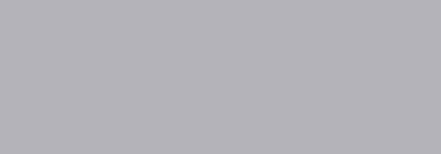


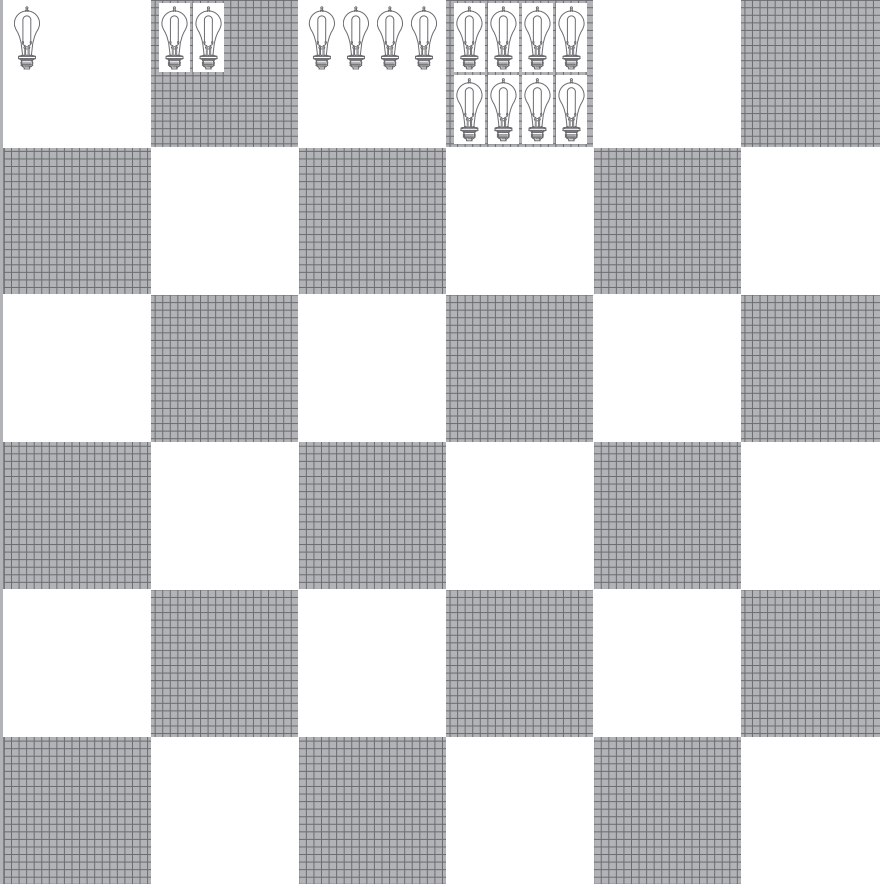
TO OUR STOCKHOLDERS

Sustainably enhancing a company's competitiveness and value brings advantages for all its stakeholders. We made further progress towards this goal in fiscal 2005/2006, both operationally and strategically. This was reflected in our share price: ThyssenKrupp's shares gained 53% in the reporting year. And all of us – Executive Board, Supervisory Board and around 190,000 employees worldwide – are working hard to ensure this success story continues.

Page 07 [Executive Board and Supervisory Board](#) Page 12 [Report by the Supervisory Board](#) Page 17 [Corporate governance at ThyssenKrupp: Corporate governance report, Compensation report \(part of Group management report\)](#)
Page 27 [ThyssenKrupp stock](#) Page 32 [Responsibility to society](#)



HOW QUICKLY CAN GOOD IDEAS SPREAD?



ONE PERSON HAS AN IDEA. HE CONVINCES ANOTHER PERSON OF HIS IDEA.
 THEN EACH PERSON CONVINCES ANOTHER PERSON OF THE IDEA, AND SO ON. HOW MANY PEOPLE WOULD WE END UP WITH IN THE FINAL SQUARE?

EXECUTIVE BOARD AND SUPERVISORY BOARD

EXECUTIVE BOARD

DR.-ING. EKKEHARD D. SCHULZ	Chairman, born 1941, Executive Board Member since 1991, appointed until January 23, 2009, responsible for Corporate Communications and Strategy, Internal Auditing, Legal, Management Development and Top Executives, Technology and Energy
DR. ULRICH MIDDELMANN	Vice Chairman, born 1945, Executive Board Member since 1992, appointed until March 31, 2008, responsible for Corporate Controlling, Mergers & Acquisitions
DR. OLAF BERLIEN	also Executive Board Chairman of ThyssenKrupp Technologies AG, born 1962, Executive Board Member since 2002, appointed until March 31, 2012, responsible for the Technologies segment
EDWIN EICHLER	also Executive Board Chairman of ThyssenKrupp Elevator AG and ThyssenKrupp Services AG, born 1958, Executive Board Member since 2002, appointed until September 30, 2012, responsible for the Elevator and Services segment
JÜRGEN H. FECHTER	also Executive Board Chairman of ThyssenKrupp Stainless AG, born 1962, Executive Board Member since October 01, 2005, appointed until September 30, 2008, responsible for the Stainless segment
DR. A. STEFAN KIRSTEN	born 1961, Executive Board Member since 2002, appointment ends November 30, 2006, responsible for Corporate Accounting and Financial Reporting, Finance, Information Management, Investor Relations, Materials Management, Taxes and Customs, and for Risk and Insurance Services
DR.-ING. KARL-ULRICH KÖHLER	also Executive Board Chairman of ThyssenKrupp Steel AG, born 1956, Executive Board Member since October 01, 2005, appointed until September 30, 2008, responsible for the Steel segment
RALPH LABONTE	also Executive Board Member of ThyssenKrupp Technologies AG, born 1953, Executive Board Member since 2003, appointed until December 31, 2007, responsible for Corporate Human Resources, and for Administrative Services and Real Estate
DR.-ING. WOLFRAM MÖRS DORF	also Executive Board Vice Chairman of ThyssenKrupp Technologies AG, born 1948, Executive Board Member since 2004, appointed until April 14, 2009

Gary Elliott resigned from the Executive Board at the close of September 30, 2006



TOP DR.-ING.EKKEHARD D. SCHULZ, DR. ULRICH MITTELMANN

BOTTOM DR. OLAF BERLIEN, EDWIN EICHLER, JÜRGEN H. FECHTER, DR. A. STEFAN KIRSTEN, DR.-ING. KARL-ULRICH KÖHLER, RALPH LABONTE, DR.-ING. WOLFRAM MÖRSDORF



SUPERVISORY BOARD

PROF. DR. H.C. MULT. BERTHOLD BEITZ, ESSEN	Honorary Chairman, Chairman of the Board of Trustees of the Alfried Krupp von Bohlen und Halbach Foundation
PROF. DR. GÜNTER VOGELANG, DÜSSELDORF	Honorary Chairman
DR. GERHARD CROMME, ESSEN	Chairman, Former Chairman of the Executive Board of ThyssenKrupp AG
BERTIN EICHLER, FRANKFURT/MAIN	Vice Chairman, Member of the Executive Committee of the IG Metall trade union
MARKUS BISTRAM, DINSLAKEN	Trade union secretary at the Düsseldorf branch office of IG Metall
WOLFGANG BOCZEK, BOCHUM	until November 30, 2005, materials tester, Chairman of the Works Council Union ThyssenKrupp Automotive
HEINRICH HENTSCHEL, EMDEN	Technical clerk/Hydrostatics, Member of the Works Council of Nordseewerke GmbH
PROF. JÜRGEN HUBBERT, SINDELFINGEN	Former member of the Executive Board of DaimlerChrysler AG
KLAUS IX, SIEK	Fitter, Chairman of the Works Council of ThyssenKrupp Fahrtreppen GmbH
HÜSEYİN KAVVESOĞLU, MAXDORF	Foreman, Chairman of the Works Council Union ThyssenKrupp Services
DR. MARTIN KOHLHAUSSEN, BAD HOMBURG	Chairman of the Supervisory Board of Commerzbank AG
DR. HEINZ KRIWET, DÜSSELDORF	Former Chairman of the Executive Board of Thyssen AG
DR.-ING. KLAUS T. MÜLLER, DORTMUND	Team coordinator, quality management and process technology at ThyssenKrupp Steel AG
PROF. DR. BERNHARD PELLENS, BOCHUM	Professor of Business Studies and International Accounting, Ruhr University Bochum
DR. HEINRICH V. PIERER, ERLANGEN	Chairman of the Supervisory Board of Siemens AG

DR. KERSTEN V. SCHENCK, BAD HOMBURG	Attorney and notary public
PETER SCHERRER, BRUSSELS	General secretary of the European Metalworkers' Federation
THOMAS SCHLENZ, DUISBURG	Shift foreman, Chairman of the Group Works Council of ThyssenKrupp AG
DR. HENNING SCHULTE-NOELLE, MUNICH	Chairman of the Supervisory Board of Allianz SE
WILHELM SEGERATH, DUISBURG	Automotive bodymaker, Chairman of the General Works Council of ThyssenKrupp Steel AG and Chairman of the Works Council Union ThyssenKrupp Steel
CHRISTIAN STREIFF, NEUILLY SUR SEINE	Former President and Chief Executive Officer of Airbus SAS
GEROLD VOGEL, HAGEN	since January 03, 2006, fitter, Chairman of the European Works Council of ThyssenKrupp AG
PROF. DR. GANG WAN, SHANGHAI	Professor of Automotive Engineering and President of Tongji University

SUPERVISORY BOARD COMMITTEES

EXECUTIVE COMMITTEE	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
MEDIATION COMMITTEE UNDER ART. 27 PAR. 3 CODETERMINATION ACT	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Thomas Schlenz, , Dr. Henning Schulte-Noelle
PERSONNEL COMMITTEE	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
AUDIT COMMITTEE	Dr. Martin Kohlhaussen (Chairman), Dr. Gerhard Cromme, Klaus Ix, Hüseyin Kavvesoglu, Prof. Dr. Bernhard Pellens, Thomas Schlenz
STRATEGY, FINANCE AND INVESTMENT COMMITTEE	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Dr. Heinz Kriwet, Dr. Heinrich v. Pierer, Dr. Kersten v. Schenck, Peter Scherrer, Wilhelm Segerath, Gerold Vogel

REPORT BY THE SUPERVISORY BOARD

In this report the Supervisory Board gives an account of its activities in the 2005/2006 fiscal year and describes its ongoing dialogue with the Executive Board, the main subjects of discussions at the full Supervisory Board meetings, the work of the committees and the audit of the financial statements.



DR. GERHARD CROMME, CHAIRMAN OF THE SUPERVISORY BOARD

In the year under review, the Supervisory Board performed the functions for which it is responsible according to statutory provisions and the Articles of Association. We regularly advised the Executive Board on the management of the Company and supervised the conduct of business. The Supervisory Board was directly involved in all decisions of fundamental significance for the Company. In written and verbal reports the Executive Board furnished us with regular, up-to-date and comprehensive information on all relevant issues of strategy and corporate planning, business progress, the state of the Group including the risk situation, and risk management. Where the actual course of business deviated from plans and targets, this was explained to us in detail and examined by us on the basis of the documents presented. The Executive Board agreed the Company's strategic alignment with us. All events of importance to the Company were discussed in detail by the Supervisory Board Executive Committee (Praesidium) and the full Supervisory Board on the basis of reports by the Executive Board. Where required by statutory provisions and the Articles of Association, the Supervisory Board voted on the reports and resolution proposals of the Executive Board after detailed examination and discussion. Outside the Supervisory Board meetings, I was personally in regular contact with the Executive Board and was kept informed about the current business situation and key business transactions. In separate strategy meetings, I discussed the perspectives and future focus of the individual Group segments with the Executive Board.

Four Supervisory Board meetings were held in fiscal 2005/2006. Between meetings, the Executive Board informed us in detail by means of written reports about all projects and plans of particular importance to the Company. Where necessary, we passed resolutions by written vote.

Intensive work in the Supervisory Board committees

To enhance the efficiency of its work, the Supervisory Board has set up a total of five committees which prepare the resolutions of the Supervisory Board as well as the issues to be dealt with at the full meetings. Where legally permissible, in individual cases decision-making powers of the Supervisory Board were delegated to committees. This delegation of work has proved extremely valuable in practice. All committees are chaired by the Supervisory Board Chairman, with the exception of the Audit Committee. The compositions of the individual committees are shown on page 11.

The Executive Committee (Praesidium) met four times in the reporting period. Between meetings, I discussed projects of particular importance to the Group with the members of the Executive Committee. The main subjects of discussion were the future focus of the Steel segment with the steel mill project in Brazil and ways to strengthen the segment's market position in the NAFTA region. The Executive Committee also dealt with the implementation of the German Corporate Governance Code and prepared the efficiency review of the Supervisory Board.

The Personnel Committee, which is responsible for concluding employment contracts with the Executive Board members and for other Executive Board matters, likewise met four times. Key subjects of discussion here were the renewal or termination of Executive Board employment contracts, the compensation system and the amount of compensation paid to the Executive Board, the acceptance of external directorships by Executive Board members and the retention of a law firm to which a member of the Supervisory Board belongs.

Once again in the past fiscal year it was not necessary to convene the Mediation Committee in accordance with Art. 27 par. 3 German Codetermination Act (MitbestG).

The Audit Committee likewise met four times; its work focused in particular on the parent-company and consolidated financial statements as well as the further development of the risk management system. It discussed the quarterly reports, awarded the audit engagement, and determined the audit priority areas and the level of compensation for the auditors. Further subjects of discussion were the transition of the consolidated financial statements to IFRS and in connection with this the adjustment of the performance indicators for the Group, a report by Corporate Internal Auditing about its internal auditing work and a routine report on litigation in the Group. The auditors participated in all four Audit Committee meetings and reported in detail about their audit activities and the audit review of the quarterly financial statements.

The Strategy, Finance and Investment Committee met twice in fiscal 2005/2006. It dealt with the Group's international focus and strategic development as well as its corporate and investment plan, and prepared the relevant resolutions of the Supervisory Board. The project to build a steel mill in Brazil and the future strategy of the Steel segment in the NAFTA region were also discussed in detail.

The chairmen of the committees reported in detail on the meetings and the work of the committees in the full-session meetings.

THE TRANSITION TO IFRS WAS
A KEY SUBJECT OF DISCUSSION
IN THE AUDIT COMMITTEE.

Wide spectrum of topics again discussed in the full Supervisory Board meetings

The development of sales, earnings and employment in the Group and the individual segments, the financial situation and all major investment and disposal projects were the subject of regular deliberations at the full-session meetings. In several meetings we discussed the steel mill project in Brazil, the administrative fine proceedings of the EU Commission in connection with infringement of competition law in the Elevator segment, the future alignment of the Steel segment in the NAFTA region and Executive Board matters.

In the meeting on November 30, 2005 we focused on the parent-company and consolidated financial statements for the year ended September 30, 2005 and the corporate plan for fiscal 2005/2006. We discussed further subjects on the basis of detailed reports by the Executive Board: the sale of treasury stock held by ThyssenKrupp AG to the Alfried Krupp von Bohlen und Halbach Foundation, ThyssenKrupp's rating situation, the strategic development of the Group as well as the steel mill project in Brazil and the Dofasco project. The Supervisory Board approved the expansion of the ANSC-TKS Galvanizing joint venture of ThyssenKrupp Steel in China to include a further hot-dip galvanizing line, the acquisition of the German service companies of the Standardkessel group as well as the acquisition of the Brazilian RIP group by ThyssenKrupp Services. We were also informed about the status of the planned acquisition of Atlas Elektronik in association with EADS and the sale of the special profiles business unit of Hoesch Hohenlimburg to the Calvi group. After the negotiations had been concluded we then approved both projects by written procedure on the basis of detailed documents in December 2005. In the absence of the Executive Board, the Supervisory Board dealt with the efficiency review of the Supervisory Board. The review findings were the basis for the further optimization of our work. Suggestions for further improving the reporting and on the scheduling of meetings as well as procedures at the meetings were subsequently implemented.

In the meeting on January 27, 2006 – immediately before the Annual General Meeting – the Executive Board reported on the current situation of the Group, the status of the steel mill project in Brazil and the alternatives for improving ThyssenKrupp Steel's market position in North America. The Supervisory Board approved the conclusion of an agreement between ThyssenKrupp and Mittal Steel on the purchase of the Dofasco shares following the planned acquisition of Arcelor by Mittal. Furthermore, we approved the acquisition of the operations of Tianrun Crankshaft to strengthen the Automotive activities in China and the acquisition of the activities of VPK Metals.

The meeting on May 12, 2006 centered on the Group's strategic development. On the basis of detailed documents, the Supervisory Board approved the building of a steel mill in Brazil with an annual capacity of 5 million tons of slabs. A further topic was the structural and organizational realignment of the activities of ThyssenKrupp Automotive in North America: the Supervisory Board approved the disposal of ThyssenKrupp Budd Plastics Division and ThyssenKrupp Stahl Company. In addition we approved the investment plan for fiscal 2006/2007 and the financing thereof. In this context we noted with consent the Executive Board's deliberations concerning the acquisition of treasury stock; the authorization for this was issued by the Annual General Meeting on January 27, 2006. After a detailed presentation, we discussed the development and future alignment of the Technologies segment with the Executive Board. The Supervisory Board was also informed about the planned concentration of the Group's head offices in Essen and the establishment of a Corporate Academy at this location.

IN MAY 2006, THE SUPERVISORY BOARD APPROVED THE CONSTRUCTION OF A NEW STEEL MILL IN BRAZIL.

In addition to the report by the Executive Board on the situation of the Group, the agenda for the Supervisory Board meeting on August 11, 2006 also included the combination of the Technologies and Automotive segments, the current status of the steel mill project in Brazil and the planned NAFTA strategy of the Steel and Stainless segments. In this connection we also discussed the fundamental alignment of the Stainless segment with the Executive Board. The Supervisory Board also dealt with Executive Board matters and approved a new organizational chart for the Executive Board. In addition, the Supervisory Board approved the acquisition of the worldwide aerospace service activities of Alcoa by the Services segment and in the absence of the Executive Board discussed a new system of Supervisory Board compensation.

At the beginning of November 2006, on the basis of detailed information, the Supervisory Board approved by written vote the sale of the body and chassis operations of ThyssenKrupp Automotive in North America to Martinrea International.

High corporate governance standards maintained

The Supervisory Board continuously monitored the further development of corporate governance standards. The Executive Board – also on behalf of the Supervisory Board – reports in the following section on pages 17-26 on corporate governance at ThyssenKrupp in accordance with section 3.10 of the German Corporate Governance Code. On October 01, 2006 the Executive Board and Supervisory Board issued an updated Declaration of Conformity according to Art. 161 of the Stock Corporation Act (AktG) and made it permanently available to stockholders on the Company website. ThyssenKrupp AG complies with all recommendations of the Government Commission on the German Corporate Governance Code in the currently applicable version of the Code of June 12, 2006.

THYSSENKRUPP COMPLIES WITH ALL
RECOMMENDATIONS OF THE GERMAN
CORPORATE GOVERNANCE CODE.

Detailed discussion of the audit of the parent-company and consolidated financial statements

The parent-company financial statements for the period October 01, 2005 to September 30, 2006, prepared by the Executive Board in accordance with HGB (German GAAP) rules, and the management report of ThyssenKrupp AG were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main. The audit contract had been awarded by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual General Meeting on January 27, 2006. The auditors issued an unqualified audit opinion.

The consolidated financial statements of ThyssenKrupp AG were prepared for the first time on the basis of IFRS in accordance with Art. 315a HGB. The consolidated financial statements and the management report on the Group were also given an unqualified audit opinion.

One focus of the audit this year was the reporting and risk management of long-term supply agreements. The report on this as well as the other audit reports and the financial statement documentation were sent to all Supervisory Board members in good time. They were the subject of intense discussion at the meeting of the Audit Committee on November 17, 2006 and at the meeting of the Supervisory Board on November 30, 2006. At both meetings, the auditors took part in the discussion of the parent-company and consolidated financial statements. They reported on the main results of the audits and were available to the Supervisory Board to answer questions and provide supplementary information.

Following our own examination of the parent-company financial statements, the consolidated financial statements, the management report and the management report on the Group, we approved the result of the audit and, in the meeting on November 30, 2006, on the recommendation of the Audit Committee approved the parent-company and consolidated financial statements. The parent-company financial statements are thus adopted. We concurred with the proposal of the Executive Board for the appropriation of net income.

Changes in the composition of the Supervisory Board and Executive Board

In the year under review, there was one change in the composition of the Supervisory Board. Mr. Wolfgang Boczek stepped down from the Supervisory Board at the close of November 30, 2005 and entered into retirement. By court ruling effective January 03, 2006, Mr. Gerold Vogel was appointed to the Supervisory Board as his successor. Mr. Vogel also succeeds Mr. Boczek as a member of the Strategy, Finance and Investment Committee. The Supervisory Board thanks Mr. Boczek for his constructive and expert contributions and many years of trustful cooperation.

In its meeting in January 2006, the Supervisory Board extended the appointment of Dr.-Ing. Ekkehard D. Schulz as Executive Board Chairman of ThyssenKrupp AG until the close of the Annual General Meeting on January 23, 2009. In the May 2006 meeting the appointment of Dr. Olaf Berlien as Executive Board member was extended until March 31, 2012, and in the November 2006 meeting the appointment of Mr. Edwin Eichler was extended until September 30, 2012.

FROM DECEMBER 2006, THE EXECUTIVE BOARD OF THYSSENKRUPP AG HAS EIGHT MEMBERS.

At the close of September 30, 2006 Mr. Gary Elliott resigned from the Executive Board and has taken up a new post in the Group as chairman of the ThyssenKrupp national holding company in the USA. Dr. Stefan A. Kirsten is to leave the Executive Board at his own request at the close of November 30, 2006. The Supervisory Board thanks both gentlemen for their successful work for the Group. Mr. Edwin Eichler has taken over responsibility for the Elevator segment while remaining in charge of the Services segment. Dr. Kirsten's functions will be allocated to Dr. Ulrich Middelman with the exception of information management, which is to be assigned to Mr. Ralph Labonte.

The Supervisory Board thanks the executive and management boards, the employees and employee representatives of all Group subsidiaries for their work, which has contributed to another successful fiscal year for ThyssenKrupp.

The Supervisory Board

Dr. Gerhard Cromme
Chairman
Düsseldorf, November 30, 2006

CORPORATE GOVERNANCE AT THYSSENKRUPP

ThyssenKrupp has always attached great importance to responsible and transparent corporate governance aimed at enhancing value on a sustainable basis. Since April 2003 the Company has complied with all the recommendations of the German Corporate Governance Code adopted in 2002.

CORPORATE GOVERNANCE REPORT

The Executive Board – also on behalf of the Supervisory Board – reports in the following on corporate governance at ThyssenKrupp in accordance with section 3.10 of the German Corporate Governance Code:

ThyssenKrupp has always been guided by internationally and nationally recognized standards of good and responsible corporate management. We regard corporate governance as a central issue which embraces all areas of the Group. Our aim is to constantly justify and reinforce the trust placed in us by investors, financial markets, business partners, employees and the general public.

Detailed information on corporate governance at ThyssenKrupp is also available on our website.

Unqualified Declaration of Conformity again

On October 01, 2006 the Executive Board and Supervisory Board issued the statutory Declaration of Conformity in accordance with Art. 161 of the Stock Corporation Act (AktG), stating that ThyssenKrupp complies with all the recommendations of the German Corporate Governance Code as amended on June 12, 2006.

Beyond this, ThyssenKrupp also complies with the suggestions of the Code – with one exception: there are no plans at present to introduce staggered periods of office for the stockholder representatives on the Supervisory Board. We consider it expedient to stick to a common period of office.

At our exchange-listed subsidiary Eisen- und Hüttenwerke AG, the German Corporate Governance Code is implemented taking into account the particularities of its membership in the Group. Variances are set out in the Company's Declaration of Conformity of September 13, 2006.

Services and internet information for our stockholders

Our stockholders are kept regularly informed about important dates by a financial calendar, which is published in the Annual Report, the quarterly reports and on the Company's website. As part of our investor relations activities, we hold regular meetings with analysts and institutional investors. In addition to an annual analysts' conference, conference calls for analysts are organized in particular to coincide with the publication of the quarterly figures.

For years the Annual General Meeting of ThyssenKrupp has been organized and conducted in such a way as to ensure all stockholders receive all the information they need quickly and efficiently before and during the meeting and to help them exercise their rights. We therefore switched and thus simplified the registration and authorization process for the Annual General Meeting to the so-called "record date" system in common international use. The deadline for the authorization and registration of stockholders is thus 21 days before the Annual General Meeting. This increases the incentive, particularly for our foreign stockholders, to take part in the Annual General Meeting and exercise their voting rights.

Ahead of the Annual General Meeting, stockholders receive detailed information on the past fiscal year and the individual agenda items for the meeting in the Annual Report and the invitation to the meeting. All documents and information on the Annual General Meeting as well as the Annual Report are also available on our website. Other information is made available on our website seven days before and during the Annual General Meeting. This promotes and simplifies the exchange of information between us and our stockholders on all matters relating to the Annual General Meeting.

THE PROCESS OF REGISTERING
FOR THE ANNUAL GENERAL
MEETING WAS SIMPLIFIED.

Stockholders unable to attend the Annual General Meeting can view it on the internet in full. Stockholders can exercise their voting rights in person or by proxy, for which they can authorize the representative of their choice or a company-nominated proxy acting on their instructions. Proxy voting instructions for the Annual General Meeting on January 27, 2006 could also be issued in advance and during the meeting up to the end of the general debate by electronic media. This service will also be available to the stockholders for the next Annual General Meeting on January 19, 2007.

Close cooperation between Executive Board and Supervisory Board

GOAL OF THE EXECUTIVE BOARD AND
SUPERVISORY BOARD IS A SUSTAINED
INCREASE IN ENTERPRISE VALUE.

The Executive Board and Supervisory Board work closely together in the interest of the Company; their joint goal is to increase the value of the enterprise on a sustainable basis. The Executive Board provides the Supervisory Board with regular detailed updates on all relevant issues related to corporate planning and strategic development, on business transactions and the situation of the Group including an overview of risks. Under the Articles of Association, important business transactions are subject to Supervisory Board approval. For more details, please turn to the Report by the Supervisory Board on pages 12-16.

The Company has taken out directors and officers (D&O) liability insurance with an appropriate deductible for the members of ThyssenKrupp AG's Executive and Supervisory Boards.

Again this year, the only case of a consultancy or other service contract between members of the Supervisory Board and the Company related to Dr. v. Schenck, who is both a member of our Company's Supervisory Board and a partner in the international law firm Clifford Chance. Insofar as this law firm acted in a legal advisory capacity for the Company during the reporting period, the engagement was approved by the Supervisory Board Personnel Committee. Conflicts of interest of Executive or Supervisory Board members, which must be disclosed immediately to the Supervisory Board, did not occur.

The period of office of the stockholder representatives on the Supervisory Board ends at the close of the Annual General Meeting which resolves on discharging the Supervisory Board from responsibility for fiscal 2008/2009. The period of office of the employee representatives ends at the close of the Annual General Meeting which resolves on discharging the Supervisory Board from responsibility for fiscal 2007/2008.

The German Corporate Governance Code recommends that the chairman of the audit committee should have specialist knowledge and experience in the application of accounting principles and internal control processes. ThyssenKrupp follows this recommendation. Dr. Kohlhaussen, Chairman of the Audit Committee since January 2005, was a member of the board of managing directors of Commerzbank AG for almost 20 years, for ten of which he was chairman of the board. He has been chairman of the supervisory board of Commerzbank AG since 2001. Dr. Kohlhaussen also chairs the audit committee of another DAX-30 company. Furthermore, in his everyday work he has gained extensive knowledge and experience in dealing with internal control processes.

Responsible risk management

Good corporate governance also involves dealing responsibly with risks. The systematic risk management activities performed as part of our value-based Group management approach identify and assess risks at an early stage and optimize risk exposure. The risk management system at ThyssenKrupp AG is examined by the auditors in Germany and abroad. It is continuously evolved and adapted to the changing conditions. For more details, please turn to the Risk Management section on pages 97-102.

In the past fiscal year, the systematic implementation of the Group's compliance program again formed a key area of risk management. Various compliance measures were aimed at preventing antitrust violations and corruption in the Company. For example, special training schemes were developed to explain the applicable laws and the potential risks of violating these laws to employees of ThyssenKrupp AG and the segments whose work brings them into contact with these risk areas. The General Equal Treatment Act which came into force in August 2006 gave rise to new compliance requirements. An information sheet was issued to all employees of the German Group subsidiaries to explain the content of this law and the associated code of conduct for employees and companies. At the same time, the complaints offices required under the Act were installed. Compliance measures were also carried out in the area of capital market law. The Group has a long-established clearing office for ad hoc disclosures in which representatives of various specialist departments carry out assessments to identify any matters subject to ad hoc reporting requirements, with a view to ensuring potential inside information is handled in compliance with the law. In addition, all relevant persons who work for the Group and have authorized access to inside information are entered in an insider register and informed about obligations arising out of insider law.

A further key area of risk management in the past fiscal year was the introduction of a new Group-wide reporting system to maintain a central record of economically damaging acts.

Active, open and transparent communications

To maximize transparency, the aim of our corporate communications is to ensure that all target groups receive the same information at the same time. Private investors also have access to the latest news and developments at the Group on our website. All press and stock exchange (ad hoc) announcements made by ThyssenKrupp AG are published online. The Company's Articles of Association and the Rules of Procedure for the Executive Board, Supervisory Board and Audit Committee can also be viewed on our website, as can details of how ThyssenKrupp is implementing the recommendations and suggestions of the German Corporate Governance Code. All stockholders and interested readers can subscribe to an electronic newsletter which reports news from the Group.

OUR WEBSITE CONTAINS
DETAILED INFORMATION ON
ALL AREAS OF THE GROUP.

According to Art. 15a of the Securities Trading Law (WpHG) the members of the Executive Board and Supervisory Board of ThyssenKrupp AG as well as other employees in a management role and parties closely related to them are obligated to disclose the purchase and sale of ThyssenKrupp shares and related financial instruments. At September 30, 2006 no such disclosures had been made to ThyssenKrupp AG in the reporting year. Similarly, there were no cases of share ownership subject to disclosure under section 6.6 of the German Corporate Governance Code at September 30, 2006. To supplement Art. 15a WpHG, ThyssenKrupp has issued an insider policy which sets out rules for trading with the Company's securities for board members and employees and ensures the requisite transparency.

The other directorships held by Executive and Supervisory Board members are listed on pages 201-203. Details of related party transactions are given in the Notes to the Consolidated Financial Statements on page 180.

KPMG again responsible for auditing

For the first time, accounting at ThyssenKrupp was based on the International Financial Reporting Standards (IFRS) in fiscal 2005/2006. We agreed with the auditors KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main that the Chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings and occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination which are inconsistent with the Declaration of Conformity issued under Art. 161 Stock Corporation Act (AktG) by the Executive Board and Supervisory Board.

Focus on good corporate governance to continue in future

The work of the Executive Board and Supervisory Board will continue to focus on good corporate governance in the current 2006/2007 fiscal year. We will continue to be guided by the recommendations of the German Corporate Governance Code and will implement the Code accordingly. In line with this we will offer our stockholders the usual facilities for authorizing proxies and issuing proxy voting instructions for the Annual General Meeting on January 19, 2007, and the meeting will be transmitted live on the internet. The Executive Board and Supervisory Board will continue their close cooperation based on trust in the current year and will jointly address all major business transactions. In the ongoing further development of the risk management system, we will expand our compliance program on anti-corruption policy and competition law to include an e-learning program. This instrument will help us train as large a number of employees as possible in key compliance areas. On page 24 of the following Compensation Report you will find information on our plans to adjust the compensation paid to the Supervisory Board which will be presented to the Annual General Meeting on January 19, 2007 for resolution.

THE ANNUAL GENERAL MEETING IS
TRANSMITTED LIVE ON THE INTERNET
AND ACCESSIBLE TO ALL.

COMPENSATION REPORT

Performance-based compensation for Executive Board

The overall compensation paid to Executive Board members consists of a number of compensation components. These are fixed compensation, a bonus, a long-term incentive component as well as additional benefits and pension plans.

The structure of the compensation system for the Executive Board is discussed and regularly reviewed by the Supervisory Board at the proposal of the Personnel Committee. Determining the compensation of individual Executive Board members is the duty of the Personnel Committee, which decides on appropriate compensation.

Compensation is based in particular on the duties of the individual Executive Board member, his/her personal performance and that of the Executive Board as well as on the business situation, success and prospects of the Company relative to its competitive environment.

Compensation for Executive Board members comprises non-performance-related and performance-related components. The non-performance-related components are the fixed compensation, additional benefits and pension plans, while the performance-related components are the bonus and the long-term incentive components.

The basic non-performance-related fixed compensation is paid out as a monthly salary. It is reviewed every three years among other things on the basis of the general salary trend in the Group. Effective October 01, 2005 the fixed compensation was increased by 3% p.a. against the last increment of April 01, 2002, i.e. for the 3.5 year period by a total of 10.5%. The Executive Board members also receive additional benefits in the form of non-cash benefits mainly comprising the tax value of real property, related incidental costs, insurance premiums and the use of Company cars. The Executive Board members are responsible for paying tax on these additional benefits as compensation components. In principle they are available in the same way to all Executive Board members; they vary in amount according to the personal situation of the individual member. No loans or advance payments were granted to members of the Executive Board in the year under review.

The first component of performance-related compensation is the bonus. The bonus amount is based equally on the development of EBT (earnings before taxes) and ROCE (return on capital employed). This means that the bonus as a performance incentive is linked to the performance indicators used in the Group. In addition to their bonus, Executive Board members receive a variable compensation component with a long-term incentive effect under the Mid Term Incentive plan (MTI); the Company's Long Term Management Incentive plan (LTMI) expired with the payment of the 5th installment at the beginning of 2006. Details of this can be found on pages 161-163 of the Notes to the Consolidated Financial Statements. The bonus system and MTI plan are based on a policy issued by the Supervisory Board Personnel Committee in 2002.

Overall compensation to active members of the Executive Board for their work in fiscal 2005/2006 was €23.1 million.

THE BONUS AMOUNT IS BASED
ON THE GROUP INDICATORS EBT
AND ROCE.

The compensation includes the stock appreciation rights granted to the Executive Board members under the 4th installment of the MTI at the beginning of January 2006. In line with the Management Compensation Disclosure Act (VorstOG), the number of stock rights is disclosed together with their value at grant date, calculated in accordance with the requirements for international accounting. The number of stock rights issued under the MTI is adjusted at the end of a three-year performance period on the basis of a comparison of the average ThyssenKrupp Value Added (TKVA) over the three-year performance period – starting from October 01 of the fiscal year in which the stock rights were awarded – with the average TKVA of the previous three fiscal years. For every €50 million change in TKVA, the number of stock rights changes by 10%. More information on TKVA can be found on pages 90-94. At the end of a performance period the stock rights awarded are paid out on the basis of the average price of ThyssenKrupp shares based on the performance of the stock in the first three months after the end of the performance period.

The following table shows the breakdown of compensation for the individual Executive Board members:

Executive Board compensation 2005/2006 in € 000's

	Annual income			Rights granted in fiscal year under 4th MTI installment		Total	Pension	
	Fixed salary	Value of additional benefits	Bonus	Number	Value at grant date		Annual pension when payable (as at September 30, 2006)	Allocation to pension accrual in fiscal year
Dr.-Ing. Ekkehard D. Schulz Chairman	875	138	2,186	14,430	283	3,482	569	504
Dr. Ulrich Middelmann Vice Chairman	663	166	1,656	10,864	213	2,698	398	839
Dr. Olaf Berlien	530	91	1,325	8,691	171	2,117	159	185
Edwin Eichler	530	77	1,325	8,691	171	2,103	159	268
Gary Elliott	530	84	1,325	8,691	171	2,110	212	645
Jürgen H. Fechter	530	97	1,325	8,691	171	2,123	159	180
Dr. A. Stefan Kirsten	530	82	1,325	8,691	171	2,108	159	218
Dr.-Ing. Karl-Ulrich Köhler	530	94	1,325	8,691	171	2,120	159	236
Ralph Labonte	530	90	1,325	8,691	171	2,116	159	318
Dr.-Ing. Wolfram Mörsdorf	530	92	1,325	8,691	171	2,118	265	362
Total	5,778	1,011	14,442	94,822	1,864	23,095	2,398	3,755

The above table also provides details of the Executive Board members' pensions. Pensions are paid to former Executive Board members who have either reached the normal age limit of currently 60 years, become permanently incapacitated for work or whose employment contract taking into account other income has been prematurely terminated or not renewed. The pension of an Executive Board member is based on a percentage of the final fixed salary component he/she received prior to termination of his/her employment contract. This percentage increases with the duration of the Executive Board member's appointment. In general this is 30% from the start of the first five-year period of appointment, 50% from the start of the second and 60% from the start of the third. The pension of the Executive Board Chairman is 65%. Under a no longer valid agreement, two Executive Board members continue to receive

a chauffeur-driven car and specific insurance benefits for a period of five years after entering into retirement on account of their having served on the Executive Board for over 10 years. Current pensions are adjusted annually in line with the consumer price index. For these future entitlements of the Executive Board members, the Company recognizes pension accruals on the basis of IFRS. In the reporting year the allocation to pension accruals for active Executive Board members totaled €3,755,000. This amount comprises service costs and interest costs.

No further payments have been promised to any Executive Board members in the event that they leave their post. No members of the Executive Board received payments or corresponding promises from third parties in connection with their Executive Board positions in the past fiscal year. The Executive Board members who have now left the Executive Board – Mr. Elliott (appointment ended September 30, 2006) and Dr. Kirsten (appointment ended November 30, 2006) will receive their contractually agreed payments up to the end of their respective employment contracts, i.e. Mr. Elliott until July 08, 2007 and Dr. Kirsten until July 31, 2007.

In June 2003 stock appreciation rights under the now expired LTMI (5th installment) were awarded to Executive Board members for the final time. Under this installment in February 2006 Dr. Schulz received €691,000, Dr. Middelmann €523,000, Dr. Berlien, Mr. Eichler, Dr. Kirsten and Mr. Labonte €419,000 each, Mr. Elliott and Dr. Köhler €251,000 each, Mr. Fechter €209,000 and Dr. Mörsdorf €168,000.

These figures reflect the significant improvement in the Company's performance indicators and the performance of ThyssenKrupp stock in recent fiscal years. EBT rose from €764 million (on US GAAP basis) in fiscal 2001/2002 to €1,677 million (on IFRS basis) in fiscal 2004/2005 and to €2,623 million (on IFRS basis) in fiscal 2005/2006, representing an increase of 56% against the prior year and 243% against 2001/2002. In the same period ROCE climbed from 7.0% in fiscal 2001/2002 to 17.9% today, an increase of 156%. TKVA took a similar course: the negative TKVA of fiscal 2001/2002 of -€414 million grew to €1,510 million in the reporting year. The ThyssenKrupp share price rose from €11.30 on September 28, 2001 to €26.57 on September 29, 2006, an increase of 135%. On account of the initially very low performance indicators, the 1st and 2nd installments of the LTMI, which was first launched in 1999, in fiscal years 2001/2002 and 2002/2003 were without value and therefore triggered no payouts. The 3rd installment in fiscal 2003/2004 and the 4th installment in 2004/2005 together resulted in a payout amount of €113,000 for an ordinary Executive Board member. On average over the past five years since these long-term payment components were introduced an ordinary Executive Board member received €106,000 p.a. from the five installments of the LTMI.

The LTMI was replaced by the Mid Term Incentive plan (MTI), the 1st installment of which was issued in February 2003. The value of the 1st installment of the MTI was based on the increase in the average TKVA in the three fiscal years 1999/2000-2001/2002 against the average TKVA of the three-year performance period 2002/2003-2004/2005. On the basis of the significant increase in average TKVA from -€99 million to +€436 million in the performance period as described above, the Executive Board members received the following payments under the 1st installment of the MTI in December 2005: Dr. Schulz €817,000, Dr. Middelmann €619,000, and Dr. Berlien, Mr. Eichler, Dr. Kirsten and Mr. Labonte €495,000 each. Under the 2nd and 3rd installments of the MTI the Executive Board members also have a total of 191,545 stock appreciation rights which have been awarded but are not yet payable.

THE LTMI EXPIRED WITH PAYMENT
OF THE 5TH INSTALLMENT IN
FEBRUARY 2006.

Total compensation paid to former members of the Executive Board and their surviving dependants amounted to €15.5 million (prior year: €13.3 million). In accordance with IFRS an amount of €157.8 million (prior year: €159.1 million) was accrued for pension obligations benefiting former Executive Board members and their surviving dependants.

Supervisory Board compensation regulated in the Articles of Association

The compensation of the Supervisory Board is determined by the Annual General Meeting and is regulated in Art. 14 of the Articles of Association. It is based on the duties and responsibilities of the Supervisory Board members and on the performance of the Group.

In addition to reimbursement of their expenses and a meeting attendance fee of €500, Supervisory Board members receive compensation comprising the following elements: a fixed component of €16,000 and a bonus of €800 for each €0.01 by which the dividend paid out to stockholders for the past fiscal year exceeds €0.10. On top of this, there is an annual compensation, based on the long-term performance of the Company, of €2,000 for each €100,000,000 by which average earnings before taxes and minority interest (EBT) in the last three fiscal years exceeds €500,000,000.

The Chairman receives three times the above fixed compensation, bonus and long-term performance-based component, and the Vice Chairman double these amounts. In accordance with the German Corporate Governance Code, chairmanship and membership of Supervisory Board committees are compensated separately. Supervisory Board members who only serve on the Supervisory Board for part of the fiscal year receive a proportionally reduced compensation amount.

AN AMENDMENT TO SUPERVISORY
BOARD COMPENSATION WILL BE
PROPOSED TO THE AGM IN 2007.

It is planned to propose to the Annual General Meeting on January 19, 2007 that Supervisory Board compensation be amended in the form of an amendment to Art. 14 of the Articles of Association. The new system will maintain the current compensation structure but shift the focus toward the fixed compensation component. This is to take into account the increased oversight activity of the Supervisory Board, and the link between compensation and the business performance of the Group will be partly removed. At the same time the variable compensation components will be reduced in order to keep the overall level of compensation roughly stable in a multi-year comparison.

In anticipation of this planned new system of Supervisory Board compensation, all Supervisory Board members have agreed to limit their compensation for fiscal 2005/2006 to the amount that they would receive assuming the new arrangements already applied. In the individual breakdown of Supervisory Board compensation, this limitation is taken into consideration in the bonus.

On this basis, the Supervisory Board members will receive total compensation, including meeting attendance fees, of €2.7 million (prior year: €2.3 million). Without the limitation, compensation would have totaled €3.3 million. The individual Supervisory Board members will receive the amounts listed in the following table.

Supervisory Board compensation 2005/2006 in €

	Fixed compensation	Bonus*	Long-term compensation component	Compensation for committee work	Meeting attendance fees	Total
Dr. Gerhard Cromme, Chairman	48,000	153,000	90,780	97,260	7,000	396,040
Bertin Eichler, Vice Chairman	52,000	102,000	54,226	70,584	5,000	263,810
Markus Bistram	16,000	51,000	14,219	–	2,000	83,219
Wolfgang Boczek (until November 30, 2005)	2,674	8,523	21,867	8,266	1,000	42,330
Heinrich Hentschel	16,000	51,000	27,113	–	2,000	96,113
Prof. Jürgen Hubbert	16,000	51,000	17,063	–	2,000	86,063
Klaus Ix	16,000	51,000	30,260	24,315	4,000	125,575
Hüseyin Kavvesoglu	16,000	51,000	27,113	23,528	4,000	121,641
Dr. Martin Kohlhaussen	14,667	46,750	27,738	44,578	3,000	136,733
Dr. Heinz Kriwet	16,000	51,000	30,260	24,315	3,000	124,575
Dr.-Ing. Klaus T. Müller	16,000	51,000	27,113	–	2,000	96,113
Prof. Dr. Bernhard Pellens	16,000	51,000	17,063	21,016	4,000	109,079
Dr. Heinrich v. Pierer	16,000	51,000	17,063	21,016	3,000	108,079
Dr. Kersten v. Schenck	16,000	51,000	25,207	23,052	3,000	118,259
Peter Scherrer	16,000	51,000	30,260	20,263	2,500	120,023
Thomas Schlenz	16,000	51,000	30,260	72,945	6,000	176,205
Dr. Henning Schulte-Noelle	14,667	46,750	27,738	44,578	3,000	136,733
Wilhelm Segerath	16,000	51,000	30,260	24,315	3,000	124,575
Christian Streiff	16,000	51,000	17,063	–	2,000	86,063
Gerold Vogel (from January 03, 2006)	11,879	37,866	7,482	13,040	2,000	72,267
Prof. Dr. Gang Wan	16,000	51,000	17,063	–	2,000	86,063
Total	363,887	1,159,889	587,211	533,071	65,500	2,709,558

* taking into consideration the limitation in anticipation of the planned new system of Supervisory Board compensation

Members of the Supervisory Board of ThyssenKrupp AG will receive compensation of €152,691 (prior year: €168,466) for supervisory board directorships at Group subsidiaries in fiscal 2005/2006. The individual members of the Supervisory Board will receive the amounts shown in the following table.

Compensation from supervisory board directorships within the Group in €

Markus Bistram	25,000
Wolfgang Boczek	4,178
Klaus Ix	31,486
Hüseyin Kavvesoglu	34,000
Thomas Schlenz	30,000
Wilhelm Segerath	5,753
Gerold Vogel	22,274
Total	152,691

Beyond this, with one exception, Supervisory Board members received no further compensation or benefits in the reporting year for personal services rendered, in particular advisory and mediatory services. The international law firm Clifford Chance, one of whose partners is Supervisory Board member Dr. v. Schenck, received a total of €32,676 for consultancy services for subsidiaries of ThyssenKrupp in the past fiscal year. No loans or advance payments were granted to members of the Supervisory Board in the year under review.

Former Supervisory Board members who left the Supervisory Board prior to October 01, 2005, receive a proportional payment from the long-term compensation component in the total amount of €97,793 for the time they served on the Supervisory Board. The breakdown is shown in the following table:

Long-term compensation component for former Supervisory Board members who resigned before October 01, 2005, in €

Dieter Schulte, Vice Chairman (until January 23, 2004)	6,350
Dr. Karl-Hermann Baumann (until January 21, 2005)	13,225
Carl-L. von Boehm-Bezing (until January 21, 2005)	13,225
Udo Externbrink (until January 23, 2004)	3,175
Herbert Funk (until January 23, 2004)	3,175
Dr. Klaus Götte (until March 31, 2004)	5,053
Reinhard Kuhlmann (until January 21, 2005)	13,225
Dr. Mohamad-Mehdi Navab-Motlagh (until January 21, 2005)	13,225
Dr. Friedel Neuber (died October 23, 2004)	10,740
Ernst-Otto Tetau (until January 23, 2004)	3,175
Bernhard Walter (until January 21, 2005)	13,225
Total	97,793

THYSSENKRUPP STOCK

ThyssenKrupp's stock gained more than 50% in fiscal 2005/2006, making it the second-best performing stock in the DAX. Market capitalization improved to just under €14 billion, once again coming very close to the all-time high of around €17 billion in 2000.

Key data of ThyssenKrupp stock

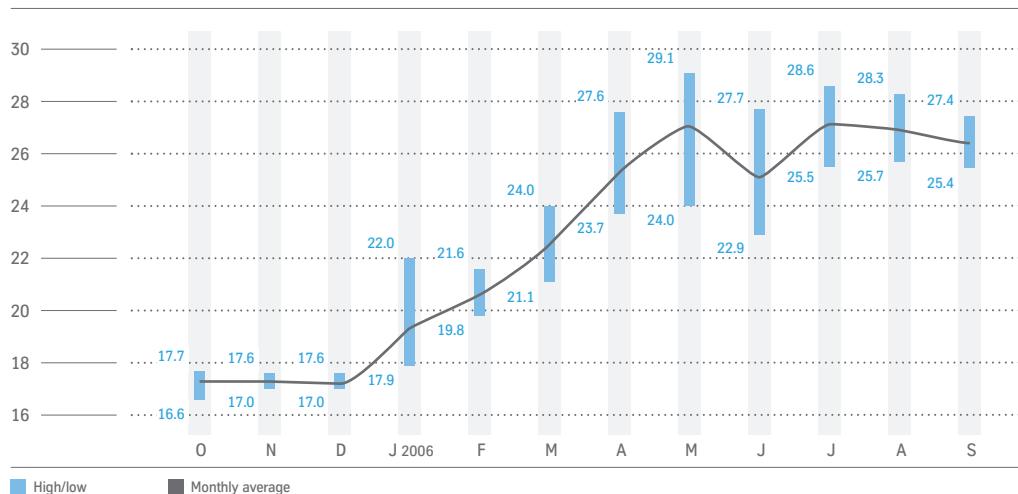
		2002/2003	2003/2004	2004/2005	2005/2006
Capital stock	million €	1,317	1,317	1,317	1,317
Number of shares (total)	million shares	514.5	514.5	514.5	514.5
Stock exchange value end September	million €	5,927	8,072	8,936	13,670
Closing price end September	€	11.52	15.69	17.37	26.57
High	€	13.62	17.67	17.39	29.09
Low	€	7.01	11.55	13.89	16.62
Dividend per share		0.50	0.60	0.80*	1.00**
Dividend total	million €	249	299	412*	489**
Dividend yield	%	4.3	3.8	4.6*	3.8
EPS	€	1.09	1.81	2.08	3.24
EPS from continuing operations	€	1.18	1.67	0.85	3.24
Number of shares ***	million shares	507.7	498.0	498.6	507.7
Trading volume (daily average)	million shares	2.8	2.5	3.3	4.5

* incl. special dividend of €0.10 ** proposal to Annual General Meeting *** weighted average of outstanding shares

Outstanding stock performance

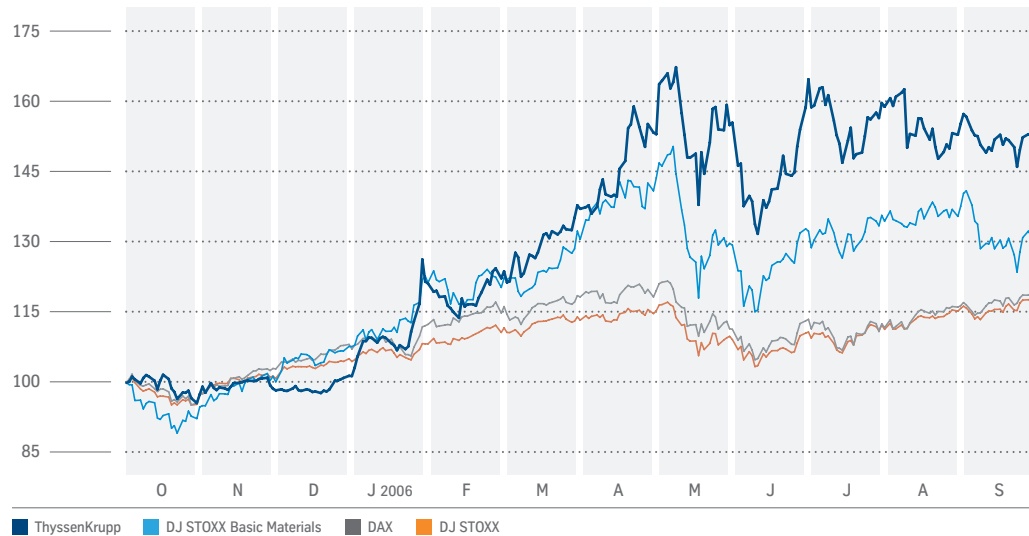
The significant improvement in the Company's performance as well as the increasing consolidation in the steel sector were reflected in the performance of ThyssenKrupp's stock in fiscal 2005/2006. It gained 53%, closing at €26.57 on September 29, 2006. The stock thus significantly outperformed the DAX and DJ STOXX reference indices, which improved by only 19% and 18% respectively. In May 2006

Highs and lows of ThyssenKrupp stock in €



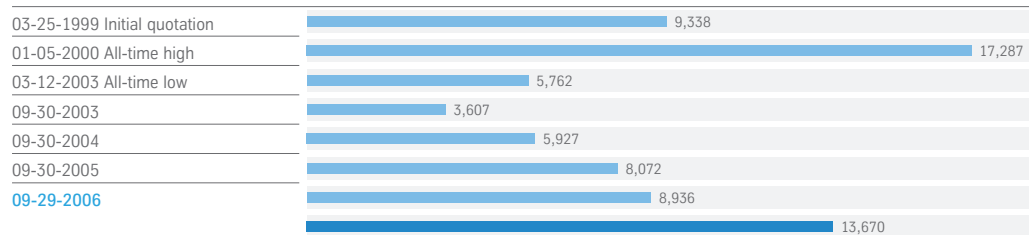
the ThyssenKrupp stock reached €29.09, coming close to its all-time high of €33.60 recorded in early 2000. Further details of the stock's performance are shown in the charts in this section.

Performance of ThyssenKrupp stock in comparison indexed, Sept. 30, 2005 to Sept. 29, 2006, in %



Market capitalization increased significantly against the previous year by €4.7 billion to €13.7 billion.

Market capitalization of ThyssenKrupp AG in million €



ThyssenKrupp stock master data

		Securities identification number
Stock exchange		
Germany	Frankfurt (Prime Standard), Düsseldorf	DE 000 750 0001
United Kingdom	London Stock Exchange	5636927
Symbols		
Stock exchange	Frankfurt, Düsseldorf	TKA
	London	THK
Reuters	Frankfurt Stock Exchange	TKAG.F
	Xetra trading	TKAG.DE
Bloomberg		TKA GR

Stock market listing in Germany and the United Kingdom

ThyssenKrupp stock has been listed on the Frankfurt, Düsseldorf and London stock exchanges since March 25, 1999.

Liquidity in ThyssenKrupp stock was very high in fiscal 2005/2006: around 1.2 billion shares were traded on the German stock exchanges including the Xetra trading system. This was almost 40% more than in the previous fiscal year and was mainly a result of the increasing attractiveness of our stock and the volatility of the stock markets in the first half of calendar 2006. The average daily volume was 4.5 million shares. Trading in ThyssenKrupp stock now accounts for slightly more than 2% of the total trading volume of the 30 DAX stocks.

Inclusion in one or more major indices influences the perception of, and interest in, a stock. In Germany, ThyssenKrupp's stock is included in the calculation of the DAX 30 index of leading shares. At European level the stock is included in the DJ STOXX. It is also taken into account in the calculation of the DJ Germany Titans, the FT EuroTop 300 and various MSCI indices. Not least, the ThyssenKrupp stock is also included in the DivDAX, which comprises the 15 DAX companies with the highest dividend yield.

THYSSENKRUPP STOCK IS
INCLUDED IN IMPORTANT
INTERNATIONAL INDEXES.

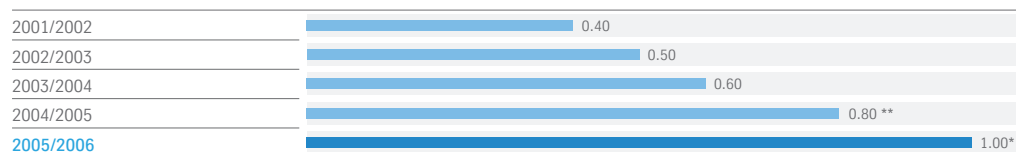
Earnings per share €3.24

Earnings per share (EPS) is calculated by dividing the net income attributable to the stockholders of ThyssenKrupp AG by the weighted average of outstanding shares. In fiscal year 2005/2006 the number of shares outstanding averaged 507.7 million. On this basis, EPS was €3.24.

Dividend proposal of €1.00 per share

A proposal will be submitted to the Annual General Meeting on January 19, 2007 to pay a dividend of €1.00 per share for fiscal 2005/2006. Based on the stock price of €26.57 on September 29, 2006, the dividend yield is 3.8%. The payout ratio is 44% of the net income of ThyssenKrupp AG and 30% of the consolidated net income attributable to the stockholders of ThyssenKrupp AG.

ThyssenKrupp AG dividend payment in €



* Proposal to the Annual General Meeting ** 0.70 € + 0.10 € special dividend

Capital stock unchanged

The capital stock remains unchanged at €1,317,091,952.64 and consists of 514,489,044 no-par value bearer shares. The shares are evidenced in global certificates. The right of stockholders to certification of their shares is excluded under the Company's Articles of Association. Under Art. 19 of the Articles of Association of ThyssenKrupp AG, each share grants one vote.

Treasury stock

On November 21, 2005, the Alfred Krupp von Bohlen und Halbach Foundation purchased around 15.3 million ThyssenKrupp AG shares from the Company at the stock market price of €17.44 (XETRA closing price). The share package corresponds to 2.98% of the capital stock of ThyssenKrupp AG. As a result of the transaction, ThyssenKrupp AG has now sold all the treasury shares it purchased from IFIC Holding AG in May 2003. In addition, treasury stock was used for employee share programs in March 2004 and in April and June 2005.

On the basis of the authorization granted by the Annual General Meeting on January 27, 2006, the Executive Board of ThyssenKrupp AG resolved on July 03, 2006 to purchase up to 5% of the capital stock before the authorization expires. Commerzbank AG completed the share buyback program on August 21, 2006. The buyback was handled exclusively on the XETRA trading system of the Frankfurt Stock Exchange. Altogether 25,724,452 shares or 5% (rounded up) of the capital stock were purchased at a cost of €697 million. This represents an average price of €27.09. ThyssenKrupp's strong current performance and its ability to achieve sustainable high cash flows made it possible to carry out the share buyback to support the Group's growth strategy. The repurchased shares can be used as acquisition currency and to safeguard the growth strategy.

Good response again to employee share program

In April 2006 over 84,000 employees in Germany were given a fourth opportunity to acquire ThyssenKrupp shares on special terms. With a participation rate of 53% the program again received a very good response.

Step by step, employees in the rest of Europe are also being included in employee share programs. Shares were offered to Group employees in France, Spain and the UK in fiscal 2005/2006.

Stockholder base broadened in the UK and the USA

ThyssenKrupp again conducted a detailed analysis of its stockholder structure in the reporting period with a view to planning its roadshow activities. The main finding of the analysis is that the proportion of stockholders in the USA and the UK has increased significantly. On September 30, 2006 institutional

THYSSENKRUPP ACQUIRED
TREASURY STOCK TO SUPPORT
ITS GROWTH STRATEGY.

investors in the USA held almost 10% of the capital stock of ThyssenKrupp AG. Investors in the UK more than doubled their holding to over 6%. The percentage of the stock held by institutional investors in Germany decreased. The holdings of private investors also decreased and now account for 19% of the capital stock. Within Europe the stockholder base again proved very stable. Worthy of note are the holdings owned by stockholders in France (2%) and Switzerland (1%), the main European countries after the UK.

The largest stockholder is the Alfried Krupp von Bohlen und Halbach Foundation, Essen, which holds 23.71% of the capital stock of ThyssenKrupp AG.

As previously stated, ThyssenKrupp AG holds treasury shares amounting to 5% (rounded up) of the capital stock. However, ThyssenKrupp AG has no rights in respect of these shares.

The free float, which is generally taken into account in the weighting of ThyssenKrupp's stock in stock indices, is 76.29% of the capital stock.

Investor relations further enhanced

We again expanded our investor relations activities in the reporting period.

For institutional investors and analysts we further developed the field days format introduced last year. The aim of the field days is to give participants detailed insights into the operations of the segments. In 2006 the focus was on the Elevator and Technologies segments with their shipbuilding and escalator operations in Hamburg. With more than 50 participants the level of interest was again very high.

With our regular roadshows we strengthened our presence on major markets such as Frankfurt, London and Boston. In addition we introduced ourselves to new investors in markets such as Milan, Vienna and Reykjavik.

For people interested in the performance of ThyssenKrupp's stock – and particularly for our private investors – we have introduced a stockholders' letter called “#750.000 compact”. The name “750.000” reflects the stock's securities identification number. The letter is published once a quarter and presents the company's results and other stock-related information in an understandable way. It can be obtained in conjunction with our e-mail newsletter.

OUR FIELD DAYS RECEIVE A GOOD
RESPONSE FROM ANALYSTS AND
INVESTORS.

Investor relations on the internet

Our multiple award winning website presents the full range of our investor relations activities. Investors and prospective stockholders can find a variety of information to help them judge ThyssenKrupp's stock. Financial reports, presentations and publications are available online and for downloading. Analysts' and investors' meetings, conference calls, the Annual Press Conference and Annual General Meeting can be downloaded in video or audio format and played on standard media players. There are also detailed sections on Corporate Governance and the Annual General Meeting.

If you would like to contact the ThyssenKrupp Investor Relations team or find out about dates in the 2007/2008 financial calendar, turn to the last page of this Annual Report or visit our website at www.thyssenkrupp.com.

RESPONSIBILITY TO SOCIETY

Supporting schools and education, art and culture as well as humanitarian aid are among the areas the Group traditionally addresses as part of its responsibility to society. At the same time we are strengthening our commitment to raising acceptance of technology and innovation among the general public, as we believe technology should benefit people and improve their future.

Commitment in society, for society

We are expanding our presence in the fastest growing economic regions of the world and meeting the economic challenges of the future with innovative and flexible solutions. This involves increasing responsibility to society, which is why we are focusing more strongly on social and cultural issues. Since we operate within society, we take on responsibility in areas well beyond our direct fields of business. Where it is expedient, where there are links with our traditions or our business, we support non-profit institutions, projects and initiatives. In this, we are guided by criteria based on the Group's understanding of value and responsibility.

GREATER SUPPORT FOR SCHOOLS,
EDUCATION AND TECHNOLOGY
IN 2005/2006.

ThyssenKrupp regards itself as a responsible corporate citizen and actively brings its efforts to bear in various areas. In the year under review many of our efforts were channeled into launching and promoting initiatives in education. We provide recurring structural support in particular to regions in which the Group operates. Some public tasks can be better accomplished with direct private involvement. In many such cases, the Group supports culture, education, sport and innovation and promotes social, charitable and humanitarian activities.

Active membership of Initiativkreis Ruhrgebiet

We mainly support initiatives and projects aimed at strengthening regions with which the Group has traditional links or where we have business operations. For instance, for many years we have been providing moral and financial support to the Initiativkreis Ruhrgebiet, a body which is dedicated to promoting the interests of the Ruhr and provides important impetus for the now well-advanced structural transformation of this traditional industrial region. Each year we sponsor a stand-out concert event as part of the Ruhr Piano Festival created by Initiativkreis Ruhrgebiet.

Links with the Group's locations in culture and sport

Art and culture are traditional areas of support. In times where public funds are in increasingly short supply, this helps bring attractive events to areas close to ThyssenKrupp's major locations, which also benefits the Group's employees. For example, we support the Schumann Festival in Düsseldorf, the philharmonic orchestras in Essen and Duisburg, the Deutsche Oper am Rhein opera company and the Düsseldorf Schauspielhaus theater. Due to the presence of our shipyards in northern Germany, we have supported the Schleswig-Holstein Music Festival for many years. We also provided major funding to the municipal museum in Düsseldorf. Among the special events supported in the reporting year were the anniversary celebrations of the states of North Rhine-Westphalia and Lower Saxony.

We also promote sport, mainly in the form of selected competitions and sports clubs close to our locations. In addition we have for many years supported the annual Rhine-Ruhr Marathon and the international rowing regatta in Duisburg.

Schooling and studies for employees

Mexinox from the Stainless segment offers a special education program ranging from school to university studies for employees who did not have the opportunity to receive proper schooling during their childhood. In collaboration with government agencies, the Mexican subsidiary organizes free schooling for its employees, allowing them to obtain first the “primaria” and then the three-year “secundaria” certificate of secondary education. Lessons take place outside of working hours. Since the program was launched in 1998, almost 100 participants have obtained academic qualifications. Almost 130 even achieved the high school-leaving qualification entitling them to attend the “preparatoria” – a free, two- to three-year course in preparation for university. They can then enroll on a correspondence course of studies, based on the syllabus of the Tecnológico de Monterrey university. Some 60 employees are currently working towards a university degree. The first of them will receive their degrees in subjects such as engineering or international trade by 2007.

Education to secure the future

As well as being one of German industry’s key success factors, technological innovations help create new jobs. For many years ThyssenKrupp has supported activities in education and projects aimed at developing future leaders. In addition to collaborating with our partner universities, ThyssenKrupp finances individual university chairs. We also fund several fellowships to promote the further development of the ESMT European School of Management and Technology, of which ThyssenKrupp is a founding member. ThyssenKrupp is a longstanding member of Stifterverband für die Deutsche Wissenschaft, a funding association through which we provide targeted sponsorship for academic projects.

With the backing of other industrial partners and the involvement of the Max-Planck-Institut für Eisenforschung (iron research institute), the Forschungszentrum Jülich research center and the Rheinisch-Westfälische Technical University Aachen, ThyssenKrupp and the Ruhr University Bochum are currently establishing a materials simulation institute. Plans include setting up three endowed professorships to extend the syllabus at Bochum University with a new course in material simulation. At the future “Interdisciplinary Centre for Advanced Materials Simulation” physicists, chemists, mathematicians and engineers will combine their talents to develop new materials faster and more cost-efficiently. Using powerful computers at Forschungszentrum Jülich, they will be able to simulate the properties and structure of future materials – from the individual atom to complete components.

WE ARE INVOLVED IN SETTING
UP AN INSTITUTE FOR MATERIALS
SIMULATION.

Ideas Park 2006 attracted over 200,000 visitors

Firing people's enthusiasm for technology is the chief objective of many of our activities. Technology is made by people for people with the aim of benefiting people. For this Germany needs people with the curiosity and the courage to make changes.

A key element of these activities is our Ideas Park, which has now been held twice – in Gelsenkirchen in 2004 and in Hanover in 2006 with the support of over 50 partners. More than 200,000 visitors came to Hanover to discover technical innovations and develop their own ideas for the future. Divided into three main sections "Mobility", "Life and Environment" and "Creativity", this unique technology theme park gave visitors the opportunity to experience technology close-up. The Ideas Park is designed to make technology understandable and entertaining, to show the many ways in which knowledge and technology can positively influence our lives and illustrate how important technology is for modern societies. 150 exhibits provided an insight into how today's ideas will shape tomorrow's world and showed how exciting everyday technology can be. The experts behind the ideas were also on hand to address visitors' concerns and answer their questions. Together they discussed how the future might look and what we can all do for this future today. The focus was on dialogue with the people who conceive, develop and use technology. The theme of education and vocational training is especially important as a prerequisite for renewal and growth. A further aim of the Ideas Park is therefore to promote training for careers in technology and engineering.

Aim of support: qualified young employees

ThyssenKrupp supports Formula Student Germany, an international design competition for students. Formula Student was presented to the public for the first time at the Ideas Park 2006 in Hanover. The students taking part in the competition already have a passion for technology. This program gives them the opportunity to combine the skills they have learned in their studies with curiosity and imagination to create something new. Motorsport is an ideal medium for this because the car is an attractive product and the auto industry and its suppliers are an important economic factor in Germany. ThyssenKrupp recruits some 200 graduates each year, around 75% of them have degrees in engineering, e.g. mechanical, electrical or industrial engineering. For this reason we seek contact with students from an early stage in their studies and offer support for selected courses – be it at careers fairs, via university partnerships, through the ThyssenKrupp study support program or via Formula Student Germany.

Substantial funding is also allocated to several initiatives which promote the technology and innovation dialogue in Germany and facilitate knowledge sharing. These include for example the "People with ideas" program and the German Future Prize.

THE GROUP ATTACHES GREAT

IMPORTANCE TO UNIVERSITY

MARKETING ACTIVITIES.

We also support the “Knowledge Factory” initiative launched as an open platform to allow companies to impart knowledge to young people and share know-how with young entrepreneurs. ThyssenKrupp was one of the founding members of the Knowledge Factory. The members of the Knowledge Factory aim to secure Germany’s future as a business location. Together with the Partner für Schule NRW foundation (partners for schools in North Rhine-Westphalia), the Knowledge Factory has launched the “Learning through research – experiencing technology” project. The aim of the project is to foster a basic understanding of technology in primary school children and teachers by integrating technology into the curriculum. Work is currently being carried out in association with a pilot school in Duisburg to implement the project goals not only in lessons but also in supervised extra-curricular activities at this all-day school.

Under partnership agreements with various universities, we fund study support programs and provide internships and dissertation placements. In addition we provide training programs for young people well in excess of our own needs. We would like to help as many young people as possible gain access to the labor market because we see this as part of our responsibility to society. More information on ThyssenKrupp’s personnel and social policy can be found on pages 77– 81.

Networking and knowledge sharing

The rapid pace of technical development in an increasingly networked world requires active and constructive participation in initiatives that act as catalysts between government, business and science. ThyssenKrupp is a member of numerous organizations and associations which promote an exchange of views on economic, technical and other socially relevant issues. For example, we support Stiftung Ordnungspolitik (Foundation for Regulatory Policy) which deals with questions of European integration.

We have also provided support for many years to acatech, the council for engineering sciences run by the Union of German Academies of Science and Humanities. acatech conducts an intensive dialogue on forward-looking technologies and their significance for sustainable growth, with contributions from science, business, government and society.

ThyssenKrupp is also a member of the BDI Forum for Sustainable Development (econsense) because we are expressly committed to the goals of sustainable development in the interest of future generations. In March 2006 the European Commission set up a “European Alliance for Corporate Social Responsibility”, a grouping of European companies and business organizations which promotes partnerships for corporate social responsibility and the exchange of experience in this field. ThyssenKrupp is one of now more than 100 organizations supporting this alliance.

THYSSENKRUPP SUPPORTS THE
EUROPEAN ALLIANCE FOR CORPORATE
SOCIAL RESPONSIBILITY.

HAVEN'T WE GOT MORE THAN ENOUGH ENERGY?
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