

Remarks

by the

Chairmen of the Executive Board
of ThyssenKrupp AG

Dr. Gerhard Cromme
Prof. Dr. Ekkehard Schulz

at the

Annual Stockholders' Meeting
Duisburg
March 2, 2001

Dear stockholders,
Ladies and Gentlemen,

Welcome to the second Annual Stockholders' Meeting of ThyssenKrupp AG. I also wish you a warm welcome on behalf of Mr. Cromme and our colleagues on the Executive Board.

We wish to report to you today on the company's performance in fiscal year 1999/2000 and in the first months of the current fiscal year. We will be giving you an overview of ThyssenKrupp's record in 1999/2000, how the Group has developed strategically and what we plan for the future.

- I will begin with a review of business in 1999/2000 – both for the Group as a whole and for the individual segments.
- Then I will deal with the strategic alignment of ThyssenKrupp. This chiefly includes an overview of the current status of implementation of our strategic goals.
- After that Mr. Cromme will report on the value added by the ThyssenKrupp segments.
- The stock market's view of the Group is the next point. The price of ThyssenKrupp's stock reflects how the capital market rates the performance of the Group. This point also includes the question how we intend to strengthen the personal interest of managers and employees in the stock price and the value of the company.
- The final section of our report provides initial information on the first quarter 2000/2001 and our expectations for the full year.

Review of fiscal year 1999/2000

1999/2000 was a good year for the Group economically. Pre-tax profit reached almost €1.1 billion, the second-best figure in the recent history of Thyssen and Krupp. We are therefore proposing to you today a slightly increased dividend of 75 cents per share.

Integration process at an advanced stage

Two years after the merger we have made very good progress on the integration process, but it is not yet completed. The swift integration of the two groups has been a major help in positioning the ThyssenKrupp segments successfully in the market. The synergies from the merger are being tapped step by step and are turning out on the whole as planned. From the current perspective the long-term volume of synergies from the year 2003 will be significantly above the planned figure of around €500 million per year.

In this connection I would like to comment on the unfortunately continuing rumors about alleged Thyssen and Krupp camps within the Group. The Executive Board, and the co-chairmen – and I say this with the full support of all Executive Board members – work together smoothly as a team. All decisions to date have been made unanimously and quickly. Otherwise the good 1999/2000 results that I will be presenting shortly would not have been possible.

1999/2000 key figures

How did ThyssenKrupp fare in 1999/2000? To improve comparison, as in the annual report, the prior-year figures mentioned in the following for order intake, sales and earnings are pro-forma figures, i.e. as well as the Thyssen numbers they include 12-month figures for Krupp, Dover Elevators and Mannesmann Handel, independent of the date of initial consolidation.

Let me make one remark at this point:

Last year's consolidated financial statements were given a qualified audit opinion – we had to carry out the equity method valuation of our RAG shareholding on a German GAAP basis, as at the time US GAAP statements for RAG were not available. After RAG supplied US GAAP data, the audit qualification was removed. Under US GAAP this necessitated a change in the prior-year statements, a so-called restatement. In this connection, complex balance sheet items were also reviewed and valuation procedures were further standardized. The changes, with a span of plus/minus 2.4%, were not material. For example the impact on net income was -€5 million or 1.9%. On the whole the prior-year statements were presented fairly in line with US GAAP.

The key figures in the past fiscal year were as follows:

- The Group's order intake increased 22% to €38.9 billion.
- Group sales rose 15% to €37.2 billion. All segments contributed to this rise. Foreign sales made up around 65% of total sales.
- EBITDA – earnings before taxes, minority interest, interest, depreciation and amortization – reached €3.4 billion, an increase of €0.9 billion.
- Earnings before taxes and minority interest increased to €1.09 billion from €601 million a year earlier.
- Net income doubled from €270 million to €527 million.
- Earnings per share amount to €1.02; in 1998/1999 EPS was €0.52, and normalized €0.79.
- ROCE, return on capital employed, improved from 6.3% last year to 8.7%.
- Cash flow fell from €1.5 billion last year to €1.3 billion. The fall was mainly the result of a sharp rise in inventories and receivables due to increased business.
- Net debt increased from €6.2 billion to €7.7 billion – the main reason for this was the high level of investment after the merger. In 1999/2000 we invested a total of €2.5 billion, a year earlier the figure was €3.6 billion.
- Stockholders' equity rose from €8.1 billion on September 30, 1999 to €8.8 billion at the end of 1999/2000. The equity ratio was 24.5%.
- At September 30, 2000 the Group had 193,316 employees; 45% of them had their place of work outside Germany. On September 30, 1999 the figure was 184,770 worldwide.

From the segments

With the exception of Production Systems all the Group's segments contributed to the good results.

- 1999/2000 was an outstanding steel year – with high demand in Germany and abroad and a recovery in prices. The **Steel** segment increased its sales 21% to €12.7 billion. Pre-tax profit doubled to €606 million. The concentration of all crude steel production at Duisburg and expansion of our Stainless activities in Asia and NAFTA are the priorities for the current year.
- **Automotive** profited from the healthy sales of international automobile manufacturers. Revenue increased 17% to €6.1 billion. Earnings before taxes improved slightly to €295 million. In the current year ThyssenKrupp Automotive will further strengthen its presence on the growth markets of Asia and South America.
- **Elevators** increased its sales 12% to €3.1 billion. Profit went up 44% to €204 million. Dover Elevators, Elevadores Sûr and Access Industries, companies acquired in the

two previous years, were successfully integrated. Further expansion is focusing on service business, which already accounts for around half of sales.

- The **Production Systems** segment increased its sales 11% to €1.4 billion. The loss was higher than a year earlier but was limited to -€82 million. The sole cause of the loss were market and structural problems in the Metal Cutting business unit, whereas Autobody Manufacturing Systems and Assembly Plant were successful. A worldwide reorganization program for the Metal Cutting unit is meanwhile beginning to bite, and the segment is expected to more or less break even this year.
- The **Components** segment generated sales of €1.3 billion and earnings before taxes of €85 million, both figures roughly 12% higher than a year earlier. Growth above the market average is the target for the current year, too.
- **MaterialsServices** increased its sales 14% to €10.1 billion. Pre-tax profit rose by as much as 91% to €153 million. Priority areas during the year were the optimization of warehouse and information logistics, the expansion of services, and innovative e-commerce solutions. Work on these projects is continuing in 2000/2001; the goal is to provide an even better "one-stop shopping" capability, with a full range of services from a single source.
- The **FacilitiesServices** segment was significantly strengthened by new acquisitions. Sales rose accordingly by 54% to €2.0 billion. Pre-tax profit improved €12 million to €79 million. Key tasks in the current year include the integration of the companies acquired last year and the consolidation of market positions in the industrial customer business.
- ThyssenKrupp **Immobilien** (Real Estate) recorded a billing-related drop in sales by 13% to €369 million. Pre-tax earnings rose 4% to €58 million.
- In the reporting period the **Others** segment included the plant construction business previously stated separately as Engineering as well as the Group's other operating activities, particularly the shipyards, grouped under Remaining Others. Segment sales decreased 6% to €3.4 billion. Earnings before taxes doubled to €133 million, a figure that includes the proceeds from the sale of Krupp Kunststofftechnik.

Dividend of €0.75 per share

This generally pleasing situation makes it possible to increase the dividend slightly and at the same time strengthen Group reserves by €159 million. To meet the need for an appropriate dividend level we are proposing to you a dividend increased to a rounded €0.75 per share. Last year the dividend was €0.71581.

Of ThyssenKrupp AG's net income of €425 million, a total of €386 million will be used for the dividend payment and €39 million will be taken to retained earnings.

As in the previous year the dividend will not be linked to a corporate tax credit for domestic dividend-entitled stockholders. This is again due to the high proportion of earnings generated abroad and the fact that ThyssenKrupp AG had no taxable domestic income.

Related to the share price at the end of the fiscal year – €15.39 on September 29, 2000 – the dividend yield is 4.9%. This makes the ThyssenKrupp stock one of the strongest DAX stocks in terms of dividend yield. Even based on current prices the dividend yield at 3.8% is still above the DAX average.

Strategic alignment of the Group

At the center of the ThyssenKrupp Group's strategic focus is a concentration on businesses which make long-term above-average contributions to enhancing the value of the company. For this, they must be capable of generating continuous growth and attaining leading market positions.

We concentrate on developing our segments in line with their specific features, optimally exploiting the potential provided by Group synergies. For this we are intensifying our portfolio management and reinforcing the service orientation and technological capability of the Group.

Portfolio optimization continued

In optimizing the Group portfolio we may not have progressed as quickly as initially planned but have nevertheless made good headway. Since the merger, companies and parts of companies with sales totaling around €5 billion have been bought or sold. In the reporting period we acquired companies representing sales of €1.2 billion and disposed of businesses with sales of €0.8 billion. The Steel segment, for example, acquired a majority shareholding in the electrical steels business of the Raymond group in India. Automotive bought Stahl Specialty Company in the USA, one of the biggest aluminum foundries in North America supplying castings above all to the automobile industry. FacilitiesServices strengthened its market positions with the purchase of companies like Peiniger, Kessler + Luch and the HiServ group, the IT service provider of the former Hoechst group. On the other hand, during the reporting period we sold Krupp Kunststofftechnik, the Hundhausen foundry and HSP Hoesch Spundwand und Profil among others. The project business of Thyssen Rheinstahl Technik was transferred to a joint venture with Ferrostaal.

A big step in strengthening the Group's activities would have been the acquisition of Atecs Mannesmann, for which we submitted a bid last year based on strict profitability criteria. What we failed to achieve in one step with Atecs we will now be implementing in several smaller steps – namely growth-oriented systems partnerships in the automotive supply sector.

As well as portfolio optimization and the Steel flotation, the strategy program of November 1999 provided for a service and e-commerce offensive. Both these service-oriented projects have started well and are delivering initial successes. Further elements were the full conversion to US GAAP accounting and the introduction of a stock options program; these steps, too, have since been realized.

Operating environment necessitates strategy adjustment

The flotation of the steel business could not be realized. The stock market's low valuation of the entire steel sector in summer 2000 also included ThyssenKrupp Steel. A limit was reached at which it would not have been possible to achieve the goal of creating added value for the Group. The strategic advantages of the flotation would not have justified the associated disadvantages. Together with the two consortium banks Deutsche Bank and Commerzbank we therefore decided to cancel the IPO.

As part of our strategic focus we originally also intended to sell Shipyards and Engineering. This disposal strategy was frustrated by the world market environment. Another factor was that under the tax reforms gains on the disposal of domestic companies are not tax-free until 2002.

As you can see, Ladies and Gentlemen, we had good reasons to adjust our strategic alignment in November 2000. We did so without hesitation and with the full support of the Supervisory Board.

We are continuing the portfolio optimization within the framework of a consistent value management policy. However, disposals will only be made if they do not result in value destruction. Our continuing strategic goal is to increase the value of the company long-term. That is our responsibility toward you, our stockholders, toward the company and toward its employees.

ThyssenKrupp will concentrate in the future on three main areas of activity: Steel, Capital Goods and Services.

The Group's activities will be assigned to six operating segments, which will be run directly by ThyssenKrupp AG. They are Steel, Automotive, Elevators, Technologies, Materials and Serv. For the most part all activities already hold top 3 positions worldwide today. The new segment Technologies will pool our activities in machinery and systems technology, which include a very high proportion of engineering services. They are Production Systems, Plant Technology (previously Engineering), Marine (Shipyards) and Mechanical Engineering (previously mainly Components). In an independent segment under uniform management we will develop each business individually and achieve higher value-added through tight portfolio management. The Group's real estate activities, with sales of around €370 million, will remain pooled in an independent organization. The restructured Group portfolio already shows a good balance between cash providers like Steel and value drivers like Serv.

We are convinced that this structure represents a strong foundation for an attractive future.

Digression: Usinor/Arbed/Aceralia

As far as the announcement two weeks ago regarding the merger plans of Usinor, Arbed and Aceralia is concerned, we welcome any contribution to further European steel

market consolidation. We assume that in the wake of this merger, too, existing capacities will be reduced and the risk of new overcapacities being created will be reduced. The consolidation of the German steel industry for example – the merger of the steel businesses of Thyssen, Krupp and Hoesch – took out a total 6.6 million tons per year of crude steel capacity. Corus, the tie-up between British Steel and Hoogovens, also recently announced a comprehensive restructuring with plant closures in Wales.

We have frequently been asked about the implications of the new merger for ThyssenKrupp Steel. In terms of total crude steel output Usinor/Arbed/Aceralia will be the undisputed world number one, followed by Posco of Korea. But this is of no relevance for ThyssenKrupp Steel because we specialize in flat steel, and long products are not part of our core business. In carbon flat steel Usinor/Arbed/Aceralia will become world number one, while ThyssenKrupp Steel will retain fourth place. In stainless the new group will move close to the number one Krupp Thyssen Stainless. On the market side, however, it is likely that the substantial market shares of the new supplier will lead customers to redistribute their orders somewhat to avoid dependencies. ThyssenKrupp Steel will also benefit from this.

Much more important than this ranking is the fact that in the steel sector, too, size alone as a competitive advantage is not enough. What matters is optimally exploiting the potential associated with size. Here we can point to concrete advantages. ThyssenKrupp Steel has done its homework – the Europe-wide unique site concept with steelmaking concentrated in Duisburg is nearing completion, and the synergies from the steel merger will be largely implemented this year. We therefore have substantial economies-of-scale advantages and a considerable time lead in the implementation of synergies.

In the years ahead ThyssenKrupp Steel will continue its strategy of worldwide expansion in attractive triad markets both for Carbon and for Stainless. As in the past, elements of this strategy will be selected acquisitions and joint ventures, as well as the formation of strategic alliances. But that's enough on this topic, now let us return to the strategic alignment of the overall Group.

The Group's service orientation

A stronger service orientation is another important element of the Group strategy. ThyssenKrupp already offers a wide range of services which now make up around 15% of Group sales. This is not restricted to our service-oriented segments Materials and Serv

but embraces all segments. To illustrate the progress we have already achieved and highlight our growing service orientation I have regrouped the segments in the new Group structure according to their service share:

- In Steel – our classic production area and the first of the Group's main areas of activity – the share of services is only 2%.
- In our second main activity Capital Goods a significantly increasing service orientation is visible – from over 15% in Technologies, including Marine with more than 30% services, to 50% in Elevators, which sees production as the key to the service business. Automotive, too, still has substantial service potential, above all in engineering and systems business.
- In Services, our third main area of activity, Materials is also involved in the trading business, which is considered separately and not counted among the industrial service providers. Serv, by contrast, is our pure-play service provider.

Our aim now, based on existing know-how, is to expand innovative customer-oriented services in all segments and transfer resources progressively toward a stronger service orientation. For this we are building new value partnerships with our customers along the entire value chain, benefiting from customers' increasing concentration on their core capabilities. The services involved may be services in connection with ThyssenKrupp products or third-party products, systems services or completely new services. In e-commerce we see a new chance to grow our service orientation because this tool, as well as optimizing purchasing, selling and business processing, opens up new service opportunities. Additional innovative services will enable us to tie our customers even more closely to us, differentiate ourselves from the competition and promote product sales. This growth environment, coupled as a rule with lower capital intensity, promises to deliver good results and thus fits in with our value-oriented management approach.

In the medium term we intend to double our current share of services in sales. This will be associated with corresponding investments in the service area.

Transrapid close to breakthrough

The Technologies segment also includes Transrapid, an innovative rail technology that is now close to a breakthrough after long discussions. The maglev train was first unveiled to the public at an international transport fair in Hamburg in 1979. The test line in Germany's Emsland region began operation in 1984. The Transrapid is an environmentally friendly, safe, cost-efficient and comfortable answer to people's

increasing mobility requirements. As you know, in January Transrapid International received an order to build a Transrapid link between Shanghai international airport and the city's financial center. The first trains will travel along the 30 km line at speeds of 430 kilometers per hour in early 2003. From its center of competence in Kassel ThyssenKrupp will supply a total of 18 vehicle sections as well as core components for the track system.

Other Transrapid plans are also progressing. In Munich a project is being considered to link the airport with the downtown area. In North Rhine-Westphalia a maglev system called Metrorapid is under discussion to create growth and make public transport more efficient. Our Dutch neighbors are considering a Transrapid link between Groningen province and the densely populated Amsterdam area; alternatively a circular line is under discussion with Randstad. At the same time as the Shanghai contract was placed a decision was made in the USA to start the concrete planning of two Transrapid lines, namely Baltimore-Washington and the Pittsburgh airport shuttle. As you can see, the abandonment of the Hamburg-Berlin project has not diminished the attractiveness of the Transrapid system.

That completes the first part of our report. I will now hand over to Mr. Cromme.

Ladies and Gentlemen,

I, too, would like to welcome you to today's Annual Stockholders' Meeting of our company.

Mr. Schulz just provided a detailed review of our performance and our focus in the past fiscal year. None of this would have been possible without our employees all over the world, and I would like to take this opportunity to express my thanks to them. My thanks also extend to the employee representatives for their constructive and trusting work in the codetermination bodies.

And special thanks go out to you, Ladies and Gentlemen, our stockholders for your faith in ThyssenKrupp and your support for our company. In the future we will continue to work hard to justify this faith.

Value added by the segments

Allow me first to take a closer look at the subject of company value, which has already been touched on today, and with it the subject of economic value added.

Economic value added (EVA) is a central performance measure at ThyssenKrupp. It shows whether the company has earned more or less than its cost of capital in a given period. A positive spread means that value has been added to the company. If the company fails to match its cost of capital, the EVA is negative.

Following a negative figure of around €530 million in fiscal year 1998/1999, last year ThyssenKrupp significantly improved its economic value added. We almost earned our cost of capital and in so doing also achieved a respectable return on stockholders' equity of over 12%.

The weighted average cost of capital (WACC) for the Group is 9%. In the reporting year, the return on capital employed (ROCE) was 8.7%. Related to capital employed of €22.3 billion, EVA for the Group in 1999/2000 works out at around -€70 million, a €460 million improvement on the previous year.

The Group's EVA is composed of the mainly positive value contributed by the segments and the negative EVA from Corporate/Consolidation. The WACC figures for the individual segments are based on peer analysis and range from 7.5% for Real Estate through 9.5% for Steel to 14% for Engineering. The situation in the individual segments is as follows:

- **Steel**, with sector-typical very high capital employed, generated strong profits and earned its capital costs. A €335 million improvement in economic value added was achieved versus the prior year.
- At €107 million, value added in the **Automotive** segment was again good, despite capital employed rising sharply as a result of capital expenditure.
- **Elevators** improved its EVA by €43 million to €99 million. Key to this was the successful integration and development of acquisitions Dover Elevators, Elevadores Sûr and Access Industries.
- Owing to losses in North America and two problematical orders in Germany, EVA at **Productions Systems** was clearly negative at -€137 million.
- Despite the continuing weakness of the German construction sector, the **Components** segment succeeded in further optimizing its cost, production and distribution structures and gained additional market shares. This led to higher earnings and an improvement in last year's EVA from €7 million to €19 million.
- **MaterialsServices** made encouraging progress with its "one-stop shopping" strategy and achieved significantly higher profits. This meant that despite a higher level of capital employed, in contrast to the prior year the segment's EVA was positive at €26 million.
- **FacilitiesServices** also returned improved earnings, allowing EVA to rise from last year's figure of €13 million to €23 million. Much of this improvement was due to the expansion of the segment's business through targeted acquisitions both in Germany and abroad.
- In **Real Estate**, a strong contribution from the housing management activities was the main factor in the slight improvement on last year's profits. With capital employed remaining high in connection with the use of the purchase accounting method, EVA was again negative at -€51 million.

- **Engineering** had to absorb exceptional charges from the disposal of a business, the closure of a foreign subsidiary and the winding up of a major order in Asia which went into default. With a break-even result, EVA was thus -€34 million.

We are fully aware that in the long term, simply covering our cost of capital is not enough. Achieving positive EVA for the Group on a sustained basis remains our prime objective. And, Ladies and Gentlemen, we are well on the way to making further progress in this respect. In view of the economic downturn, we are using every possible means to enhance our operating efficiency. As part of a broad-based working capital reduction program we are also focusing our efforts on reducing capital employed.

A sustained increase in the value of our company, appropriately valued by the stock market, will also increase the Group's market capitalization.

ThyssenKrupp and the capital market

Share price – slump followed by recovery

The capital market took a very critical view of ThyssenKrupp in fiscal year 1999/2000. Over the year the share price fell by around 17% and thus clearly underperformed the DAX index, which rose 32%, and the Dow Jones Stoxx (up 26%).

In many quarters, ThyssenKrupp shares are still wrongly regarded as a steel stock. This is reflected in the parallel share price performance of other steel producers in the reporting year, in particular the French company Usinor. In fiscal year 1999/2000 Usinor's stock slipped by just over 20%. In particular the sharp drop in our share price in May last year was matched by clear losses by other European steel stocks.

Our market capitalization fell to €7.9 billion and thus below our equity value of €8.8 billion. We have made no secret of our conviction that our stock is seriously undervalued at this level. And that is why we assume that the strong economic performance of the Group and the adjustment to our strategy will in the future once again be reflected in an appropriate share price.

Developments in recent weeks and months have strengthened this conviction. In the period to the end of February 2001, ThyssenKrupp stock outperformed the market and is currently around the €20 mark regarded by analysts as “psychologically important”.

Investor relations work stepped up

In times when the capital market gives the company and its stockholders little cause to celebrate, professional investor relations work is all the more important. Rapid and open communication creates transparency and makes the company’s strategy and actions easier to understand.

We have stepped up our efforts to provide targeted information to analysts and institutional investors. And you too, Ladies and Gentlemen, are free to contact our investor relations team at any time, either by calling our hotline or by e-mail, fax or letter. We have also extended our internet website and now offer you an electronic newsletter with updates on current happenings at ThyssenKrupp.

“Phantom stocks” and employee shares

To give decision-makers in the Group a direct share in the company’s success, over a year ago we initiated a Long Term Management Incentive Plan. The original group of around 220 top executives has now been widened to take in further management staff. Two installments have already been issued. The stock appreciation rights are measured against two demanding performance hurdles – ThyssenKrupp shares must either appreciate by at least 15% or outperform the Dow Jones Stoxx index.

Due to the relatively high starting price and the performance of ThyssenKrupp shares since then, the performance of the phantom stocks has yet to meet expectations. Further efforts are required: higher earning power means higher value added and consequently a higher stock market rating, which will be directly reflected in the value of the phantom stocks.

In January this year the Supervisory Board approved the issue of employee shares. We want to give our employees the chance to invest in the company on favorable conditions. This will help employees to identify more closely with the company and, by establishing their own portfolio, to sensitize them to the rules of the stock markets. By law, employers are allowed to grant a tax- and social security-free subsidy of up to DM300 for the acquisition of shares if employees match this amount with funds of their own. This means

that each of our 110,000 German-based employees can buy shares up to a value of DM600, which under this model must then be held for six years.

ThyssenKrupp communication offensive

On several occasions in the past year the capital market showed that the financial community has a different picture of ThyssenKrupp than we have of ourselves: we are treated as a steel stock even though ThyssenKrupp is far more than steel. You, Ladies and Gentlemen, are aware that ThyssenKrupp supplies parts, components and systems to most of the world's automobile manufacturers; that we rank number three in the world for elevators; that we operate one of Germany's biggest vendor-independent IT systems houses; and that our online materials trading business offers some 120,000 different products. But the general public and the stock exchanges are obviously not sufficiently aware of this. Although our company is well known in general, specific knowledge of our non-steel activities is limited, and the need for information correspondingly great.

In order to systematically address these deficits, we are currently preparing a ThyssenKrupp communication offensive, starting with an image campaign in the print media and TV commercials in Germany, and later moving onto an international stage.

ThyssenKrupp is proud of the industrial expertise, high service capabilities, continuing innovativeness and flexibility it has built up over the years. These are the values at the heart of the Group's future alignment, and these are the values which will form the basis of the Group's future image. Our communication offensive will put this message across clearly, as you will shortly be able to judge for yourselves, Ladies and Gentlemen.

First quarter 2000/2001 and outlook

Upward trend continued in first quarter 2000/2001

How did ThyssenKrupp perform in the first quarter of fiscal year 2000/2001? Order intake rose 6% to €9.5 billion, and sales climbed 13% to €9.2 billion. Pre-tax income was well up on the prior-year quarter, increasing by around €0.2 billion to almost €0.3 billion. All segments made a contribution to this result, which also includes revenue from the disposal of the Krupp Werner & Pfleiderer group. Compared with the preceding quarter, i.e. July to September 2000, the encouraging trend initially continued, but the first signs of weakening are now in evidence.

Now a quick look at the situation in the individual segments in the first three months of the current fiscal year:

- Sales at **Steel** rose 12% to €3.1 billion. Unfortunately orders were already 9% down at €3 billion.
- **Automotive** achieved a 10% improvement in orders and sales to €1.6 billion and €1.5 billion, respectively.
- **Elevators** saw its sales rise 24% to €0.8 billion, while orders climbed 16% to €0.9 billion.
- The new **Technologies** segment returned sales of €1.3 billion, 8% up on the prior-year period. Order intake grew 14% to €1.5 billion.
- Sales in the **Materials** segment rose 11% to €2.6 billion, while orders at just under €2.6 billion showed a 9% improvement.
- In percentage terms, the biggest sales increase was achieved by **Serv** - up 59% to €0.6 billion. The previous year's acquisitions had an impact here. Orders increased by 36% to €0.6 billion.

We will be able to provide more information on the current business situation on May 30, when our first-half report for 2000/2001 will be published including more details on the first-quarter figures. The report on the third quarter and the first nine months of the year will be published on August 28, 2001. By introducing quarterly reporting we aim to provide more transparency and greater openness in our financial communication, which will also be of benefit to you, Ladies and Gentlemen. Following our changeover to US GAAP and the expansion of segment reporting, we are now adapting our reporting system further to international standards. This also applies to the currency of the information provided; we are working on bringing forward disclosure dates even further in the future.

Economic prospects increasingly subdued

As regards economic prospects, the news is increasingly negative - both for individual regions and for specific sectors. Although most indicators are still pointing upward, economic growth continues to slow. Following 4.2% last year, forecasts for 2001 are for the world economy to grow by up to 3%. The highest rates are expected in the emerging markets of Southeast Asia and Latin America. Japan has yet to show signs of a real recovery. In the euro zone, the economic fundamentals remain favorable on the whole, although here too the pace of growth is falling. Growth forecasts for Germany range from

an optimistic 2.8% predicted by the government to a more cautious 2.4% expected by economists. In contrast, the US economy is cooling down, with growing speculation that there will be a 'hard landing'. Of key importance here is that a negative trend is expected in manufacturing in the USA, and growth will be generated primarily in the service sector. Many economic expectations will therefore not be met this year. After the slowing down in the first half, many people hope that economic growth will pick up again in the second half of 2001, especially in the USA.

Outlook for the full year 2000/2001

Having started well in the first quarter, ThyssenKrupp - like all other companies - is suffering the effects of the world economic downturn, in particular in the steel and automotive sectors. Current estimates for steel price developments and negative trends in the automobile industry, above all in the USA, are being reflected in our Group - especially in the Steel, Automotive and Materials segments - in lower earnings compared with the previous year. However, positive effects emanating mainly from Production Systems and Corporate should help compensate to a certain extent. The way the US dollar/euro exchange rate develops could also have a considerable impact on earnings. Against this background the Group no longer expects to increase its earnings this fiscal year. This has become increasingly clear in recent weeks and has probably also been reflected in the share price. Despite the deteriorating economy, however, ThyssenKrupp will make every effort to deliver another good earnings figure, the aim being to match last year's results.

Let me assure you, Ladies and Gentlemen, that the management team at ThyssenKrupp will do everything in its power to increase our operational efficiency and optimize our profits, taking account of the economic situation.

To achieve this on the one hand we have introduced internal measures: a program has been introduced in this reporting year to reduce the level of capital employed through systematic inventory and accounts receivable management; this will help us to become more efficient, improve the value added within the Group and further reduce the Group's indebtedness. On the other hand we are expanding our technology and service capabilities in the interests of our customers so as to strengthen customer loyalty and build long-term value partnerships.

The next Annual Stockholders' Meeting will take place on March 1, 2002, this time at the Grugahalle in Essen. We expect to be able to report to you then on further progress in

our operating and strategic activities which will make your company a long-term attractive investment.