of the raw materials and currency markets, primarily countered by concluding corresponding commodity and exchange futures to cover underlying transactions.

In the Automotive segment, the risk of a potential fall in demand on specific automobile markets is being countered by an increasingly global presence – in particular in growth regions.

The consolidation trend among auto manufacturers and competitors is being met by dynamic internal and external growth, both quantitative and qualitative.

The risk of automotive products being superseded by technological progress, substitution or modified product requirements is offset by research and development and, where appropriate, by cooperation or equity acquisitions.

Future business risks in the Industries segment are minimized by appropriate counteractions.

Developments in the Elevators division are secured by the continued expansion of sustainably profitable service activities.

The Production Systems division is faced with a serious and ongoing fall in demand for metal-cutting machine tools, especially in the USA, a situation which is being compensated by increasing exports. Strategic capital expenditure by the US automobile industry is also having a positive effect.

In the Mechanical Engineering Components division, conceivable negative political and socio-cultural developments (e.g. cessation of funding programs for wind energy, reduction in subsidies for building modernization) are countered by suitable measures (e.g. maintaining a broad range, increasing exports).

In the Shipyards division, the drop in prices for merchant ships – in particular container ships from Korea – as a result of the Asia crisis is being offset by utilizing opportunities in naval shipbuilding and adapting capacities.

With regard to the Transrapid project, further market openings are being sought outside Germany irrespective of the decision on the Berlin to Hamburg line.

The strategic measures implemented by the Engineering segment are designed as a response to the increasing consolidation of competitors and specific customer industries.

Risk management in the Materials & Services segment includes the following measures: In Materials Services, cyclical price dependency is being reduced by a further expansion of material price-independent service business. Increasingly centralized warehousing coupled with a further improvement in logistics control systems – resulting in lower inventories – cushion the effects of temporary price fluctuations.

The Facilities Services business is highly personnel-intensive at times. The effects of this are being mitigated by part-time employment.

The assessment of the risk situation in the ThyssenKrupp Group revealed the risks to be limited and manageable and no threat to the continued existence of the Company, either now or in future.

Special events after the balance-sheet date

The Transrapid activities were accounted for at September 30, 1999 on a going-concern basis. On February 5, 2000 the Transrapid partners decided to abandon the project for construction of a line from Berlin to Hamburg. Deliberations are currently taking place on the further development of the Transrapid know-how in conjunction with investigations into alternative lines or the possible sale of the know-how. This is not expected to have any major impact on income in fiscal 1999/2000.

■ Outlook/Strategic realignment

In spring 1999 the Executive Board of Thyssen Krupp AG took a decision to develop a strategy for the new Group before the end of the year.

The basis for this strategy was a comprehensive portfolio analysis which revealed the following weaknesses:

- high complexity and inadequate outward transparency,
- highly cyclical results and inadequate profitability in certain business units,
- inadequate growth potential in some areas.

ThyssenKrupp currently comprises five business segments and 23 divisions. Many of these activities already hold strong competitive positions and offer high development potential. However, the Group's funds are not sufficient to meet the growth needs of all areas and enable them to grasp the opportunities offered by globalization. Streamlining the Group and concentrating resources are therefore the guiding principles behind ThyssenKrupp's future strategic alignment.

The package of measures approved by the Supervisory Board on December 3, 1999 has six components:

1. Focusing of the divisions

The Group will concentrate on core businesses which provide above-average EVA through continuous growth and leading market positions.

Alongside ThyssenKrupp Steel, the six core areas are Automotive, Elevators, Production Systems, Mechanical Engineering Components, Materials Services and Facilities Services. Development opportunities outside the Group are being sought for activities with total annual sales in excess of DM10 billion, including Plastics Machinery, the Shipyards, Engineering and Project Management.

2. Strengthening of ThyssenKrupp Steel through flotation

ThyssenKrupp Steel is a producer of global status which holds leading positions worldwide in its various business areas. The initial public offering is to take place before the end of the year 2000. ThyssenKrupp Steel will then be in a position both to realize its ambitious growth objectives more quickly and to play an active part in shaping the further consolidation processes of the steel industry.

3. Stronger service orientation

Another guiding principle is to supplement our production-based business with innovative, know-how-intensive services offering high value-adding potential. This will be done by expanding product-related services and establishing or acquiring completely new service-oriented businesses. One aspect of this will be rapid entry into the "e-commerce" sector.

4. Organizational restructuring

The current operating levels segment and division will be combined. The management

principle under which the large operating units are represented by their chairmen on the Executive Board of Thyssen Krupp AG will be retained unchanged – with the necessary flexibility for transitional solutions and for smaller core businesses.

5. Introduction of US GAAP

Group accounting was switched to US GAAP at the beginning of fiscal 1998/1999. This increases transparency as US GAAP rules are of the highest international standard. Internal accounting is now also being carried out according to US GAAP – a key condition for more efficient value control.

6. Stock options program

The intention is to realize the strategic objectives as quickly as possible. An important precondition for this is a management incentive system based on the capital market.

The systematic and rapid implementation of the strategic realignment coupled with signs of improving worldwide economic conditions will considerably strengthen the Group's earning power and thus the value of the Company. The improvement in earnings and the revenues from the disposal of activities will form the basis for continuous growth in our core businesses.

ASSETS			
DM in millions	Notes	Sep. 30, 1999	Oct. 1, 1998
Fixed assets	1		
Intangible assets		0.4	0.6
Tangible assets		537.4	592.4
Financial assets		13,376.5	11,292.4
		13,914.3	11,885.4
Current assets			
Receivables from affiliated companies	2	13,525.5	7,724.1
Other receivables and miscellaneous assets	3	262.1	214.1
Securities	4	19.9	34.6
Liquid assets	5	360.0	681.6
		14,167.5	8,654.4
Prepaid expense and deferred charges		1.8	2.2
		28,083.6	20,542.0
EQUITY AND LIABILITIES			
DM in millions	Notes	Sep. 30, 1999	Oct. 1, 1998
Equity	6		
Subscribed capital		2,572.4	2,572.4
Capital reserve		5,875.6	5,875.6
Reserve for own shares		1.5	–
Other retained earnings		219.9	–
Unappropriated profit		720.3	–
		9,389.7	8,448.0
Special items with an equity portion	7	157.3	162.2
Accruals			
Accruals for pensions and similar obligations	8	960.7	557.6
Other accruals	9	1,033.3	886.7
		1,994.0	1,444.3
Liabilities	10		
Bank borrowings		2,495.5	616.0
Liabilities to affiliated companies		13,841.4	8,833.5
Other liabilities		205.7	1,037.9
		16,542.6	10,487.4
Deferred income		–	0.1
		28,083.6	20,542.0

DM in millions	Notes	1998/99
Net result from investments	13	862.4
Other operating income	14	1,032.0
Personnel expense	15	-213.0
Amortization and depreciation		-28.9
Other operating expense	16	-577.2
Writedowns on financial assets		-98.9
Net interest	17	-29.7
Income from ordinary activities		946.7
Extraordinary income	18	45.4
Net income before taxes on income		992.1
Taxes on income	19	-50.4
Net income for the year		941.7
Profit appropriation		
Net income for the year		941.7
Allocation to reserve for own shares		-1.5
Appropriation to other retained earnings		-219.9
Unappropriated profit		720.3

DM in millions	Gross values			
	Oct. 1, 1998	Additions by Merger	Other Additions	Retire-ments by Merger
Intangible assets				
Industrial property rights and similar rights	1.8		0.1	
	1.8		0.1	
Tangible assets				
Land, land rights and buildings, including buildings on third-party land	768.2	4.5	1.5	
Other equipment, factory and office equipment	32.8	1.8	7.2	
Payments on account and assets under construction	4.2			
	805.2	6.3	8.7	
Financial assets				
Shares in affiliated companies	10,692.7	1,184.9	3,469.2	1,334.0
Loans to affiliated companies	25.1	1.4	1,490.1	
Investments	568.6	0.7	31.7	
Loans to companies in which investments are held	0.0			
Other loans	6.0			
	11,292.4	1,187.0	4,991.0	1,334.0
Total	12,099.4	1,193.3	4,999.8	1,334.0

			Depreciation, amortization and write-downs			Net values	
Other Retirements	Transfers	Sep. 30, 1999	Merger	Additions 1998/99	accumulated at Sep. 30, 1999	Oct. 1, 1998	Sep. 30, 1999
0.3		1.6		0.3	1.2	0.6	0.4
0.3		1.6		0.3	1.2	0.6	0.4
37.9		736.3	2.8	23.6	211.3	581.3	525.0
4.0		37.8	1.5	5.0	28.9	6.9	8.9
0.7		3.5				4.2	3.5
42.6		777.6	4.3	28.6	240.2	592.4	537.4
2,622.1	1.1	11,391.8		15.6	15.6	10,692.7	11,376.2
25.0		1,491.6	0.0	1.0	1.0	25.1	1,490.6
9.1	-1.1	590.8		82.3	82.3	568.6	508.5
		0.0			0.0	0.0	0.0
4.8		1.2				6.0	1.2
2,661.0	0.0	13,475.4	0.0	98.9	98.9	11,292.4	13,376.5
2,703.9	0.0	14,254.6	4.3	127.8	340.3	11,885.4	13,914.3

General

To improve the clarity of presentation, items are combined in the balance sheet and income statement. They are shown separately in the Notes. The balance sheet at September 30, 1999 is shown alongside the opening balance sheet at October 1, 1998.

Legal situation

Merger of Thyssen AG and Fried. Krupp AG Hoesch-Krupp

Thyssen Krupp AG was registered in the Commercial Register of Düsseldorf local court on March 17, 1999 under No. HRB 37003. The merger of Thyssen AG, Duisburg, (Thyssen) and Fried. Krupp AG Hoesch-Krupp, Essen/Dortmund, (Krupp) was thus consummated with economic effect at October 1, 1998.

Pursuant to Art. 2 No. 2 Reorganization Act (Umwandlungsgesetz) Thyssen and Krupp transferred their entire assets including all rights and obligations by dissolution without liquidation to the new Thyssen Krupp AG thereby established by them (merger by new formation).

The merger is based on the audited and certified balance sheets of Thyssen and Krupp at September 30, 1998 as closing balance sheets. The transfer of the assets of Thyssen and Krupp took place internally effective at the end of September 30, 1998. From the beginning of October 1, 1998 all actions and transactions of Thyssen and Krupp were deemed as being for the account of Thyssen Krupp AG.

Thyssen Krupp AG transferred the values of the assets and liabilities as stated in the closing balance sheets of Thyssen and Krupp to the opening balance sheet and carried them forward in its accounting.

The capital reserve of Thyssen Krupp AG results from the sum of the net assets of Thyssen and Krupp less the subscribed capital of Thyssen Krupp AG. Thus, as a result of the merger, by law the retained earnings previously stated at Thyssen and Krupp were reclassified to the capital reserve pursuant to Art. 272 para. 2 No. 1 German Commercial Code ("HGB").

Miscellaneous receivables and miscellaneous liabilities resulting from mutual obligations between Thyssen and Krupp were eliminated at October 1, 1998.

Integration of Thyssen Industrie AG in Thyssen Krupp AG

In the year under review Thyssen Industrie AG (TI) was integrated in Thyssen AG in accordance with Art. 319 ff. Stock Corporation Act (AktG). The extraordinary stockholders' meeting of TI held on December 15, 1998 resolved TI's integration into Thyssen AG pursuant to Art. 320 AktG. The extraordinary stockholders' meeting of Thyssen AG held on December 3/4, 1998 approved the integration. The integration became effective on January 26, 1999 with registration in the Commercial Register of TI.

At the time of the resolution on the integration, DM22,392,400 of the DM470 million capital stock of TI, or 447,848 shares each with a par value of DM50, was held by outside stockholders. As compensation for their shares, the outside stockholders of TI received Thyssen shares as follows: for each DM50 par value bearer share in TI with dividend coupon No. 20 and renewal coupon they received 1.25 DM50 par value bearer shares in Thyssen AG with dividend entitlement as from the beginning of the 1997/98 fiscal year. Any share fractions arising during the exchange were settled by a cash payment, calculated according to the value of one Thyssen share as determined in the integration report.

With the coming into effect of the merger of Thyssen and Krupp on March 17, 1999, the integration was ended pursuant to Art. 327 para. 1 No. 4 AktG. The purchase of all TI shares of the outside stockholders by Thyssen Krupp AG in connection with the integration is unaffected by the ending of the integration.

Merger of Thyssen Industrie AG (TI), Thyssen Handelsunion Aktiengesellschaft (THU) and Westdeutsches Assekuranz-Kontor GmbH (Wako) into Thyssen Krupp AG

Pursuant to Art. 2 No. 1 UmwG, TI, THU and Wako transferred their entire assets including all rights and obligations by dissolution without liquidation to Thyssen Krupp AG. The companies concluded merger agreements with Thyssen Krupp AG on May 27, 1999 (TI and THU) and on September 21, 1999 (Wako). The mergers of TI and THU into Thyssen Krupp AG became effective with their entry in the Commercial Register of Thyssen Krupp AG on August 2, 1999. The merger of Wako into Thyssen Krupp AG became effective with its entry on October 25, 1999.

The mergers of TI and THU are based on the audited and certified balance sheets at September 30, 1998 as closing balance sheets. The transfer of the assets of TI and THU took place internally with economic effect at the end of September 30, 1998. From the beginning of October 1, 1998 all actions and transactions of TI and THU were deemed as being for the account of Thyssen Krupp AG.

The merger of Wako was based on the audited and certified balance sheet at June 30, 1999 as closing balance sheet. The transfer of the assets of Wako took place internally with economic effect from the end of June 30, 1999. From the beginning of July 1, 1999 all actions and transactions of Wako were deemed as being for the account of Thyssen Krupp AG.

Thyssen Krupp AG carried forward in its accounting the values for the transferring assets and liabilities stated in the closing balance sheets of the aforementioned companies as well the new assets arising as a result of transfers out. Thyssen Krupp AG was sole stockholder of the merged companies.

Accounting and valuation principles

Intangible assets are generally stated at purchase cost less scheduled amortization. Goodwill is generally capitalized and amortized over its probable useful life.

Tangible assets are stated at purchase or manufacturing cost. Interest on borrowings is generally not capitalized. Scheduled depreciation is provided on limited-life assets. Exceptional depreciation is charged where necessary.

Scheduled depreciation is based mainly on the following useful lives: buildings 20 – 25 years, land improvements 5 – 25 years, other equipment and factory and office equipment 3 – 10 years.

Scheduled depreciation is determined by the declining-balance method where permitted under tax law, applying the highest permissible rate – max. 30%. A changeover to the straight-line method is made as soon as this leads to higher depreciation. Movable assets added in the first half of the year are depreciated at the full annual amount, additions in the second half of the fiscal year at half the annual amount. Items with a purchase or manufacturing cost up to and including DM800 are written down to zero in the year of addition.

Investments are generally accounted for at purchase cost. Lower values are stated if impairments exist which are expected to be of lasting duration.

Non-interest-bearing or low-interest-bearing loans are discounted to present value; the other loans are stated at face value.

Identifiable risks on receivables and miscellaneous assets are recognized through appropriate allowances. Non-interest-bearing or low-interest-bearing receivables are discounted to present value.

Securities classed as current assets are valued at purchase cost or the lower value applicable on the balance sheet date.

The accruals take account of all recognizable risks and uncertain obligations. Accruals for pensions and similar obligations with the exception of partial retirement obligations are recognized according to actuarial principles in the amount of the incremental value under Art. 6 a German Income Tax Law (EstG). For further risks in the personnel sector, e.g. for social plan costs, long-service payments and vacation entitlements, accruals are recognized in accordance with the principles of commercial law.

Deferred taxes are provided for temporary differences between taxable income and accounting income. Net deferred tax liabilities are stated under tax accruals.

Liabilities are stated in the amounts repayable. Annuity obligations are stated at present value.

Contingent liabilities from guarantees and warranty agreements are valued in accordance with the principal amount in each case.

Currency translation

Receivables and liabilities in foreign currency are translated at the lower of the historical or current exchange rate. Hedged positions are valued at the corresponding hedged rate. Receivables and liabilities denominated in currency units of the member states of the European Economic and Monetary Union are valued at the irrevocably fixed translation rates.

Notes to the Balance Sheet

Figures DM in millions

1 Fixed assets

Intangible and tangible assets

Movements in intangible and tangible assets are presented in the fixed asset schedule above. To provide a better presentation of the asset situation the gross values and cumulative amortization and depreciation of the former Thyssen AG and Fried. Krupp AG Hoesch-Krupp have been carried forward.

The additions to fixed assets relate to capital expenditure due to the head office centralization.

Financial assets

Movements in financial assets are presented in the fixed asset schedule. The investments are listed in the list of shareholdings of Thyssen Krupp AG, which is filed with the Commercial Register of Düsseldorf local court under number HRB 37003.

Additions and retirements in shares in affiliated companies, and the additions to loans to affiliated companies relate mainly to legal restructurings of certain foreign subsidiaries.

The retirements in loans to affiliated companies result from a scheduled redemption.

2 Receivables from affiliated companies

Receivables from affiliated companies mainly comprise short-term receivables under the Group's central financial clearing scheme.

3 Other receivables and miscellaneous assets

	Sep. 30, 1999
Receivables from companies in which investments are held	17.6
Miscellaneous assets	244.5
	262.1

The miscellaneous assets include tax refund entitlements, receivables from property disposals and premiums paid for interest-rate caps which are expensed over the term of the agreements.

Maturities

Receivables and miscellaneous assets are due after one year and more as follows:

	Sep. 30, 1999
Receivables from companies in which investments are held	0.1
Miscellaneous assets	11.6
	11.7

4 Securities

	Sep. 30, 1999
Own shares	1.5
Other securities	18.4
	19.9

In the 1998/99 fiscal year, for the purpose of compensating the outside stockholders of Thyssen Industrie AG in connection with the integration of that company, Thyssen Krupp AG purchased 5,477,000 of its own no-par value shares in accordance with Art. 71 para. 1 No. 3 Stock Corporation Act (AktG). This corresponded to approx. 1.1% of the capital stock of Thyssen Krupp AG. The purchase price amounted to DM181.3 million.

Up to the end of the fiscal year 444,105 shares in Thyssen Industrie AG with a par value of DM50 each were exchanged for 5,432,730 no-par value shares in Thyssen Krupp AG under the compensation arrangement outlined. At the end of the fiscal year Thyssen Krupp AG still holds 44,270 of its own shares (0.009% of the capital stock). The pro rata purchase price amounted to DM1.5 million.

5 Liquid assets

Liquid assets include cash on hand, at Bundesbank and in other banks.

6 Equity

The subscribed capital of Thyssen Krupp AG at September 30, 1999 is divided into 514,489,044 no-par-value bearer shares with an arithmetical par value of DM5.

Of the net income for 1998/99, DM219.9 million has been appropriated to other retained earnings.

7 Special items with an equity portion

The special items with an equity portion include transferred hidden reserves pursuant to Art. 6 b Income Tax Law (EstG) and Section 35 Income Tax Regulations (EstR). In the past fiscal year, DM19.6 million was allocated to accruals for pensions and similar obligations with income statement effect. This amount includes a third of the valuation difference between the 1983 and 1998 pension tables. A total of DM60.6 million is to be allocated for this in the next two fiscal years.

8 Accruals for pensions and similar obligations

The main increase in accruals results from the adoption of pension obligations in connection with the sale and merger of affiliated companies.

Tax accruals exist mainly for taxes on income and for merger-related land transfer taxes.

9 Other accruals

	30.9.1999
Tax accruals	304.6
Miscellaneous accruals	728.7
	1,033.3

The miscellaneous accruals cover all identifiable risks. They mainly relate to risks from investments and mining subsidence and to commitments for future long-service payments, social plan costs and other expenses in the personnel sector. The item also contains accruals for restructuring expenses.

10 Liabilities

Bank borrowings

Of the bank borrowings stated at September 30, 1999, DM36.3 million is secured by mortgages.

Liabilities to affiliated companies

This item relates mainly to temporary deposits by subsidiaries in the Group's financial clearing scheme.

Other liabilities

	Sep. 30, 1999
Trade payables	14.4
Liabilities to companies in which investments are held	56.6
Miscellaneous liabilities	151.9
(of which taxes)	(27.0)
(of which relating to social security)	(2.4)
	222.9

Of the miscellaneous liabilities DM11.7 million is secured by mortgages.

Maturities

	Maturity on September 30, 1999		
	within 1 year	1 to 5 years	More than 5 years
Bank borrowings	49.0	998.0	1,431.3
Liabilities to affiliated companies	12,940.6	900.1	0.7
Other liabilities:			
Trade payables	14.4		
Liabilities to companies in which Investments are held	56.6		
Miscellaneous liabilities	1,40.4	8.3	3.2
	13,201.0	1,906.4	1,435.2

11 Contingent liabilities

	Sept. 30, 1999
Issuance and transfer of bills	29.8
Guarantees	8,088.8
(of which vis-à-vis affiliated companies)	(105.8)
Collaterals for third-party liabilities	0.6
(mortgages)	(??????)

In addition, Thyssen Krupp AG is jointly and severally liable pursuant to Art. 133 UmwG in relation to the transfer-on of liabilities of Thyssen Industrie AG, Thyssen Handelsunion AG and Westdeutsches Assekuranz-Kontor GmbH.

12 Other financial commitments

Obligations from rental and lease agreements are due in the coming fiscal years as follows:

1999/00	0.4
2000/01	0.4
2001/02	0.4

Obligations to pay up shares in a number of corporations and cooperatives and one partnership exist in the total amount of DM5.6 million.

Notes to the Income Statement

Figures DM in millions

13 Net result from investments

	1998/99
Income from profit-and-loss transfer agreements	373.5
Expense from loss transfers	- 396.7
Income from investee companies	885.6
(of which from affiliated companies)	(786.7)
	862.4

The income from profit-and-loss transfer agreements and the expense from loss transfersystem from affiliated companies.

14 Other operating income

Other operating income includes in particular income from the retirement of financial assets, consideration for services provided for Group companies, tax refunds from subsidiaries and revenue from nonoperating activities.

Other operating income of DM4.9 million results from the release of special items with an equity portion.

15 Personnel expense

	1998/99
Salaries	98.4
Statutory social contributions	9.1
Expense for pensions	100.3
Expense for other benefits	5.2
	213.0

On average 460 salary earners were employed in the fiscal year.

16 Other operating expense

Other operating expense mainly includes general administrative expenses, expense for nonoperating activities, advertising and trade fair costs and expense in connection with subsidiaries.

This item also contains other taxes in the amount of DM65.8 million, relating almost exclusively to merger-related land transfer taxes.

17 Net interest

	1998/99
Income from other financial assets	0.1
(of which from affiliated companies)	(0.1)
Other interest and similar income	511.3
(of which from affiliated companies ⁹)	(502.0)
Interest and similar expense	- 541.1
(of which to affiliated companies)	(- 396.5)
	-29.7

18 Extraordinary income

Extraordinary revenues of DM184.2 million and extraordinary expense of DM138.8 million derive from the merger of Thyssen Handelsunion AG, Thyssen Industrie AG and Westdeutsches Assekuranz-Kontor GmbH into the reporting company.

19 Taxes on income

Taxes on income mainly reflect withholding taxes on dividends paid out by foreign companies. Overall the taxes stated here relate to income from ordinary activities.

20 Supervisory Board and Executive Board compensation

Total compensation to the members of the Executive Board for the 1998/99 fiscal year amounts to DM14,3 million. Compensation to former members of the Executive Board of Thyssen AG and Fried. Krupp AG Hoesch-Krupp and their survivors totaled DM22,6 million.

Pension obligations to former members of the Executive Board and their survivors are accrued in the amount of DM143,1 million.

Compensation to the Supervisory Board, as established in the Articles of Association, amounts to DM2.4 million for the 1998/99 fiscal year.

The members of the Supervisory Board and Executive Board are presented on pages 28 – 34.

21 Proposed profit appropriation

We propose to the Annual Stockholders' Meeting the payment of a dividend of DM1.40 per share on the dividend-carrying capital of DM2,572,445,220.

Düsseldorf, December 17, 1999

Thyssen Krupp AG
The Executive Board

Cromme Schulz

Forster Hennig Jooss Middelman Rohkamm Rossberg Stein

We have audited the annual financial statements including accounting records and the management report of Thyssen Krupp AG, Düsseldorf, for the fiscal year ended September 30, 1999. Keeping the accounts and preparing the annual financial statements and the management report in accordance with the rules of German commercial law are the responsibility of the company's Executive Board. Our responsibility is to express an opinion on the financial statements including accounting records and on the management report on the basis of our audit.

We conducted our audit of the annual financial statements according to Art. 317 of the German commercial code (HGB) in compliance with the generally accepted auditing principles established by the Institute of Auditors (Institut der Wirtschaftsprüfer (IDW)) and IDW PS 208 on the conduct of joint audits. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements, prepared according to generally accepted accounting principles, and the management report are free of material misstatements affecting the view given of the assets, liabilities, financial position and income situation of the company. In planning an audit, knowledge of the company's business activities and its economic and legal environment as well as expectations of possible misstatements are taken into account. An audit includes examining, mainly on a test basis, the efficiency of the internal control system and evidence supporting the amounts and disclosures in the accounting records, the financial statements and the management report. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements and management report. We believe that our audit provides a sufficiently reliable basis for our opinion.

Our joint audit did not give rise to any objections.

In our opinion the annual financial statements give a true and fair view of the assets, liabilities, financial position and income situation of Thyssen Krupp AG, Düsseldorf, in conformity with generally accepted accounting principles. Overall the management report provides an accurate view of the situation of the company and accurately presents the risks applying to future business.

Essen/Düsseldorf, February 17, 2000

C&L Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

C. F. Leuschner P. Albrecht
Wirtschaftsprüfer Wirtschaftsprüfer

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

U. Maas Dr. K. Rockel
Wirtschaftsprüfer Wirtschaftsprüfer

Dr. Gerhard Cromme

Chairman

- | Allianz Versicherungs-AG
- | RAG AG *
- | Ruhrgas AG
- | VEBA AG
- | Volkswagen AG
- | ABB AG/Switzerland
- | Suez-Lyonnaise des Eaux S.A./France
- | Thomson-CSF S.A./France
- within the Group:
 - | Thyssen Krupp Industries AG (Chairman)
 - | The Budd Company/USA

Prof. Dr. Ekkehard Schulz

Chairman

- | Commerzbank AG
- | Hapag-Lloyd AG
- | MAN AG
- | RAG AG (Vice Chairman) *
- | RWE Energie AG
- | Strabag AG
- within the Group:
 - | Eisen- und Hüttenwerke AG (Chairman)
 - | Krupp Thyssen Stainless GmbH (Chairman)
 - | Thyssen Budd Automotive GmbH
 - | Thyssen Krupp Materials & Services AG (Chairman)
 - | Thyssen Krupp Stahl AG (Chairman)
 - | The Budd Company/USA
 - | Thyssen Inc./USA

Dr. Hans-Erich Forster

- | Mannesmannröhren-Werke AG *
- within the Group:
- | Thyssen Krupp Automotive AG
- | Thyssen Krupp Werkstoffe GmbH (Chairman)
- | WIG Industriestandhaltung GmbH (Chairman)
Thyssen Inc./USA

Dieter Hennig

- | Böhler Thyssen Schweißtechnik GmbH *
- | Dortmunder Eisenbahn GmbH *
- | Zoo Duisburg AG *
- within the Group:
- | EBG Gesellschaft für elektromagnetische
Werkstoffe mbH
- | Eisenbahn und Häfen GmbH
- | Hoesch Hohenlimburg GmbH
- | Rasselstein Hoesch GmbH
- | Thyssen Krupp Materials & Services AG

Dr. Gerhard Jooss

- | Allgemeine Kreditversicherung AG
- | ERGO Versicherungsgruppe AG
- | Westfalenbank AG
- | WestLB International S.A./Luxembourg
- within the Group:
- | Buckau Walther AG (Chairman)
- | Krupp Uhde GmbH (Chairman)
- | Thyssen Krupp Engineering AG
- | Thyssen Krupp Steel AG (Chairman)

Dr. Ulrich Middelmann

- | Deutsche Hyp Deutsche Hypothekenbank
Frankfurt-Hamburg AG
- | Remington Arms Company, Inc./USA
- within the Group:
- | Krupp Thyssen Stainless GmbH
- | Thyssen Krupp Automotive AG
- | Thyssen Krupp Industries AG
- | Thyssen Krupp Stahl AG (Chairman)
- | Acciai Speciali Terni S.p.A./Italy
- | Giddings & Lewis LLC/USA
- | The Budd Company/USA
- | Thyssen Elevator Holding Corp./USA

Prof. Dr. Eckhard Rohkamm

- | HDI Haftpflichtverband der Deutschen Industrie VVaG
- | Mannesmann Rexroth GmbH
- within the Group:
- | Blohm + Voss Holding AG (Chairman)
- | Krupp Werner & Pfleiderer GmbH
- | Thyssen Aufzüge GmbH (Chairman)
- | Thyssen Budd Automotive GmbH (Chairman)
- | Thyssen Krupp Engineering AG (Chairman)
- | Thyssen Krupp Steel AG
- | Thyssen Krupp Werften GmbH (Chairman)
- | Gidding & Lewis LLC/USA
- | The Budd Company/USA
- | Thyssen Elevator Holding Corp./USA

Jürgen Rossberg

- within the Group:
- | Thyssen Krupp Engineering AG
- | Thyssen Krupp Materials & Services AG
- | Thyssen Krupp Stahl AG
- | Thyssen Krupp Steel AG

Dr. Heinz-Gerd Stein

- | AXA Colonia Versicherung AG
- | Bankgesellschaft Berlin AG
- | Dürr AG
- | Gerling Konzern Speziale Kreditversicherungs AG
- | Mannesmannröhren-Werke AG *
- within the Group:
- | Eisen- und Hüttenwerke AG
- | Thyssen Budd Automotive GmbH
- | Thyssen Krupp Automotive AG (Chairman)
- | Thyssen Krupp Industries AG
- | Thyssen Krupp Materials & Services AG
- | Thyssen Krupp Steel AG
- | Thyssen Stahl AG (Chairman)
- | The Budd Company/USA
- | Thyssen Elevator Holding Corp./USA

|= Membership of statutory Supervisory Boards
within the meaning of Art. 125 of the German Stock
Corporation Act ("AktG")
(As at September 30, 1999)

* Minority investment of the ThyssenKrupp Group

|= Membership in comparable German and non-German
regulatory bodies of business enterprises within the
meaning of Art. 125 of the German Stock Corporation
Act ("AktG")
(As at September 30, 1999)

Prof. Dr. h.c. mult. Berthold Beitz, Essen
Honorary Chairman
 Chairman of the Board of Trustees of the
 Alfried Krupp von Bohlen und Halbach-Stiftung

Dr. Heinz Kriwet, Düsseldorf
Chairman

- | Allianz Lebensversicherungs-AG
- | Dresdner Bank AG
- | Siemens AG

Dieter Schulte, Duisburg
Vice Chairman
 Chairman of the German Trade Union Federation
 (DGB)

- | Bayer AG

Dr. Karl-Hermann Baumann, Munich
 Chairman of the Supervisory Board of Siemens AG

- | Allianz AG
- | Deutsche Bank AG
- | Linde AG
- | Metallgesellschaft AG
- | Schering AG
- | Siemens AG (Chairman)

Wilfried Behrend, Kassel
(until September 30, 1999)
 Production planning engineer
 Vice Chairman of the Works Council of
 Thyssen Henschel GmbH

- | Thyssen Henschel GmbH

Wolfgang Boczek, Bochum
(from October 28, 1999)
 Materials tester
 Chairman of the General Works Council of
 Thyssen Umformtechnik + Guss GmbH

- | Thyssen Krupp Automotive AG

Prof. Dr. Günter Vogelsang, Düsseldorf
Honorary Chairman

Carl L. von Boehm-Bezing, Bad Soden
 Member of the Executive Board of
 Deutsche Bank AG

- | Messer Griesheim GmbH
- | Philipp Holzmann AG (Chairman)
- | Rütgers AG
- | RWE AG
- | Steigenberger Hotels AG

within the Group:

- | Deutsche Grundbesitz-Anlagegesellschaft mbH
 (Chairman)
- | Deutsche Grundbesitz-Investmentgesellschaft mbH
 (Chairman)
- | Eurohypo AG (Chairman)

Seats are also held in comparable German and
 non-German regulatory bodies within the meaning of
 Art. 125 para. 1 of the German Stock Corporation Act
 ("AktG").

Dr. Klaus Götte, Munich
 Chairman of the Supervisory Board of MAN AG

- | Allianz Lebensversicherungs-AG
- | KM Europa Metal AG
- | MAN AG (Chairman)
- | SMS AG

Gerd Kappelhoff, Witten
 Trade union secretary at the Düsseldorf
 branch office of IG Metall

- | Thyssen Krupp Automotive AG
- | Thyssen Krupp Industries AG
- | Rasselstein Hoesch GmbH

Dieter Kroll, Duisburg
 Skilled steel mill worker
 Chairman of the Group Works Council of
 Thyssen Krupp AG and Chairman of the
 Works Council of Thyssen Krupp Stahl AG

- | Thyssen Krupp Steel AG

|= Membership of statutory Supervisory Boards
 within the meaning of Art. 125 of the German Stock
 Corporation Act ("AktG")
 (As at September 30, 1999)

Reinhard Kuhlmann, Frankfurt/Main

Secretary General of the European Metalworkers' Trade Union Federation

- Adam Opel AG

Dr. Manfred Lennings, Essen

Independent industrial consultant

- Bayer AG
- Deilmann-Haniel GmbH (Chairman)
- Deutsche Post AG
- Gildemeister AG (Chairman)
- IVG Holding AG (Chairman)

Werner Nass, Dortmund

Salaried employee

Chairman of the European Works Council of Thyssen Krupp AG

Dr. Mohamad-Mehdi Navab-Motlagh, Tehran

Vice Minister for International Affairs and Foreign Investment and President of the Organization of Investment, Economic and Technical Assistance of Iran

- IFIC Holding AG (Chairman)

Dr. Friedel Neuber, Duisburg

Chairman of the Executive Board of Westdeutsche Landesbank Girozentrale

- Babcock Borsig AG (Chairman)
- Deutsche Bahn AG
- Douglas Holding AG
- Hapag-Lloyd AG
- Preussag AG (Chairman)
- RWE AG (Chairman)

Seats are also held in comparable German and non-German regulatory bodies within the meaning of Art. 125 para. 1 of the German Stock Corporation Act ("AktG").

Paul Ring, Hagen

(until December 31, 1999)

Industrial electrician

Chairman of the Group Works Council of Thyssen Krupp AG

Thomas Schlenz, Hamminkeln

Shift foreman

Chairman of the General Works Council of Thyssen Krupp Materials & Services AG

Dr. Henning Schulte-Noelle, Munich

Chairman of the Executive Board of Allianz AG

- BASF AG
- Dresdner Bank AG
- Linde AG
- MAN AG (Vice Chairman)
- Mannesmann AG
- Münchener Rückversicherungs Gesellschaft AG (Vice Chairman)
- Siemens AG
- VEBA AG

within the Group:

- Allianz Versicherungs-AG (Chairman)
- Allianz Lebensversicherungs-AG (Chairman)

Seats are also held in comparable German and non-German regulatory bodies within the meaning of Art. 125 para. 1 of the German Stock Corporation Act ("AktG").

Wilhelm Segerath, Duisburg

Automotive bodymaker

Chairman of the General Works Council of Thyssen Krupp Stahl AG

- Thyssen Krupp Stahl AG

Dr. Walter Seipp, Königstein i. Ts.

Honorary Chairman of the Supervisory Board of Commerzbank AG

Ernst-Otto Tetau, Brietlingen

(from February 16, 2000)

Mechanical engineer

Chairman of the Works Council of Blohm + Voss GmbH and Chairman of the General Works Council of Thyssen Krupp Industries AG

- Thyssen Krupp Werften GmbH
- Blohm + Voss GmbH

Bernhard Walter, Bad Homburg

Speaker of the Executive Board of
Dresdner Bank AG

- | Bilfinger + Berger Bauaktiengesellschaft
- | DaimlerChrysler AG
- | Degussa-Hüls AG
- | Deutsche Lufthansa AG
- | Deutsche Telekom AG
- | Heidelberger Zement AG
- | Henkel KgaA
- | Metallgesellschaft AG
- | Staatliche Porzellan-Manufaktur Meissen GmbH

within the Group:

- | Deutsche Hyp Deutsche Hypothekenbank
Frankfurt-Hamburg AG (Chairman)

Seats are also held in comparable German and non-German regulatory bodies within the meaning of Art. 125 para. 1 of the German Stock Corporation Act ("AktG").

Dieter Wittenberg, Dortmund

Director of Thyssen Krupp Industries AG

Supervisory Board Committees

Executive Committee (Präsidium)

- Dr. Heinz Kriwet (*Chairman*)
- Dieter Schulte
- Dieter Kroll
- Dr. Friedel Neuber

Committee in accordance with Art. 27 para. 3 German Codetermination Act ("Mitbestimmungsgesetz")

- Dr. Heinz Kriwet (*Chairman*)
- Dieter Schulte
- Dieter Kroll
- Dr. Friedel Neuber

Personnel Committee

- Dr. Heinz Kriwet (*Chairman*)
- Dieter Schulte
- Dieter Kroll
- Dr. Friedel Neuber

Accounting and Investment Committee

- Dr. Heinz Kriwet (*Chairman*)
- Dieter Schulte
- Dr. Klaus Götte
- Werner Nass
- Dr. Mohamad-Mehdi Navab-Motlagh
- Wilhelm Segerath

| = Membership of statutory Supervisory Boards within the meaning of Art. 125 of the German Stock Corporation Act ("AktG") (As at September 30, 1999)

Important dates and contacts.

I May 24, 2000

Annual Stockholders' Meeting
Interim report October 1, 1999 - March 31, 2000

I May 25, 2000

Payment of the dividend for the 1998/99 fiscal year

I May 26, 2000

Conference call with financial analysts

I December 8, 2000

Initial overview of fiscal 1999/2000

I January 15, 2001

Annual press conference
Analysts' meeting
(discussion of annual financial statements)

I March 2, 2001

Annual Stockholders' Meeting

Thyssen Krupp AG

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