

## To our stockholders

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The Executive Board and Supervisory Board of ThyssenKrupp AG work together closely in an atmosphere of trust. Their joint goal is to secure the future of the Group and increase its value. On the following pages you can read more about the composition and work of both bodies, our corporate governance practices and the performance of our stock in the past fiscal year. We also comment on our responsibility to society.

Executive Board and Supervisory Board — Page 13 Report by the Supervisory Board — Page 18 Corporate Governance at ThyssenKrupp — Page 24 ThyssenKrupp stock — Page 35 Responsibility to society — Page 40

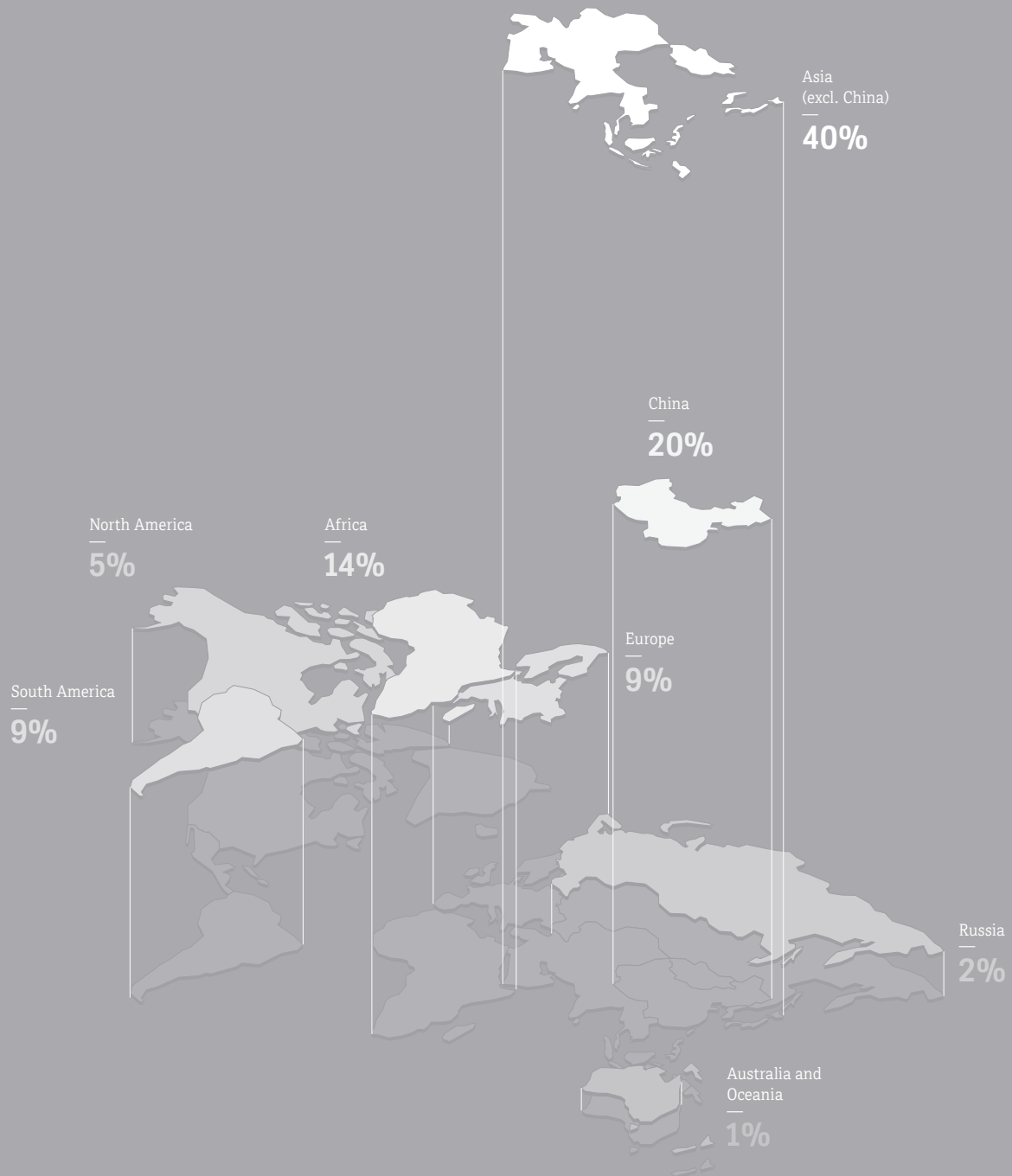
ThyssenKrupp AG  
Annual Report 2006—2007

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Pages 11—44

**6.6 billion people.**  
**How can they all get what they need?**

Find out more in the magazine in the front cover of this Annual Report.



SHARE OF WORLD POPULATION in %

## Executive Board and Supervisory Board

Under Germany's two-tier corporate governance system, stock corporations have two boards with clearly separated functions: The executive board is responsible for managing the company, while the role of the supervisory board is to oversee and advise the executive board.

The following pages provide information on the composition of the two boards at ThyssenKrupp AG, the responsibilities of the individual Executive Board members and the committees formed by the Supervisory Board.

## EXECUTIVE BOARD



from left

**Dr.-Ing. Ekkehard D. Schulz**

Chairman, born 1941, Executive Board Member since 1991, appointed until January 23, 2009, responsible for Corporate Communications and Strategy, Energy and Environment, Internal Auditing, Legal and Compliance, Management Development and Top Executives, Technology

**Dr. Ulrich Middelmann**

Vice Chairman, born 1945, Executive Board Member since 1992, appointed until September 30, 2010, responsible for Corporate Accounting and Financial Reporting, Controlling, Corporate Finance, Investor Relations, Materials Management, Mergers & Acquisitions, Taxes and Customs, and for Risk and Insurance Services



from top left to bottom right

**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 segments

**Jürgen H. Fechter**

also Executive Board Chairman of ThyssenKrupp Stainless AG, born 1962, Executive Board Member since 2005, appointed until September 30, 2013, responsible for the Stainless segment

**Dr.-Ing. Karl-Ulrich Köhler**

also Executive Board Chairman of ThyssenKrupp Steel AG, born 1956, Executive Board Member since 2005, appointed until September 30, 2013, 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, 2012, responsible for Corporate Human Resources, Information Management, and for Services and Real Estate

**Dr.-Ing. Wolfram Mörsdorf**

also Executive Board Vice Chairman of ThyssenKrupp Technologies AG, born 1948, Executive Board Member since 2004, appointed until April 14, 2009

Dr. A. Stefan Kirsten resigned from the Executive Board at the close of November 30, 2006.

## SUPERVISORY BOARD

<b>Prof. Dr. h.c. mult. Berthold Beitz, Essen</b>	Honorary Chairman, Chairman of the Board of Trustees of the Alfred Krupp von Bohlen und Halbach Foundation
<b>Prof. Dr. Günter Vogelsang, Düsseldorf</b>	Honorary Chairman
<b>Dr. Gerhard Cromme, Essen</b>	Chairman, former Chairman of the Executive Board of ThyssenKrupp AG
<b>Bertin Eichler, Frankfurt/Main</b>	Vice Chairman, Member of the Executive Committee of the IG Metall trade union
<b>Markus Bistram, Dinslaken</b>	Trade union secretary at the Düsseldorf branch office of IG Metall
<b>Theo Frielinghaus, Ahlen (since January 04, 2007)</b>	Engineering technician, Chairman of the Works Council of Polysius AG
<b>Heinrich Hentschel, Emden</b>	Technical clerk/Hydrostatics, Member of the Works Council of Nordseewerke GmbH
<b>Prof. Jürgen Hubbert, Sindelfingen</b>	Former Member of the Executive Board of DaimlerChrysler AG
<b>Klaus Ix, Siek</b>	Fitter, Chairman of the Works Council of ThyssenKrupp Fahrtreppen GmbH
<b>Hüseyin Kavvesoglu, Maxdorf</b>	Foreman, Chairman of the Works Council Union ThyssenKrupp Services
<b>Dr. Martin Kohlhaussen, Bad Homburg</b>	Chairman of the Supervisory Board of Commerzbank AG
<b>Dr. Heinz Kriwet, Düsseldorf</b>	Former Chairman of the Executive Board of Thyssen AG
<b>Dr.-Ing. Klaus T. Müller, Dortmund</b>	Team coordinator, quality management and process technology at ThyssenKrupp Steel AG
<b>Prof. Dr. Bernhard Pellens, Bochum</b>	Professor of Business Studies and International Accounting, Ruhr University Bochum
<b>Dr. Heinrich v. Pierer, Erlangen</b>	Former Chairman of the Supervisory Board of Siemens AG
<b>Dr. Kersten v. Schenck, Bad Homburg</b>	Attorney and notary public
<b>Peter Scherrer, Brussels</b>	General secretary of the European Metalworkers' Federation

<b>Thomas Schlenz, Duisburg</b>	Shift foreman, Chairman of the Group Works Council of ThyssenKrupp AG
<b>Dr. Henning Schulte-Noelle, Munich</b>	Chairman of the Supervisory Board of Allianz SE
<b>Wilhelm Segerath, Duisburg</b>	Automotive bodymaker, Chairman of the General Works Council of ThyssenKrupp Steel AG and Chairman of the Works Council Union ThyssenKrupp Steel
<b>Christian Streiff, Paris</b>	President of PSA Peugeot Citroën s.a.
<b>Gerold Vogel, Hagen (until December 31, 2006)</b>	Fitter, Chairman of the European Works Council of ThyssenKrupp AG
<b>Prof. Dr. Gang Wan, Shanghai</b>	Minister of Science and Technology of the People's Republic of China

## SUPERVISORY BOARD COMMITTEES

<b>Executive Committee</b>	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
<b>Mediation Committee under Art. 27 par. 3 Codetermination Act</b>	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
<b>Personnel Committee</b>	Dr. Gerhard Cromme (Chairman), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
<b>Audit Committee</b>	Dr. Martin Kohlhaussen (Chairman), Dr. Gerhard Cromme, Klaus Ix, Hüseyin Kavvesoglu, Prof. Dr. Bernhard Pellens, Thomas Schlenz
<b>Strategy, Finance and Investment Committee</b>	Dr. Gerhard Cromme (Chairman), Markus Bistram, Bertin Eichler, Theo Frielinghaus, Dr. Heinz Kriwet, Dr. Heinrich v. Pierer, Dr. Kersten v. Schenck, Wilhelm Segerath
<b>Nomination Committee</b>	Dr. Gerhard Cromme (Chairman), Dr. Martin Kohlhaussen, Dr. Henning Schulte-Noelle

## Report by the Supervisory Board

In this report the Supervisory Board gives an account of its activities in the 2006/2007 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**

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Chairman of the Supervisory Board

**The Executive Board and  
Supervisory Board agreed the  
Company's strategic alignment.**

In the 2006/2007 fiscal year, the Supervisory Board continued to perform the functions for which it is responsible according to statutory provisions and the Articles of Association with the utmost care. We regularly advised the Executive Board on the management of the Company and supervised the conduct of business. The Supervisory Board was directly involved from an early stage 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 corporate planning and strategy, business progress, and the state of the Group. We paid particular attention to the risk situation, risk management and the ThyssenKrupp compliance program. Where the actual course of business deviated from plans and targets, this was explained to the Supervisory Board 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. In addition to the intensive work carried out by the Supervisory Board and the committees,

I and other Supervisory Board members were personally in regular contact with the Executive Board outside the meetings and were kept informed about the current business situation and key business transactions. In separate meetings I discussed the perspectives and future strategic focus of the individual Group segments with the Executive Board.

Four Supervisory Board meetings were held in fiscal 2006/2007. Between meetings, the Executive Board informed us immediately and in detail by means of written reports about events of importance for assessing the current situation and further developments and for the management of the Company. In the event of urgent transactions, the Supervisory Board passed resolutions by written vote where necessary. Conflicts of interest of Executive Board and Supervisory Board members, which must be disclosed to the Supervisory Board immediately and reported to the Annual General Meeting, did not occur.

#### **Efficient work in the Supervisory Board committees**

To enhance the efficiency of its work, The Supervisory Board has set up a total of six 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 chairmen of the committees reported regularly and in detail on the meetings and the work of the committees in the full-session meetings. The compositions of the individual committees are shown on page 17.

The Executive Committee (Praesidium) met five 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 steel mill project in Brazil and the building of a new joint plant for the Steel and Stainless segments in the USA. The Executive Committee also dealt with the payment of the fine imposed by the EU Commission on account of competition-law infringements in the Elevator segment. It discussed the consequences to be drawn from this and the Group's compliance program. Other subjects were the implementation of the German Corporate Governance Code, the preparation of the efficiency review of the Supervisory Board and a new Supervisory Board compensation structure. Detailed information on Supervisory Board compensation is provided in the compensation report on pages 32–34.

The Personnel Committee, which is responsible for the employment contracts and compensation of the Executive Board members and for other Executive Board matters, met four times. Key subjects of discussion were the renewal 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. In its meeting on May 11, 2007 the Personnel Committee approved a revised bonus system for the Executive Board which was also discussed at the ensuing full-session meeting.

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 Supervisory Board has formed a total of six committees, most recently the nomination committee in September 2007.

The Audit Committee likewise met four times. Its work focused in particular on the parent-company and consolidated financial statements, the audit reports, as well as the further development of the risk management system and the ThyssenKrupp compliance program. The Audit Committee discussed the interim reports to be published in the presence of the auditors. Furthermore, it obtained the statement of independence from the auditors required under Section 7.2.1 of the German Corporate Governance Code, awarded the audit engagement, and determined the audit priority areas and the auditors' fee. Further subjects discussed were the antitrust investigations by the EU Commission in the Elevator segment and the fine imposed in this connection, 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 on all findings and occurrences in the course of the audit of the annual financial statements and the audit review of the quarterly financial statements which were of significance to the work of the Supervisory Board.

The Strategy, Finance and Investment Committee met twice in the reporting period. It dealt with the international focus and strategic development of the Group and the individual segments and with corporate and investment planning, and prepared the relevant resolutions of the Supervisory Board. It also discussed in detail the building of the steel mill in Brazil as well as the future strategy of the Steel and Stainless segments in the NAFTA market and the associated planned building of a new plant in the USA.

The Nomination Committee, which was formed for the first time in September 2007 and will propose suitable candidates to the Supervisory Board for proposal to the Annual General Meeting when new elections are due, did not meet in the reporting period.

#### **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 future alignment of the Steel and Stainless segments in the NAFTA region, the administrative fine proceedings of the EU Commission in connection with infringement of competition law in the Elevator segment, and Executive Board matters.

At the beginning of November 2006, the Supervisory Board approved by written procedure, on the basis of extensive documentation, the sale of the chassis and suspension business of ThyssenKrupp Automotive in North America to Martinrea.

In the meeting on November 30, 2006 we focused on the parent-company and consolidated financial statements for the year ended September 30, 2006 and the corporate plan for fiscal 2006/2007. On the basis of a detailed report by the Executive Board we also discussed the strategic development of the Group, focusing in particular on the steel mill project in Brazil, the NAFTA strategy of the Steel and Stainless segments, and an assessment of the chances of acquiring the Canadian steel manufacturer Dofasco. In this connection, the Supervisory Board also discussed the consequences for ThyssenKrupp of the continued consolidation on the world steel market. Against the background of the major investment projects, we also dealt in detail with the financial latitude available, the Group's rating situation and the safeguarding of dividend continuity. Another key subject in this meeting was

**The new steel mill in Brazil and the NAFTA strategy of Steel and Stainless were frequent topics of discussion in the Supervisory Board.**

Again in 2006/2007 the Supervisory Board reviewed the efficiency of its work.

the antitrust investigation by the EU Commission in the Elevator segment and the measures taken by the Executive Board in this connection. In preparation for the Annual General Meeting in January 2007, we discussed with the Executive Board the creation of authorized capital as well as the creation of a designation right for the Alfried Krupp von Bohlen und Halbach Foundation in connection with future appointments to the Supervisory Board. Furthermore, we discussed the compensation system for the Executive Board and obtained a detailed progress report on the new ThyssenKrupp Quarter in Essen. In the absence of the Executive Board, the Supervisory Board dealt with the efficiency review of the Supervisory Board which had previously been prepared by the Executive Committee. A key issue here was the new compensation system for the Supervisory Board, information on which is contained in the compensation report below.

In the meeting on January 19, 2007 – immediately before the Annual General Meeting – the Executive Board reported mainly on the current situation of the Group. The meeting also served to prepare for the ensuing stockholders' meeting. In addition, we approved an investment program for the expansion of the Waupaca foundry in America. Furthermore, the Executive Board presented its deliberations on the disposal of a real estate package including the current headquarters building in Düsseldorf. We approved the disposal on conclusion of the negotiations in March 2007 by written procedure on the basis of extensive documentation.

We used the meeting on May 11, 2007 mainly to discuss the Group's strategic development with the Executive Board. On the basis of detailed documents, the Supervisory Board approved the construction of a new joint steel mill for the Steel and Stainless segments in the USA, aimed at enhancing our market position in the NAFTA region. In the same meeting we approved the investment plan for the 2007/2008 fiscal year and the financing thereof and discussed with the Executive Board the effects on ThyssenKrupp of the corporate tax reform planned by the German government. Following a detailed presentation, we discussed the ThyssenKrupp compliance program and the measures for its continued development with the Executive Board. In consultation with the Supervisory Board, the compliance program was reviewed by a law firm. The review found that it meets the legal requirements and best practice standards. Further, we dealt in this meeting with the modified bonus system for the Executive Board, under which part of the bonuses paid to the segment executive board chairmen will be linked to their segment's EBT and ROCE from fiscal year 2006/2007. In addition, we approved the sale of the 33.33% shareholding in the Aventec group in Mexico, which is active in automotive body stampings, to the co-shareholders Hirotec and Sumitomo.

Items on the agenda for the Supervisory Board meeting on September 05, 2007 included the report by the Executive Board on the situation of the Group and a progress report on the building of the new steel mill in the USA. A detailed presentation gave us a deeper insight into the development and future alignment of the Elevator segment, which we discussed with the Executive Board. Furthermore, the Supervisory Board gave its approval for the disposal of the shareholding in RAG AG to the RAG Foundation and for the acquisition of the steel trading company Ferostav in Slovakia by the Services segment. In addition, in accordance with the German Corporate Governance Code as amended on June 14, 2007, the Supervisory Board resolved an amendment of the Rules of Procedure for the Executive Board, the Supervisory Board and the Audit Committee and formed a Nomination Committee.

### 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 on corporate governance at ThyssenKrupp in the corporate governance report on pages 24–34 in accordance with section 3.10 of the German Corporate Governance Code. In the Supervisory Board meeting on September 05, 2007 we discussed the implementation of the Code at ThyssenKrupp in depth with the Executive Board. We focused in particular on the amendments to the Code made by the Government Commission on the German Corporate Governance Code in its meeting on June 14, 2007. On October 01, 2007 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 Code as amended on June 14, 2007, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) on July 20, 2007.

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

The parent-company financial statements for the period October 01, 2006 to September 30, 2007, 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. 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 19, 2007. The auditors issued an unqualified audit opinion.

The consolidated financial statements of ThyssenKrupp AG were prepared 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.

The Audit Committee had selected the following key audit areas for the reporting period: The hedging of raw material and commodity supplies through suitable derivatives, the sale and assignment of inventories, as well as the internal controls in selected areas and their effectiveness against corruption risks. The reports on this as well as the other audit reports and financial statement documentation were sent to all Supervisory Board members in good time. They were discussed at length in the Audit Committee meeting on November 16, 2007 and in the Supervisory Board meeting on November 30, 2007. 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.

The parent-company and the consolidated financial statements received an unqualified audit opinion.

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, 2007, 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 of ThyssenKrupp AG: Mr. Gerold Vogel stepped down from the Supervisory Board at the close of December 31, 2006. By court ruling effective January 04, 2007, Mr. Theo Frielinghaus was appointed to the Supervisory Board as his successor. Mr. Frielinghaus also succeeds Mr. Vogel as a member of the Strategy, Finance and Investment Committee. The Supervisory Board thanks Mr. Vogel for his constructive and expert contributions and for the good and trustful cooperation. Also on the Strategy, Finance and Investment Committee, Mr. Markus Bistram took over from Mr. Peter Scherrer as from January 19, 2007.

In its meeting in November 2006, the Supervisory Board extended the appointment of Mr. Edwin Eichler as member of the Executive Board of ThyssenKrupp AG until September 30, 2012. In the January 2007 meeting, the appointment of Mr. Ralph Labonte as Executive Board member and labor director was extended until December 31, 2012, and in the May 2007 meeting the appointment of Dr. Ulrich Middelman as Executive Board member and Executive Board Vice Chairman was extended until September 30, 2010. In the November 2007 meeting the Supervisory Board extended the appointments of Mr. Jürgen H. Fechter and Dr.-Ing. Karl-Ulrich Köhler, in each case until September 30, 2013.

At the close of November 30, 2006 Dr. A. Stefan Kirsten left the Company at his own request. The Supervisory Board thanks Dr. Kirsten for his successful work for the Group. Dr. Kirsten's functions were allocated to Dr. Middelman with the exception of information management, which was assigned to Mr. Labonte.

The Supervisory Board thanks the executive and management boards, the employees and employee representatives of all Group subsidiaries and expresses its appreciation for their successful work in the past fiscal year.

The Supervisory Board



Dr. Gerhard Cromme  
Chairman  
Düsseldorf, November 30, 2007

The appointments of several Executive Board members were extended in 2006 and 2007.

## Corporate Governance at ThyssenKrupp

ThyssenKrupp has always attached great importance to responsible and transparent corporate governance aimed at creating value on a sustainable basis. Our Company complies with all the recommendations of the German Corporate Governance Code, including the Code amendments resolved by the Government Commission on the German Corporate Governance Code on June 14, 2007. In the reporting period a key area of corporate governance activities was the further development of the ThyssenKrupp compliance program.

### 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 an issue which embraces all areas of the Group. We aim to justify on a sustained basis the trust placed in us by investors, financial markets, business partners, employees and the general public and to continuously further develop corporate governance in the Group. We are convinced that good corporate governance is an essential element of the Company's success.

Detailed information on corporate governance at ThyssenKrupp is also available on our website. The current Declaration of Conformity and previous Declarations of Conformity can also be accessed from the website.

#### Unqualified Declaration of Conformity again

On October 01, 2007 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 14, 2007.

Beyond this, with one exception, ThyssenKrupp also complies with the suggestions of the Code, including the new provisions introduced in the Code on June 14, 2007 on the so-called severance payment cap. ThyssenKrupp will comply with these suggestions when concluding and renewing Executive Board contracts. The only suggestion we continue not to implement is that in section 5.4.6 of the Code on the election and re-election of Supervisory Board members at different dates and for different periods of office. In the interests of the continuity of Supervisory Board work, we consider it expedient to stick to a common period of office, especially for the stockholder representatives.

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 19, 2007.

ThyssenKrupp continues to comply with all recommendations of the German Corporate Governance Code.

### Services and internet information for our stockholders

Stockholders, analysts, stockholder associations, the media and interested members of the public are kept regularly informed about important recurring dates, such as the date of the Annual General Meeting, 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 the annual analysts' conferences on the annual financial statements and half-year financial statements, conference calls for analysts are organized to coincide with the publication of the interim reports on the 1st and 3rd quarters. All the presentations we prepare for these events and also for roadshows and investors' meetings are accessible on the internet. The venues and dates of roadshows and investors' meetings are also available online.

The Annual General Meeting of ThyssenKrupp is 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. We also aim to make it easier for them to register for the Annual General Meeting and exercise their rights. Ahead of the Annual General Meeting, stockholders therefore 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. We also publish the attendance figure and voting results directly after 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.

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 a representative of their choice or a company-nominated proxy acting on their instructions. Proxy voting instructions can also be issued in advance and during the meeting up to the end of the general debate by electronic media.

**The Annual General Meeting is broadcast in full on the internet for anyone interested to view.**

### Close cooperation between Executive Board and Supervisory Board

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. To ensure independent advice and supervision of the Executive Board, the Supervisory Board comprises no more than two former Executive Board members. The Executive Board provides the Supervisory Board with regular detailed updates on all issues of relevance to the Company related to planning, business development, the risk situation and the risk management system. These updates explain and give reasons for variances between the actual course of business and the Company's plans and targets. The Executive Board's reports also include the subject of compliance, i.e. the measures in place at ThyssenKrupp to ensure compliance with statutory provisions and the Group's internal policies. 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 18–23.

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.

### Responsible risk management

Good corporate governance involves dealing responsibly with risks. The Executive Board ensures that an appropriate risk management and risk control system is in place in the Company. 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 Executive Board keeps the Supervisory Board informed about existing risks and their development. The risk management system is continuously evolved and adapted to changing conditions. For more details, please turn to the Risk Management section on pages 113–119.

### Compliance as a key management duty of the Executive Board

Compliance, in the sense of measures to ensure adherence to statutory provisions and internal Company policies, is a key management duty at ThyssenKrupp. A compliance program was introduced directly after the merger of Thyssen and Krupp in 1999. It has been regularly reviewed and revised as necessary ever since. The Groupwide compliance activities focus on antitrust law and anticorruption policies.

In April 2007 the Executive Board of ThyssenKrupp AG unequivocally reiterated its rejection of antitrust violations and corruption in the ThyssenKrupp Compliance Commitment. Antitrust violations and corruption will not be tolerated and will result in sanctions against the persons concerned. All employees are requested to cooperate actively in their areas of responsibility in implementing the compliance program. The compliance commitment is supplemented by various Group policy statements and publications which explain the underlying statutory provisions in more detail.

The segments are responsible for implementing the compliance program. Their legal and compliance departments hold regular training sessions to inform employees about the relevant statutory provisions and internal policies and are available to answer individual questions. Classroom training sessions are supplemented by a Groupwide interactive e-learning program, which around 20,000 employees have taken part in to date.

The Executive Board's compliance commitment signifies zero tolerance of antitrust violations and corruption.

The Group set up a whistleblower hotline in 2007 – toll-free for all employees worldwide.

To supplement the compliance program we also introduced a whistleblower hotline in the reporting period which is operated by a law firm appointed by us.

The whistleblower hotline is available to employees of the Group to report possible infringements of laws or policies, in particular antitrust violations and corruption, at ThyssenKrupp companies. The hotline can be contacted from anywhere in the world and is toll-free for employees. Information can be submitted by telephone or e-mail. Contact data are available on our website.

Further compliance measures relate to capital market law and compliance with the corresponding Group policy. To supplement the prohibition of insider dealing under Art. 15a of the Securities Trading Law (WpHG), an insider policy sets out principles for dealing with inside information and ensures the requisite transparency. 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. All persons with access to inside information are entered in an insider register.

#### Active and transparent communications

To maximize transparency and ensure equal opportunities for everyone, the aim of our corporate communications is to make the same information available to all target groups at the same time. Stockholders and potential investors 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 the annual report, interim reports and 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.

According to Art. 15a of the Securities Trading Law (WpHG) the members of the Executive Board and Supervisory Board of ThyssenKrupp AG are obligated to disclose the purchase and sale of ThyssenKrupp shares and related financial instruments. This also applies to specific employees with management duties and parties closely related to them. At September 30, 2007 ThyssenKrupp AG had received two notifications for the reporting period which are published on our website. These state that Dr. Ulrich Middelmann and Dr.-Ing. Ekkehard D. Schulz purchased shares as follows:

#### DIRECTORS' DEALINGS 2006/2007

Name	Date Place	Function	Type of transaction	Volume	Price in €	Total volume in €
Dr. Ulrich Middelmann	01-22-2007 Düsseldorf	Executive Board member	Purchase	7,140	34.99	249,853.77
Dr.-Ing. Ekkehard D. Schulz	08-10-2007 Xetra	Executive Board member	Purchase	13,450	37.22	500,586.84

At September 30, 2007 the total volume of shares in ThyssenKrupp AG held by all Executive and Supervisory Board members was less than 1% of the shares issued by the Company. There were therefore no cases of share ownership subject to disclosure under section 6.6 of the German Corporate Governance Code at this date.

The other directorships held by Executive and Supervisory Board members are listed on pages 219–221. Details of related party transactions are given in the Notes to the Consolidated Financial Statements on page 182.

#### **Financial-statement audit by KPMG**

Since fiscal year 2005/2006 accounting at ThyssenKrupp has been based on the International Financial Reporting Standards (IFRS). For the reporting period we again agreed with the auditors KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin 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.

The auditors have wide-ranging duties to inform the Supervisory Board and the Audit Committee.

#### **Focus on good corporate governance to continue**

Compliance with the principles of good corporate governance will continue to be a central management duty for us in the current fiscal year. We will continue to be guided by the rules of the German Corporate Governance Code and will implement the Code accordingly. This also applies to the Code's most recent rules adopted in June 2007 on the severance payment cap and the nomination committee, which was established by the Supervisory Board of ThyssenKrupp AG in September 2007. The Executive Board and Supervisory Board will continue their close cooperation based on trust and will jointly discuss all major business transactions. We will offer our stockholders the usual facilities for authorizing proxies and exercising their voting rights for the Annual General Meeting on January 18, 2008, and we will transmit the meeting live on the internet. The implementation of our Groupwide compliance program on antitrust law and combating corruption is likewise an ongoing management duty which we will systematically pursue.

### **COMPENSATION REPORT**

The following Compensation Report forms part of the management report on the Group, see page 48.

#### **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 this compensation system 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 peers.

In the future, when Executive Board contracts are concluded or renewed the following is to be included in the contract: If an Executive Board member's activity is terminated prematurely without cause, payments to him/her shall not exceed the value of two years' compensation including benefits. Executive Board contracts at ThyssenKrupp do not contain a promise of payments in the event of premature termination of their Executive Board activity resulting from a change of control.

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. The Executive Board members also receive additional non-cash benefits mainly comprising the tax value of real property, related incidental costs, insurance premiums and the use of Company cars for private purposes. 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. As in the previous year, 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). From fiscal year 2006/2007 part of the bonus paid to the chairmen of the segment holding company executive boards will depend on their segment's key indicators (EBT, ROCE). This means that the bonus as a performance incentive is linked to the performance indicators used in the Group and also takes into account the performance of the segments. 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 bonus system and MTI plan are based on a policy which was issued by the Supervisory Board Personnel Committee in 2002 and modified in 2007.

Overall compensation to active members of the Executive Board for their work in fiscal 2006/2007 was €25.4 million (prior year: €23.1 million).

The compensation includes the stock rights granted to the Executive Board members under the 5th installment of the MTI at the beginning of January 2007. The stock rights are disclosed at 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 54–58. At the end of a performance period the stock rights awarded are paid out on the basis of the average price of ThyssenKrupp shares in the first three months after the end of the performance period.

The bonus paid to Executive Board members depends on the development of EBT and ROCE.

The following table shows the breakdown of compensation for the individual Executive Board members in the 2006/2007 fiscal year. The prior-year figures are shown in brackets:

EXECUTIVE BOARD COMPENSATION 2006/2007 in €000's

	Annual income			MTI rights granted in fiscal year		Total	Expense from share-based compensation	Pension	
	Fixed salary	Additional benefits	Bonus	Number	Value at grant date			Annual pension when payable (as at September 30, 2007)	Allocation to pension accrual in fiscal year
Dr.-Ing. Ekkehard D. Schulz, Chairman	875 [875]	160 [138]	2,711 [2,186]	8,278 [14,430]	276 [283]	4,022 [3,482]	3,789 [2,350]	569 [569]	568 [504]
Dr. Ulrich Middelmann Vice Chairman	663 [663]	176 [166]	2,054 [1,656]	6,271 [10,864]	209 [213]	3,102 [2,698]	2,871 [1,781]	398 [398]	952 [839]
Dr. Olaf Berlien	530 [530]	101 [91]	1,723 [1,325]	5,017 [8,691]	167 [171]	2,521 [2,117]	2,297 [1,425]	265 [159]	319 [185]
Edwin Eichler	530 [530]	87 [77]	1,743 [1,325]	5,017 [8,691]	167 [171]	2,527 [2,103]	2,297 [1,425]	159 [159]	436 [268]
Gary Elliott *	409 [530]	36 [84]	1,141 [1,325]	— [8,691]	— [171]	1,586 [2,110]	1,642 [1,155]	212 [212]	489 [645]
Jürgen H. Fechter	530 [530]	106 [97]	1,743 [1,325]	5,017 [8,691]	167 [171]	2,546 [2,123]	1,595 [886]	159 [159]	303 [180]
Dr. A. Stefan Kirsten **	442 [530]	60 [82]	1,369 [1,325]	— [8,691]	— [171]	1,871 [2,108]	2,102 [1,425]	159 [159]	363 [218]
Dr.-Ing. Karl-Ulrich Köhler	530 [530]	95 [94]	1,743 [1,325]	5,017 [8,691]	167 [171]	2,535 [2,120]	1,837 [1,155]	159 [159]	351 [236]
Ralph Labonte	530 [530]	100 [90]	1,643 [1,325]	5,017 [8,691]	167 [171]	2,440 [2,116]	2,297 [1,425]	159 [159]	454 [318]
Dr.-Ing. Wolfram Mörsdorf	530 [530]	106 [92]	1,479 [1,325]	5,017 [8,691]	167 [171]	2,282 [2,118]	2,259 [1,145]	265 [265]	555 [362]
<b>Total</b>	<b>5,569</b> <b>[5,778]</b>	<b>1,027</b> <b>[1,011]</b>	<b>17,349</b> <b>[14,442]</b>	<b>44,651</b> <b>[94,822]</b>	<b>1,487</b> <b>[1,864]</b>	<b>25,432</b> <b>[23,095]</b>	<b>22,986</b> <b>[14,172]</b>	<b>2,504</b> <b>[2,398]</b>	<b>4,790</b> <b>[3,755]</b>

\* Appointment ended July 8, 2007 \*\* Appointment ended July 31, 2007

The increase in bonuses against the previous year is attributable to the considerable improvement in EBT and ROCE in the past fiscal year: EBT rose from €2,623 million to €3,330 million and ROCE from 17.9% to 20.7%.

The above table also provides details of the Executive Board members' pensions. Pensions are paid to former Executive Board members who have 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 it 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 ten years. Current pensions are adjusted annually in line with the consumer price index. Under the surviving dependants' benefits plan, a widow receives 60% of the pension (previously 75%) and each dependant child (generally up to the age of 18, maximum age 27 years) 20%, up to a maximum of 100% of the pension amount. For these future pension entitlements the Company recognizes pension accruals on the basis of IFRS. In the year under review, allocations to the pension accruals for active Executive Board members amounted to €4,790,000 (prior year: €3,755,000). This amount comprises service costs of €2,818,000 (prior year: €2,110,000) and interest costs in the amount of €1,972,000 (prior year: €1,645,000).

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 MTI, the 2nd installment of which was paid out in fiscal year 2006/2007, replaced the Long Term Management Incentive plan (LTMi) which expired at the beginning of 2006. The value of the 2nd installment of the MTI was based on the increase in the average TKVA in the three fiscal years 2000/2001 - 2002/2003 against the average TKVA of the three-year performance period 2003/2004 - 2005/2006. On the basis of the significant increase in average TKVA from €(291) million to €1,026 million in the performance period, and the increase in the share price from €14.24 at the grant date to €29.90 at the end of the three-year performance period the Executive Board members received the following payments under the 2nd installment of the MTI. For the purpose of comparison, the share-based compensation payments of the previous year are shown in brackets: Dr. Schulz €1,889,000 [€1,508,000], Dr. Middelmann €1,431,000 [€1,142,000], Dr. Berlien, Mr. Eichler, Dr. Kirsten and Mr. Labonte €1,145,000 [€914,000] each, Dr. Mörsdorf €859,000 [€168,000], Mr. Elliott and Dr. Köhler €763,000 [€251,000] each, and Mr. Fechter €477,000 [€209,000]. Under the 3rd to 5th installments of the MTI the Executive Board members also have a total of 231,908 stock rights which have been awarded but are not yet payable.

Total compensation paid to former members of the Executive Board and their surviving dependants amounted to €15.1 million (prior year: €15.5 million). In accordance with IFRS an amount of €157.8 million (prior year: €157.8 million) was accrued for pension obligations benefiting former Executive Board members and their surviving dependants.

### Share-based compensation for further executives

Alongside the Executive Board, further selected executives of the ThyssenKrupp Group receive part of their remuneration in the form of share-based compensation. This relates to the MTI and also to a program for the purchase of ThyssenKrupp shares at a discount.

Beginning with the 2nd installment of the MTI, which was issued in 2004, the group of employees eligible to receive stock rights was expanded on modified terms to include the executive board members of the segment holding companies and other selected executive employees. The MTI for this group of beneficiaries resulted in expense of €46.5 million in the reporting period (prior year: €30.2 million).

The discount share purchase plan was issued again in 2006/2007 for selected executive employees.

For fiscal year 2006/2007 the Executive Board of ThyssenKrupp AG again resolved to offer selected executive employees who are not beneficiaries of the MTI a compensation instrument in the form of the discount share purchase plan. On expiry of a specified performance period, beneficiaries are offered the chance to purchase ThyssenKrupp shares up to a fixed euro amount at a discount, which is paid by the employer. The remaining amount is the contribution to be paid by participants. The discount amount depends on the (Group) TKVA over the performance period and can be up to 80%. The shares are purchased by participants on the stock market after expiry of the performance period. These shares are subject to a three-year blocking period.

With the discount share purchase plan, the variable compensation related to each company's performance has been expanded to include a Group-related element which integrates the central performance indicator TKVA in the incentive system. The aim of the share- and value-based compensation component is to promote concentration on the Group's targets and strengthen executives' identity with the Group.

In the reporting period the discount share purchase plan resulted in expense of €12.6 million (prior year: €2.7 million). The Executive Board of ThyssenKrupp AG will take a new decision on whether to reissue the plan in fiscal 2007/2008.

#### **New Supervisory Board compensation structure 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 situation and performance of the Group. The current compensation arrangement was resolved in the Annual General Meeting on January 19, 2007 with effect for the reporting period.

In addition to reimbursement of their expenses and a meeting attendance fee of €500, Supervisory Board members receive compensation comprising three elements: a fixed component of €50,000 and two performance-related elements. The first is a bonus of €300 for each €0.01 dividend by which the dividend paid out to stockholders for the past fiscal year exceeds €0.10 per share. 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 (EBT) in the last three fiscal years exceeds €1 billion.

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 the 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. If a Supervisory Board member does not attend a meeting of the Supervisory Board or a committee meeting, his/her compensation is reduced proportionally. In view of the fact that the Nomination Committee was only formed in September 2007 and did not meet in the reporting period, by mutual agreement no compensation will be paid to the members of this committee.

The current compensation rules for the Supervisory Board were resolved in the 2007 Annual General Meeting.

On the basis of the proposed dividend, members of the Supervisory Board will receive total compensation, including meeting attendance fees, of €3.4 million (prior year: €2.7 million). The individual Supervisory Board members will receive the amounts listed in the following table. The corresponding amounts for the previous year are shown in brackets:

SUPERVISORY BOARD COMPENSATION 2006/2007 in €

	Fixed compensation	Bonus*	Long-term compensation component	Compensation for committee work	Meeting attendance fees	Total
Dr. Gerhard Cromme, Chairman	150,000 [48,000]	108,000 [153,000]	95,780 [90,780]	117,927 [97,260]	7,500 [7,000]	479,207 [396,040]
Bertin Eichler, Vice Chairman	100,000 [32,000]	72,000 [102,000]	63,853 [54,226]	88,445 [70,584]	5,500 [5,000]	329,798 [263,810]
Markus Bistram	50,000 [16,000]	36,000 [51,000]	25,658 [14,219]	19,502 [—]	2,500 [2,000]	133,660 [83,219]
Wolfgang Boczek (until November 30, 2005)	— [2,674]	— [8,523]	— [21,867]	— [8,266]	— [1,000]	— [42,330]
Theo Frielinghaus (from January 04, 2007)	36,986 [—]	26,630 [—]	7,872 [—]	16,879 [—]	2,000 [—]	90,367 [—]
Heinrich Hentschel	50,000 [16,000]	36,000 [51,000]	31,927 [27,113]	— [—]	2,000 [2,000]	119,927 [96,113]
Prof. Jürgen Hubbert	50,000 [16,000]	36,000 [51,000]	28,661 [17,063]	— [—]	2,000 [2,000]	116,661 [86,063]
Klaus Ix	50,000 [16,000]	36,000 [51,000]	31,927 [30,260]	29,482 [24,315]	4,000 [4,000]	151,409 [125,575]
Hüseyin Kavvesoglu	50,000 [16,000]	36,000 [51,000]	31,927 [27,113]	27,025 [23,528]	3,500 [4,000]	148,452 [121,641]
Dr. Martin Kohlhaussen	45,833 [14,667]	33,000 [46,750]	29,266 [27,738]	58,963 [44,578]	3,500 [3,000]	170,562 [136,733]
Dr. Heinz Kriwet	50,000 [16,000]	36,000 [51,000]	31,927 [30,260]	29,482 [24,315]	3,000 [3,000]	150,409 [124,575]
Dr.-Ing. Klaus T. Müller	50,000 [16,000]	36,000 [51,000]	31,927 [27,113]	— [—]	2,000 [2,000]	119,927 [96,113]
Prof. Dr. Bernhard Pellens	50,000 [16,000]	36,000 [51,000]	28,661 [17,063]	28,665 [21,016]	4,000 [4,000]	147,326 [109,079]
Dr. Heinrich v. Pierer	50,000 [16,000]	36,000 [51,000]	28,661 [17,063]	28,665 [21,016]	3,000 [3,000]	146,326 [108,079]
Dr. Kersten v. Schenck	50,000 [16,000]	36,000 [51,000]	31,927 [25,207]	29,482 [23,052]	3,000 [3,000]	150,409 [118,259]
Peter Scherrer	50,000 [16,000]	36,000 [51,000]	31,927 [30,260]	8,966 [20,263]	2,500 [2,500]	129,393 [120,023]
Thomas Schlenz	50,000 [16,000]	36,000 [51,000]	31,927 [30,260]	88,445 [72,945]	6,500 [6,000]	212,872 [176,205]
Dr. Henning Schulte-Noelle	50,000 [14,667]	36,000 [46,750]	31,927 [27,738]	58,963 [44,578]	4,500 [3,000]	181,390 [136,733]
Wilhelm Segerath	50,000 [16,000]	36,000 [51,000]	31,927 [30,260]	29,482 [24,315]	3,000 [3,000]	150,409 [124,575]
Christian Streiff	45,833 [16,000]	33,000 [51,000]	26,273 [17,063]	— [—]	1,500 [2,000]	106,606 [86,063]
Gerold Vogel (until December 31, 2006)	12,603 [11,879]	9,074 [37,866]	10,584 [7,482]	2,033 [13,040]	1,000 [2,000]	35,294 [72,267]
Prof. Dr. Gang Wan	41,667 [16,000]	30,000 [51,000]	23,884 [17,063]	— [—]	1,000 [2,000]	96,551 [86,063]
<b>Total</b>	<b>1,132,922</b> <b>[363,887]</b>	<b>815,704</b> <b>[1,159,889]</b>	<b>688,423</b> <b>[587,211]</b>	<b>662,406</b> <b>[533,071]</b>	<b>67,500</b> <b>[65,500]</b>	<b>3,366,955</b> <b>[2,709,558]</b>

\* Prior-year figures 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 additionally receive fixed compensation of €150,075 (prior year: €152,691) for supervisory board directorships at Group subsidiaries in fiscal 2006/2007. 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 €

	2005/2006	2006/2007
Markus Bistram	25,000	21,904
Wolfgang Boczek (until November 30, 2005)	4,178	–
Theo Frielinghaus (from January 04, 2007)	–	27,000
Klaus Ix	31,486	31,500
Hüseyin Kavvesoglu	34,000	34,000
Thomas Schlenz	30,000	30,000
Wilhelm Segerath	5,753	–
Gerold Vogel (until December 31, 2006)	22,274	5,671
<b>Total</b>	<b>152,691</b>	<b>150,075</b>

As in the prior year, the Supervisory Board members received no loans or advance payments in 2006/2007.

Beyond this, with one exception, as in the previous year 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 €333,556 (prior year: €32,676) for consultancy services for subsidiaries of ThyssenKrupp in the past fiscal year. As in the previous year, no loans or advance payments were granted to members of the Supervisory Board, nor were any guarantees or other commitments entered into in favor of Supervisory Board members.

Former Supervisory Board members who left the Supervisory Board prior to October 01, 2006, receive a proportion of the long-term compensation component in the total amount of €29,567 (prior year: €97,793) for the time they served on the Supervisory Board. The breakdown is shown in the following table:

LONG-TERM COMPENSATION COMPONENT in €

for former supervisory board members who resigned before October 01 of the respective fiscal year

	2005/2006	2006/2007
Dieter Schulte, Vice Chairman (until January 23, 2004)	6,350	–
Dr. Karl-Hermann Baumann (until January 21, 2005)	13,225	3,295
Wolfgang Boczek (until November 30, 2005)	–	12,421
Carl-L. von Boehm-Bezing (until January 21, 2005)	13,225	3,295
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	3,295
Dr. Mohamad-Mehdi Navab-Motlagh (until January 21, 2005)	13,225	3,295
Dr. Friedel Neuber (died October 23, 2004)	10,740	671
Ernst-Otto Tetau (until January 23, 2004)	3,175	–
Bernhard Walter (until January 21, 2005)	13,225	3,295
<b>Total</b>	<b>97,793</b>	<b>29,567</b>

## ThyssenKrupp stock

With a gain of 68%, ThyssenKrupp's stock once again gave stockholders cause for cheer in fiscal 2006/2007. By way of comparison, the DAX and DJ STOXX indices improved by 31% and 14% respectively. At the end of the fiscal year, market capitalization amounted to around €23 billion. This section provides detailed information on our investor relations activities and in particular ThyssenKrupp's stock and the stockholder structure.

### KEY DATA OF THYSSENKRUPP STOCK

		2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Capital stock	million €	1,317	1,317	1,317	1,317	1,317
Number of shares (total)	million shares	514.5	514.5	514.5	514.5	514.5
Stock exchange value end September	million €	5,927	8,072	8,936	13,670	22,977
Closing price end September	€	11.52	15.69	17.37	26.57	44.66
High	€	13.62	17.67	17.39	29.09	46.14
Low	€	7.01	11.55	13.89	16.62	26.19
Dividend per share	€	0.50	0.60	0.80 <sup>1)</sup>	1.00	1.30 <sup>2)</sup>
Dividend total	million €	249	299	412 <sup>1)</sup>	489	635 <sup>2)</sup>
Dividend yield	%	4.3	3.8	4.6	3.8	2.9
EPS	€	1.09	1.81	2.08	3.24	4.30
Number of shares <sup>3)</sup>	million shares	507.7	498	498.6	507.7	488.8
Trading volume (daily average)	million shares	2.8	2.5	3.3	4.5	3.8

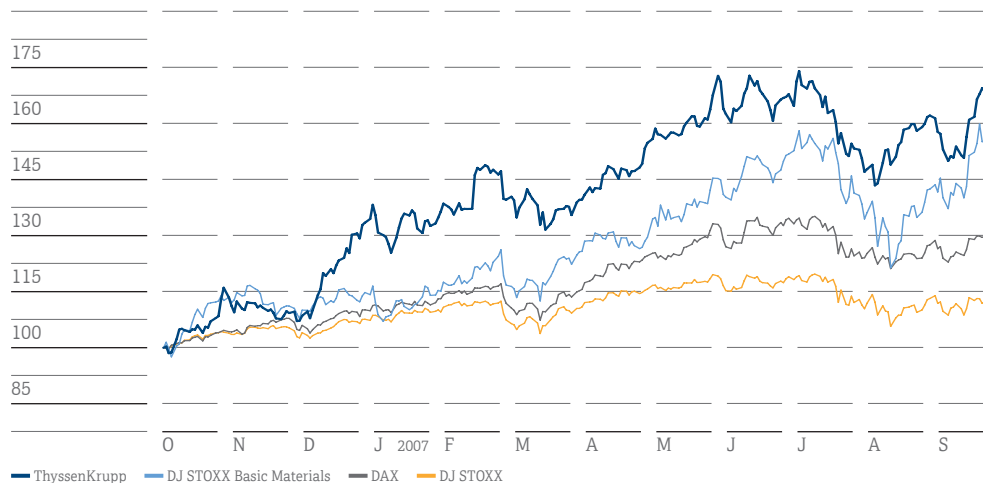
<sup>1)</sup> incl. special dividend of €0.10 <sup>2)</sup> proposal to Annual General Meeting <sup>3)</sup> weighted average of outstanding shares

### Outstanding stock performance reflects Company's performance

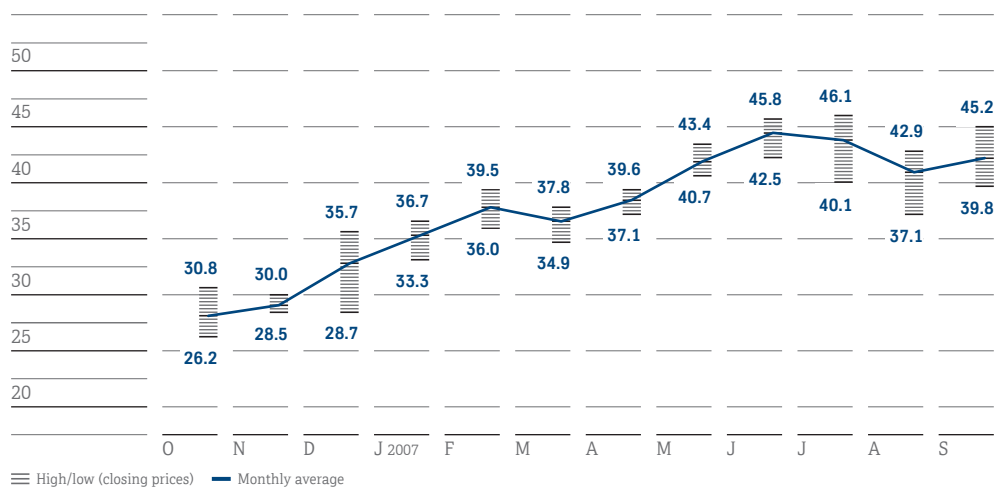
The further improvement in earning power and lively demand for ThyssenKrupp products and services were reflected in the performance of ThyssenKrupp's stock in fiscal 2006/2007. It gained almost 70%, closing at €44.66 on September 28, 2007. The stock significantly outperformed the DAX and DJ STOXX reference indices. In July 2007, shortly before the real estate crisis began in the USA, the share price reached an all-time high of €46.14. Further details of the stock's performance are shown in the following charts.

ThyssenKrupp stock reached an all-time high of €46.14 in July 2007.

PERFORMANCE OF THYSSENKRUPP STOCK IN COMPARISON indexed, Sept. 29, 2006 to Sept. 28, 2007, in %



HIGHS AND LOWS OF THYSSENKRUPP STOCK in €



Market capitalization increased significantly against the previous year by €9.3 billion to around €23.0 billion.

MARKET CAPITALIZATION OF THYSSENKRUPP AG in million €

03-25-1999 Initial quotation	9,338
03-12-2003 All-time low	3,607
09-30-2003	5,927
09-30-2004	8,072
09-30-2005	8,936
09-29-2006	13,670
07-09-2007 All-time-high	23,739
09-28-2007	22,977

On average 3.8 million ThyssenKrupp shares were traded daily in 2006/2007.

Liquidity in ThyssenKrupp stock remained very high in fiscal 2006/2007. The average daily volume was 3.8 million shares. Around 1 billion shares were traded on the German stock exchanges including the Xetra trading system. Trading in ThyssenKrupp stock accounted for around 2% of the total trading volume of the 30 DAX stocks.

The way investors perceive a stock is influenced by liquidity and also by inclusion in relevant indices. ThyssenKrupp's stock is included in a number of major indices, also at international level, namely the DAX 30, the DJ STOXX, the DJ Germany Titans, the DJ Industrial Goods & Services Titans 30, the FT EuroTop 300 and various MSCI indices.

THYSSENKRUPP STOCK MASTER DATA

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

**Earnings per share €4.30**

Earnings per share (EPS) is calculated by dividing the net income attributable to the stockholders of ThyssenKrupp AG by the weighted average of shares outstanding in the fiscal year. In the year under review, the number of shares outstanding averaged 488.8 million.

### Dividend proposal of €1.30 per share

A proposal will be submitted to the Annual General Meeting on January 18, 2008 to pay a dividend of €1.30 per share for fiscal 2006/2007. Based on the stock price of €44.66 on September 28, 2007, the dividend yield is 2.9%. The payout ratio is 30.2% of the net income attributable to the stockholders of ThyssenKrupp AG.

#### THYSSENKRUPP AG DIVIDEND PAYMENT in €

2002/2003		0.50
2003/2004		0.60
2004/2005		0.80*
2005/2006		1.00
2006/2007		1.30**

\* incl. special dividend of €0.10 \*\* Proposal to the Annual General Meeting

### 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 right of stockholders to certification of their shares is excluded under the Company's Articles of Association. Under Art. 20 of the Articles of Association of ThyssenKrupp AG, each share grants one vote.

### Employee share program firmly established

In April 2007 around 82,000 employees in Germany had a fifth opportunity to acquire ThyssenKrupp shares on special terms. With a participation rate of 56%, the program once again met with a very good response. The level of participation, which was even higher than the year before, reflects the employees' confidence in the performance of ThyssenKrupp's stock. Employees in the rest of Europe are also regularly included in employee share programs, e.g. in France, the United Kingdom and Spain.

### Stockholder base significantly broadened in the USA

Our latest analysis of the stockholder structure shows that our stockholder base in the USA has widened further, not least as a result of increased efforts to persuade investors of ThyssenKrupp's strengths and growth prospects. In fiscal 2006/2007 the proportion of stockholders based in the USA increased from 10% to 15%. Our stockholder base in Europe is very stable. The countries with the highest percentage of ThyssenKrupp shares are traditionally Germany, the United Kingdom, France, Switzerland and the Netherlands. From our regular analyses of the stockholder structure we gain important information which we use among other things to further optimize the regional focus of our investor relations activities.

Around 15% of ThyssenKrupp stockholders are based in the USA.

A further finding of the latest analysis showed that the share of institutional investors increased again from around 35% to 42%. The Investor Relations team will expand its activities in the future to meet the additional information requirements resulting from this.

The largest stockholder is the Alfried Krupp von Bohlen und Halbach Foundation, Essen; according to its notification of December 21, 2006 it holds 25.1% of the voting rights of ThyssenKrupp AG.

ThyssenKrupp AG also holds treasury shares amounting to 5% (rounded up) of the capital stock. 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 74.9% of the capital stock.

#### **Investor relations: continuity and transparency**

We further optimized our investor relations program in 2006/2007; the focus was on targeted enhancements to our well-established activities.

Held for the third time, the ThyssenKrupp field day gave analysts and institutional investors detailed insights into our day-to-day operations. This year's event centered on the Services segment with its Eastern Europe strategy; participants were taken to the service center in Poland, which plays a key role in this strategy.

The stockholders' letter "#750.000 compact" became further established as a medium for people interested in the performance of ThyssenKrupp's stock. Issued once a quarter, the stockholders' letter presents information on all relevant developments and events in connection with the Group and our stock.

We also expanded our relations with institutional investors under an investor targeting program. The aim is to further strengthen our penetration of the leading financial centers and at the same time attract investors at new financial centers. The targeting program has identified Norway, Finland and Portugal as new target markets. To systematize investor relations, we have set up an extensive database which is kept regularly updated.

Our multiple award winning website provides our target groups with a high degree of transparency of all investor relations activities. 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 are available in video or audio format and can in some cases be downloaded and played on standard MP3 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](http://www.thyssenkrupp.com).

Investor targeting was an important focus of our investor relations activities in the reporting year.

## Responsibility to society

It is part of our tradition that we not only see ThyssenKrupp as a business enterprise but are also aware of the obligations a major industrial group has in our society. ThyssenKrupp supports a number of projects in schools and education, art and culture as well as in the humanitarian field. At the same time we focus on promoting dialogue on technology across all areas of society and all age groups.

### Commitment as corporate citizen

We are expanding our presence worldwide 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.

ThyssenKrupp regards itself as a responsible corporate citizen and actively brings its efforts to bear in various areas. We provide recurring support in particular to regions in which the Group operates. This is reflected in the wide range of projects we support – be it in culture, education and sport or in social, charitable and humanitarian activities. We focus not only on providing financial support to create a basis for sustainable development but also on cooperating in initiatives with other partners. With our activities we want to make a positive contribution to society, which is why we are particularly committed to supporting young people. The Company expressly welcomes the voluntary work carried out by our employees as it is the key to a properly functioning social environment.

### Support for 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 financial and moral support to the Initiativkreis Ruhrgebiet, a body which is dedicated to promoting the image of the Ruhr. It carries out projects which provide important impetus for the now well-advanced structural transformation and enhance the region's reputation. We unconditionally support the goal of safeguarding and enriching the future of this key European region and its people over the long term – by generating new impetus, promoting investment and supporting science, sport and culture. Each year we sponsor a stand-out concert event as part of the Ruhr Piano Festival created by Initiativkreis Ruhrgebiet.

For many years ThyssenKrupp has supported social and humanitarian projects, culture, education and sport.

### **Commitment to sporting and cultural activities at the Group's locations**

A rich cultural program for the people who live in the Rhine-Ruhr region is a matter particularly close to our hearts. The Group is therefore involved in numerous projects and provides both financial and moral support. This helps bring attractive events to areas close to ThyssenKrupp's major locations. We are convinced that our commitment to the region's cultural life also has a positive effect on working life at ThyssenKrupp by promoting imagination, inquisitiveness and open-mindedness. For example, we support the philharmonic orchestras in Essen and Duisburg, the Deutsche Oper am Rhein opera company and the Düsseldorf Schauspielhaus theater.

In sport we mainly promote selected competitions and small 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.

### **Apprentices carry out voluntary work**

Young people from all apprenticeship schemes at ThyssenKrupp Nirosta regularly contribute to social projects in association with the Krefeld Volunteer Center. This allows them to use the skills and knowledge they have gained to provide help where it is needed most. ThyssenKrupp Nirosta supports them by allowing them time off work when necessary. These projects give the young people the chance to prove their reliability and act independently.

### **Focus on areas important for the future: innovation and education**

In particular in innovation and education, areas of decisive importance for the future, the Group's extensive activities have a far-reaching effect on society. We are firmly convinced that education is the key to securing the future of Germany and making the next generation fit for the global market.

ThyssenKrupp cooperates intensively with numerous universities in Germany and abroad to help promote the dialogue between education, research and industry. We are currently collaborating particularly closely with seven partner universities in Germany. In extensive partnership programs with Aachen Technical University, Ruhr University Bochum, Dortmund Technical University, Dresden Technical University, Freiberg Technical University, Hamburg-Harburg Technical University and Berlin Technical University, joint projects are pursued and resources utilized to benefit both the partner universities and ThyssenKrupp. In addition, we finance individual university chairs, for example at Tongji University in Shanghai. We also fund fellowships to promote the further development of the ESMT European School of Management and Technology, of which ThyssenKrupp is a founding member. We also provide ongoing support through our long-standing membership of the academic funding association Stifterverband für die Deutsche Wissenschaft.

With the backing of other industrial partners, ThyssenKrupp and the Ruhr University Bochum established the legal framework for a joint institute for new materials under a cooperation agreement in March 2007. The Max-Planck-Institut für Eisenforschung (iron research institute) and Aachen Technical University are also involved. Unique in Europe, the "Interdisciplinary Centre for Advanced

Besides seven German universities, our close partners include Tongji University in Shanghai.

Materials Simulation” based at the Ruhr University Bochum will start work in full at the beginning of 2008. In addition to research work, the institute, which will have three endowed professorships, will extend the syllabus of Bochum University with a new course in material simulation. Turn to page 99 for more details.

In October 2006 the Blohm + Voss shipyard organized a contest as part of the ThyssenKrupp Technologies Engineering Competition with the aim of providing technically-minded students with an initial insight into the work of a project engineer. Eight teams from the universities of Aachen, Berlin, Bochum, Braunschweig, Dresden, Hamburg, Munich and Karlsruhe entered. They were required to solve a real-life engineering problem in eight hours. Their solutions were then presented to a panel of judges comprising representatives of ThyssenKrupp Technologies and the universities. The winning team received a fellowship. Further non-cash prizes were also awarded. ThyssenKrupp Technologies also awards fellowships to support a combined “global engineering program” for outstanding international students run by the Northern Institute of Technology in association with the Technical University of Hamburg-Harburg. The program combines a masters degree in engineering sciences with an MBA in technology management.

### Discover future technology

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 courage to make changes.

ThyssenKrupp’s activities in education and technology are combined in the “Discover future technology” initiative. Against the background of an increasing shortage of young people entering technical professions, the initiative is designed to promote dialogue on technology across all areas of society and all age groups. Together with numerous partners from industry, politics, science and the media, we hope to generate impetus for the future with this initiative. The aim is to attract young people to technical apprenticeships or engineering degrees. They need to discover that education is the key to a positive future. A highlight of the initiative is the Ideas Park.

Above all the Ideas Park gives families with children the chance to discover technical innovations and develop their own ideas for the future. So far around 260,000 visitors have come to the Ideas Park – around 20,000 people on each day of the event. This makes it probably the most popular non-commercial technology event in Germany, attracting visitors from all regions. The next Ideas Park will be held in Stuttgart in May 2008. On an exhibition and activity area of some 40,000 m<sup>2</sup>, more than 150 interactive exhibits will give visitors an informative and entertaining insight into the world of technology. Entry will again be free to allow as many families as possible to attend.

### Aim of support: qualified young employees

ThyssenKrupp continues to support Formula Student Germany, an international design competition for students. The students taking part in Formula Student Germany already have a passion for technology. As well as developing a racing car, this program gives them the opportunity to practice

The third ThyssenKrupp Ideas Park will be held in Stuttgart from May 17 to 25, 2008.

ThyssenKrupp supports the student design competition Formula Student Germany.

interdisciplinary cooperation with people from different fields. This allows them to gain practical experience before leaving university and strengthen their non-academic skills such as practical and joined-up thinking and life-long learning as well as social and methodology competences. Together with a good education, these factors play an important role in career development. 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.

As well as fostering enthusiasm for technology, ThyssenKrupp also supports Formula Student Germany for purely practical reasons. The Group recruits some 500 university 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 on selected degree courses from an early stage in their studies – 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 President’s award for technology and innovation (German Future Prize).

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, which is involved in education projects as well as initiatives for business startups and young entrepreneurs throughout Germany on behalf of its member companies. In the framework of these activities to secure Germany’s future as a business location, the “Learning through research – experiencing technology” project was launched in association with the Partner für Schule NRW foundation (partners for schools in North Rhine-Westphalia). This project promotes the sustained integration of technology into the school curriculum and the establishment of a firm place for technology in the timetable. The aim is to carefully foster children’s natural inquisitiveness and instinctive thirst for knowledge and discovery from primary school age and to fire their enthusiasm for scientific and technical subjects. A central result of the project will be the “Bridge” experiment kit for use in schools. By conducting their own experiments with the kit, children discover that science and technology can be fun. In recognition of its interdisciplinary approach and the fact that it represents a successful cooperation between partners from schools, science, politics and industry, the “Learning through research – experiencing technology” project received an award from a panel of judges including the German Minister for Education and Research, Dr. Annette Schavan.

The nationwide youth science competition “Jugend forscht”, which we have supported for many decades at four locations, was held for the 42nd time in early 2007. In the competition, children and young people test their knowledge and their creative approach to science and technology in various scientific disciplines. For us the competition is an important element of our activities to foster and inspire young people.

Under partnership agreements with various universities, we fund study support programs and provide internships and dissertation placements. In addition the Group has for many years provided training programs for young people well in excess of its 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.

The “Opportunity” project aims to open up new opportunities for people from disadvantaged backgrounds. The “Opportunity” project was launched by ThyssenKrupp Steel back in 2003 in cooperation with the Duisburg labor agency and Duisburger Werkkiste e.V. It helps improve the job prospects of applicants who do not meet the standard requirements for apprentices. Since the initiative was launched, 71 of the 82 participants have been accepted for apprenticeships.

More information on ThyssenKrupp’s personnel and social policy is provided on pages 107–112.

### 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 the “Germany – Land of Ideas” initiative (Deutschland – Land der Ideen e.V.) under the patronage of the German President, aimed at promoting Germany’s image as a positive, innovative and future-oriented country.

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. The council conducts an intensive dialogue on forward-looking technologies and their significance for sustainable growth, with contributions from science, business, government and society.

### Sustainability and Corporate Social Responsibility

ThyssenKrupp is expressly committed to the goals of sustainable development in the interest of future generations. This is due to our awareness that industry, with its innovation and investment power, bears a special responsibility for sustainable development. This is one of the reasons why we are a member of the initiative “econsense – Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V.” (German industry forum for sustainable development), a grouping of globally active German enterprises and organizations set up to address the issues of Corporate Social Responsibility (CSR) and Sustainability.

In a communication entitled “Implementing the partnership for growth and jobs: Making Europe a pole of excellence on CSR”, the European Commission initiated a “European Alliance for Corporate Social Responsibility” in 2006. This is an alliance of European enterprises and business organizations; ThyssenKrupp is one of now more than 150 organizations supporting this alliance. Our joint goal is to promote partnerships for CSR and the exchange of experience in this field.

Sustainability in the interest of future generations is a central theme of all our actions.