

# 01

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## To our stockholders

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ONE OF US. TODAY ONE OF OUR YOUNGEST EMPLOYEES.  
TRAINED BY ONE OF OUR MOST EXPERIENCED.

Florian Hofmann, former apprentice at ThyssenKrupp in Siegen

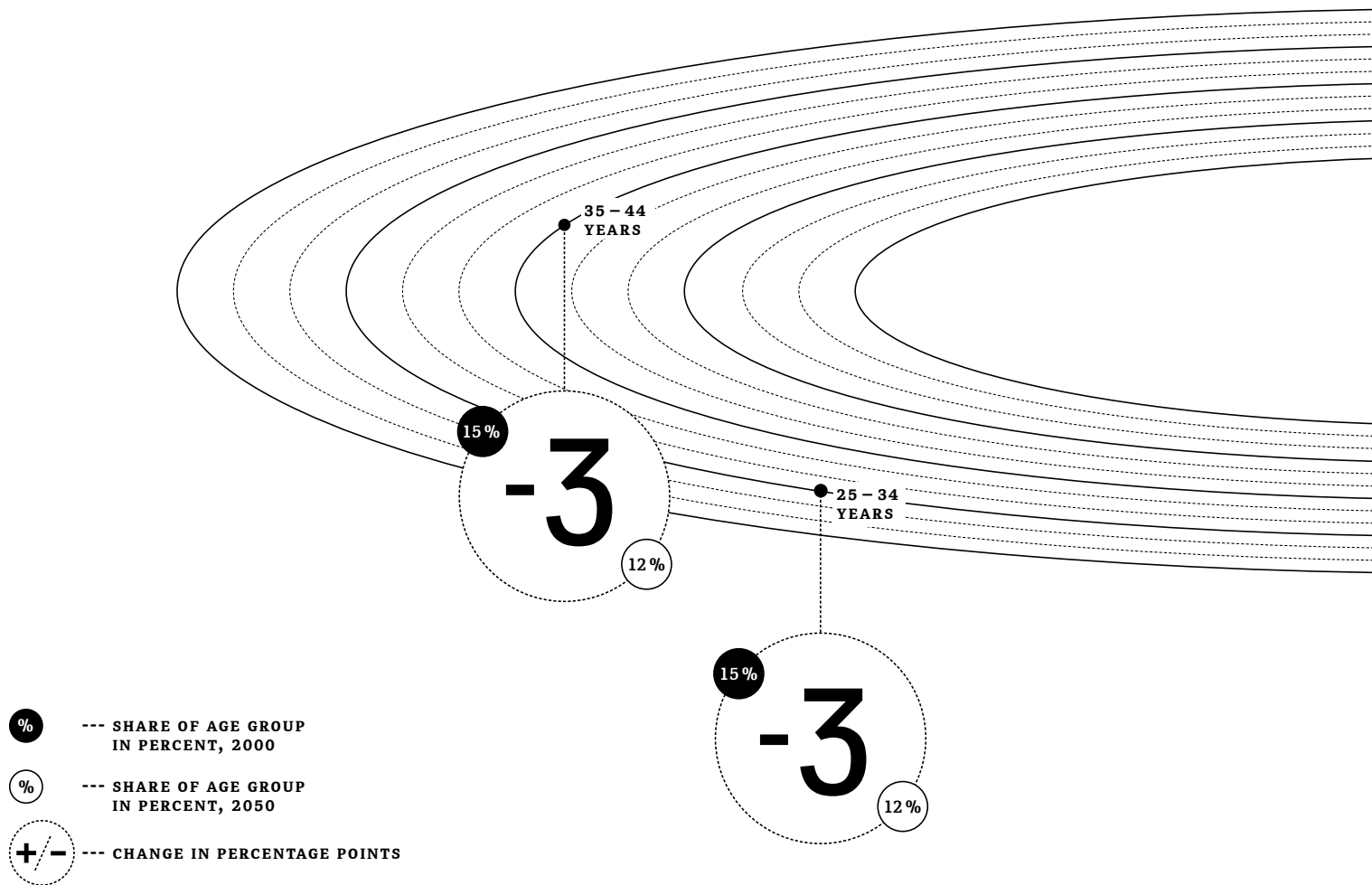
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Making longer use of our experience.  
And passing it on.

Young people who are itching to show what they can do.  
And older heads who turn experience to their advantage.  
They can each learn from each other. To the benefit of all.

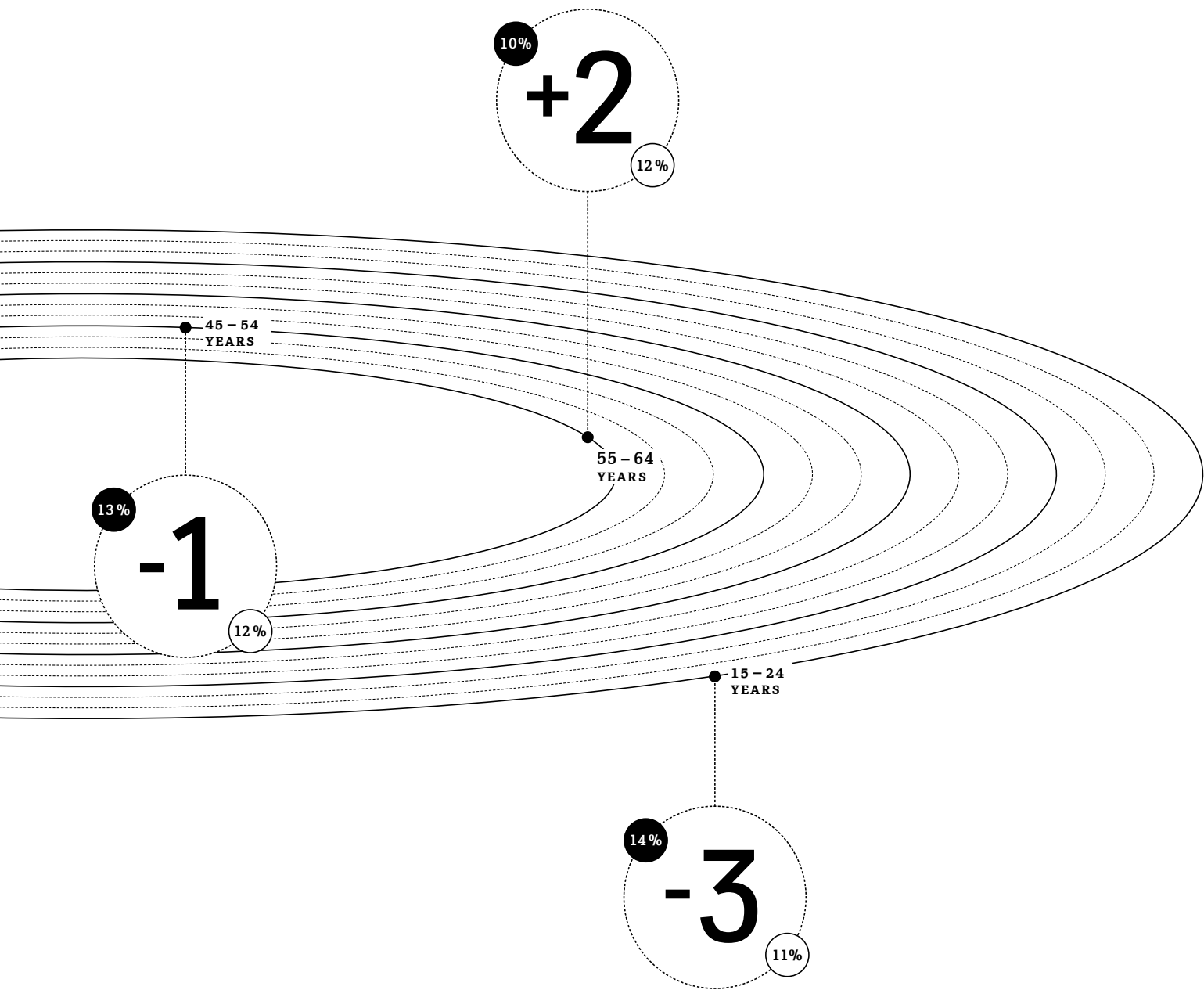
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**AGE DISTRIBUTION IN THE INDUSTRIALIZED COUNTRIES.  
CHANGE IN PERCENTAGE POINTS FROM 2000 TO 2050.**

The “baby boomers” are a source of vast experience. In the future, no society will be able to afford to send them into early retirement.

Source: oecd Demographic and Labour Force Database used in oecd 2007, Society at a Glance: oecd Social Indicators 2006



# 01

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## To our stockholders

The Executive Board and Supervisory Board of ThyssenKrupp AG work together in an atmosphere of trust to uphold the interests of the Company. Their joint goal is to secure ThyssenKrupp's long-term competitiveness and sustainably increase the value of the Company. On the following pages you can read more about the composition of both bodies, our corporate governance practices, the performance of our stock in the past fiscal year and our understanding of corporate responsibility.



# 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.



01

**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

02

**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

03

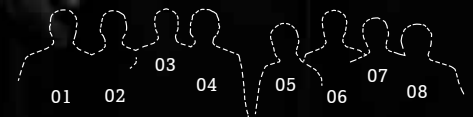
**Jürgen H. Fechter**

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

04

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

Chairman, born 1941, Executive Board Member since 1991, appointed until January 21, 2011, responsible for Corporate Communications and Strategy, Energy and Environment, Internal Auditing, Legal and Compliance, Management Development and Top Executives, Technology



Executive Board of ThyssenKrupp AG



05

**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

06

**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

07

**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

08

**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

## 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 Vogelsang, 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
Theo Frielinghaus, Ahlen	Engineering technician, Chairman of the Works Council of Polysius AG
Heinrich Hentschel, Emden	Technical clerk/Hydrostatics, Member of the Works Council of TKMS Blohm+Voss 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
Hüseyin Kavvesoglu, Maxdorf	Foreman, Chairman of the Works Council Union ThyssenKrupp Services
Dr. Martin Kohlhaussen, Bad Homburg	Former Chairman of the Supervisory Board of Commerzbank AG
Dr. Heinz Kriwet, Düsseldorf	Former Chairman of the Executive Board of Thyssen AG
Prof. Dr. Ulrich Lehner, Düsseldorf (since January 18, 2008)	Former Chairman of the Management Board of Henkel KGaA
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 (until November 15, 2008)	Former 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, Paris	President of PSA Peugeot Citroën S.A.
Jürgen R. Thumann, Düsseldorf (since November 16, 2008)	President of Bundesverband der Deutschen Industrie e.V. (Federation of German Industries)
Prof. Dr. Gang Wan, Shanghai (until January 18, 2008)	Minister of Science and Technology of the People's Republic of China

## Supervisory Board Committees

Executive Committee	Dr. Gerhard Cromme (Chair), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
Mediation Committee under Art. 27 par. 3 Codetermination Act	Dr. Gerhard Cromme (Chair), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
Personnel Committee	Dr. Gerhard Cromme (Chair), Bertin Eichler, Thomas Schlenz, Dr. Henning Schulte-Noelle
Audit Committee	Dr. Martin Kohlhaussen (Chair), Dr. Gerhard Cromme, Klaus Ix, Hüseyin Kavvesoglu, Prof. Dr. Bernhard Pellens, Thomas Schlenz
Strategy, Finance and Investment Committee	Dr. Gerhard Cromme (Chair), Markus Bistram, Bertin Eichler, Theo Frielinghaus, Dr. Heinz Kriwet, Dr. Heinrich v. Pierer (until November 15, 2008), Dr. Kersten v. Schenck, Wilhelm Segerath
Nomination Committee	Dr. Gerhard Cromme (Chair), 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 2007/2008 fiscal year. It focuses in particular on its ongoing dialogue with the Executive Board, the main subjects of discussions at the full Supervisory Board meetings and in the committees, and the audit of the financial statements.



**DR. GERHARD CROMME**  
Chairman of the Supervisory Board

In the 2007/2008 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. We were 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 the state of the Company, above all on the development of the business and financial situation, the personnel situation, investment projects and fundamental issues of corporate planning and strategy. We paid particular attention to the risk situation, risk management, the legally compliant management of the Company and the compliance program. Where the actual course of business deviated from plans and targets, this was explained 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, were kept informed about the current business situation and key business transactions, and supported the Executive Board in an advisory capacity. In separate meetings I discussed the perspectives and future strategic focus of the individual Group segments with the Executive Board.

At four meetings in fiscal year 2007/2008, the Supervisory Board dealt at length with the business situation and the operational and strategic development of the Company and its business areas. Between meetings, the Executive Board informed the Supervisory Board immediately and in detail by means of written reports about particular transactions of importance for assessing the current situation and further developments as well as for the management of the Company. The Executive Board submitted matters requiring approval in good time for resolution. In urgent cases resolutions were passed by written vote in consultation with the Supervisory Board Chairman. 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 in the year under review.

#### **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 we delegated decision-making powers of the Supervisory Board to committees. This approach has proven successful. 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 four times in the reporting period. Between meetings, I discussed projects of particular importance to the Group with the members of the Executive Committee. In addition to preparing the meetings of the full Supervisory Board, the main subjects of discussion were the progress reports on the steel mill project in Brazil and on the new joint plant complex being built by the Steel and Stainless segments in Alabama/USA. We also dealt with the compliance program, the implementation of the new recommendations and suggestions of the German Corporate Governance Code, and preparations for the efficiency review of the Supervisory Board.

[1]

The Supervisory Board formed a total of six committees.

At the end of January and in mid-July 2008, the Executive Committee gave its approval by written procedure for the Executive Board to acquire shares in the Company on the basis of the authorization granted by the Annual General Meeting. After the close of the fiscal year, the Executive Committee held an extraordinary meeting on October 28, 2008, attended by the Executive Board Chairman and Chief Financial Officer of ThyssenKrupp AG, to discuss the impact of the financial crisis on the Group.

The Personnel Committee, which is responsible for the employment contracts and compensation of the Executive Board members and for other Executive Board matters, also met four times. Key subjects discussed included the proposals to extend the appointments as Executive Board member of Mr. Fechter and Dr. Köhler from October 01, 2008 for five years and of Dr. Schulz as Chairman of the Executive Board from January 24, 2009 to the close of the Annual General Meeting resolving on the annual financial statements for fiscal 2009/2010 (January 21, 2011). In addition, the bonuses and payments from the MTI for the fiscal year were determined, and at the end of the regular three-year cycle the fixed salaries of the Executive Board members were raised at October 01, 2008 in line with the increase in fixed compensation for executives in the Group. The Personnel Committee also approved the acceptance of external directorships by individual Executive Board members and the retention of the law firm Clifford Chance, to which Supervisory Board member Dr. v. Schenck 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. In the presence of the financial-statement auditors, the Chairman of the Executive Board and the Chief Financial Officer, it mainly dealt with the parent-company and consolidated financial statements, the quarterly financial statements, the audit reports as well as the development of the risk management system and the compliance program. The Audit Committee also discussed the interim reports to be published. In its meeting in May 2008 it was informed in detailed about the Group's compliance activities. The auditors 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 Audit Committee also discussed the proposal for the appointment of the financial-statement auditors for fiscal year 2007/2008. It awarded the engagement for the audit of the parent-company and consolidated financial statements of ThyssenKrupp AG and the audit review of the quarterly financial statements and resolved the auditors' fee. Furthermore, it obtained the statement of independence from the auditors required under Section 7.2.1 of the German Corporate Governance Code and monitored the auditors' independence. Further areas dealt with included the award of contracts for non-audit services to the financial-statement auditors. The committee also examined the results of internal examinations performed by Corporate Internal Auditing and reports on legal risks. The Audit Committee was kept regularly informed about the status of the new steel mill for the Steel segment in Brazil and the new carbon and stainless steel processing plant for the Steel and Stainless segments in the USA. In February 2008, a meeting of the Audit Committee was held in Brazil. This gave the members of the committee the opportunity to obtain a first-hand picture of the project.

The Strategy, Finance and Investment Committee met twice and dealt with the international focus and strategic development of the Group and its segments. It also discussed the corporate and investment planning and prepared the relevant resolutions of the Supervisory Board. Questions relating in particular to the construction of the new plants by the Steel and Stainless segments in Brazil and the USA were addressed in detail. Discussions further covered the ex East and TechCenter

<sup>[1]</sup> The Supervisory Board Audit Committee met four times in 2007/2008.

Middle East projects launched by the Elevator/Services and Technologies segments respectively to strengthen their market positions in Asia and the Middle East.

The Nomination Committee, which was formed in September 2007 and tasked with proposing suitable candidates to act as stockholder representatives when new Supervisory Board elections are due, did not meet in the reporting period.

[1]

The Supervisory Board regularly discussed the performance of the Group and its segments.

### **Wide spectrum of topics discussed in the full Supervisory Board meetings**

The development of sales, earnings and employment in the Group and its segments, the financial situation and all major investment and disposal projects were the subject of regular deliberations at the full-session meetings. The steel mill project in Brazil and the new joint plant complex being built by the Steel and Stainless segments in Alabama/USA were discussed at several meetings.

In the meeting on November 30, 2007 we focused on the parent-company and consolidated financial statements for the year ended September 30, 2007, the Executive Board's proposal for the appropriation of net income and the corporate plan for fiscal 2007/2008. On the basis of a detailed report by the Executive Board we discussed the strategic development of the Group, focusing in particular on the aforementioned projects in Brazil and the USA as well as the ex East project. The development of raw material prices and their impact on earnings was also addressed. In view 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. In this context we also discussed the impact of the financial crisis on ThyssenKrupp. Another subject covered in this meeting was the compliance program, which the Executive Board continuously developed in the reporting year. In addition, The Executive Board provided details on research and development expenditure and on Group initiatives and measures to improve productivity and efficiency. The Supervisory Board agrees that the ThyssenKrupp best program is a key element in this.

In the meeting on November 30, 2007 we discussed Executive Board compensation. Details of the amount and structure of Executive Board and Supervisory Board compensation are provided in the Corporate Governance report on pages 30–36. The Supervisory Board also approved the acquisition of Apollo Metals, which will strengthen the position of ThyssenKrupp Services as a supplier to the aerospace sector. We further approved a strategic investment plan to improve the market position of Rothe Erde. 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. As part of this self-assessment of our work, we discussed the implementation of the measures resolved in the previous year to enhance the efficiency of the Supervisory Board's work and considered further possibilities for advancing these measures.

In the meeting on January 18, 2008 – immediately before the Annual General Meeting – the Executive Board reported on the current situation of the Group. The meeting also served to prepare for the ensuing stockholders' meeting. As part of the portfolio optimization program, the Supervisory Board also approved the disposal of the precision forging operations of ThyssenKrupp Technologies. The Executive Board presented its deliberations regarding the acquisition of the National Wheel-o-Vator Company, an American manufacturer of stair lifts and elevators. On conclusion of the negotiations, we approved this acquisition by written procedure in April 2008 on the basis of detailed documentation. Having discussed the extension of Dr. Schulz's appointment as member and Chairman of the Executive Board of ThyssenKrupp AG at the January meeting, the corresponding resolution was passed by written procedure in February.

We used the meeting on May 14, 2008 to discuss the Group's strategic development with the Executive Board. On the basis of detailed documents providing an overview of current developments on the investment projects in Brazil and the USA, we discussed the opportunities and risks presented by these projects with the Executive Board. This was also the case with the EX East and TechCenter Middle East projects. In the May meeting we adopted the investment plan for the 2008/2009 fiscal year and the financing thereof and approved the purchase of treasury stock carried out by the Executive Board. A detailed presentation of the ThyssenKrupp compliance program was followed by a discussion with the Executive Board in which we gained a clear picture of the structure and organization of compliance measures throughout the Group. In summary, the Supervisory Board determined that the Group's compliance activities have achieved a very high level, as has also been confirmed by renowned external auditors. In this meeting we also approved the sale of the Nobiskrug shipyard to Eagle River Capital Ltd. and the acquisition of a 60% interest in Lamincer, a Spanish cold-rolled strip producer and steel service center.

Items on the agenda for the Supervisory Board meeting on September 05, 2008 included the report by the Executive Board on the situation of the Group and progress reports on the construction of the new steelmaking and processing plants in Brazil and the USA. We also approved the acquisition of further treasury stock in this meeting. Following a detailed presentation, we discussed the planned strategic realignment of the Services segment with the Executive Board. Other subjects included the growth options for the Technologies segment and a progress report on the construction of the new ThyssenKrupp Quarter in Essen. Following the Supervisory Board meeting we paid a visit to the site of the Quarter.

#### **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 24–36 in accordance with Section 3.10 of the German Corporate Governance Code. In the Supervisory Board meeting on September 05, 2008 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 introduced by the Government Commission on the German Corporate Governance Code in its meeting on June 06, 2008. In line with the new Code recommendation we discussed the compensation arrangements for the Executive Board in the absence of the Executive Board and approved the compensation system and key contractual elements.

On October 01, 2008 the Executive Board and Supervisory Board issued an updated Declaration of Conformity in accordance with 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 06, 2008, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) on August 08, 2008.

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

The parent-company financial statements for the period October 01, 2007 to September 30, 2008, prepared by the Executive Board in accordance with HGB (German GAAP) rules, and the management report of ThyssenKrupp AG were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (formerly 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 18, 2008. The auditors issued an unqualified audit opinion. In accordance with Art. 315a HGB, the consolidated financial statements



ThyssenKrupp meets all the recommendations of the German Corporate Governance Code.

of ThyssenKrupp AG were prepared on the basis of IFRS, the accounting standards applied in the European Union. The consolidated financial statements and the management report on the Group were also given an unqualified audit opinion.

**4**  
The Supervisory Board Audit Committee examined three key audit areas in the reporting year.

The Audit Committee had selected the following three key audit areas for the reporting period: examination of the transfer of data from the ERP systems to the financial reporting systems, examination of selected major orders awarded to ThyssenKrupp companies in respect of sales corruption and adherence to the corresponding compliance rules, as well as assessment of the planning processes and content with regard to their appropriateness for the conduct of an impairment test under IAS 36. 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 and in the Supervisory Board meeting on November 27, 2008. Both meetings were also attended by the auditors, who reported on the main results of the audits and were available to answer questions and provide supplementary information. The Chairman of the Audit Committee reported in detail at the Supervisory Board meeting on the discussion of the parent-company and consolidated financial statements in the Audit Committee. 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 27, 2008, on the recommendation of the Audit Committee approved the parent-company and consolidated financial statements. The parent-company financial statements are thus adopted. Following our own examination, we concurred with the proposal of the Executive Board for the appropriation of net income. The Supervisory Board regards the proposal for the appropriation of net income as appropriate.

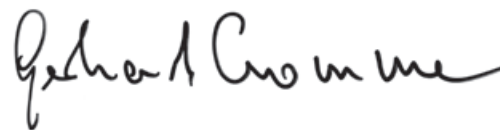
#### **Changes in the composition of the Supervisory Board and Executive Board**

Prof. Dr. Gang Wan stepped down from the Supervisory Board at the close of the Annual General Meeting on January 18, 2008. As his replacement, the Alfried Krupp von Bohlen und Halbach Foundation designated Prof. Dr. Ulrich Lehner to the Supervisory Board effective January 18, 2008. At the close of November 15, 2008, Dr. Heinrich v. Pierer resigned his seat on the Supervisory Board. In his place the Alfried Krupp von Bohlen und Halbach Foundation designated Mr. Jürgen Thumann to the Supervisory Board with effect from November 16, 2008. The Supervisory Board thanks Prof. Dr. Wan and Dr. v. Pierer for their constructive and expert contributions and for the good and trustful cooperation.

In its meeting in November 2007, the Supervisory Board extended the appointments of Mr. Jürgen Fechter und Dr. Karl-Ulrich Köhler as members of the Executive Board of ThyssenKrupp AG until September 30, 2013. In February 2008, the extension of Dr. Ekkehard Schulz's appointment as member and Chairman of the Executive Board until the close of the Annual General Meeting in 2011 was resolved by written procedure.

The Supervisory Board thanks the executive and management boards, the employees and employee representatives of all Group subsidiaries and expresses its appreciation for their work. Their joint efforts once again enabled us to achieve outstanding earnings in the past fiscal year.

The Supervisory Board



Dr. Gerhard Cromme  
Chairman  
Düsseldorf, November 27, 2008

# Corporate governance at ThyssenKrupp

Corporate governance at ThyssenKrupp is based on the German Corporate Governance Code, which has become established as a benchmark for good corporate management in Germany. We comply with all recommendations and suggestions of the Code, which was most recently amended by the Government Commission on the German Corporate Governance Code on June 06, 2008. Details are provided in the following report.

## 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:



Good corporate governance is essential for sustainable business success.

ThyssenKrupp has always attached great importance to responsible and transparent corporate governance aimed at creating value on a sustainable basis. The Group is traditionally 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 this subject is also available on our website. The current Declaration of Conformity and previous Declarations of Conformity can also be accessed online.

### **Unqualified Declaration of Conformity again**

ThyssenKrupp has been complying with all recommendations of the German Corporate Governance Code for years. In the reporting year, the Executive Board and Supervisory Board once again intensively addressed the requirements of the Code, especially the amendments of June 06, 2008. Based on these discussions, on October 01, 2008 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 06, 2008. The Company also complies with all suggestions of the Code.

ThyssenKrupp is also implementing the new provision added to the current version of the Code on the handling of compensation issues in meetings of the full Supervisory Board. Based on a proposal by the Personnel Committee, the full Supervisory Board resolved the compensation system for the Executive Board including the major contractual elements and will review this on a regular basis. On June 06, 2008 the Code Commission changed the former suggestions on the so-called severance payment cap into recommendations; ThyssenKrupp already complied with these provisions in the prior year, when they were still suggestions. The severance payment cap has been taken into account in the conclusion of Executive Board member contracts since the beginning of the fiscal year. Executive Board member contracts at ThyssenKrupp do not contain a promise of payments in the event of premature termination of Executive Board activity resulting from a change of control.

The Code is also implemented at our exchange-listed subsidiary Eisen- und Hüttenwerke AG, taking into account the particularities of its membership in the Group. Individual variances are presented in the Company's Declaration of Conformity of October 01, 2008.

#### **□**

Presentations prepared for important investor relations events can be viewed on the internet.

#### **Transparent information for stockholders and the general public**

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 or the publication dates for our quarterly reports, by a financial calendar which is published in the Annual Report, the quarterly reports and on the Company's website. Our active investor relations work also keeps us in close contact with our stockholders. For example, we hold regular meetings with analysts and institutional investors. In addition to the annual analysts' and investors' conferences on the annual financial statements and half-year financial statements, conference calls for analysts and investors are organized to coincide with the publication of the interim reports on the 1st quarter and the nine-month figures. All the presentations we prepare for these events and also for road shows and investors' meetings are freely accessible on the internet. Video and audio recordings of key events can also be replayed on our website. The venues and dates of road shows and investors' meetings are also available online.

The Annual General Meeting of ThyssenKrupp is prepared in such a way as to ensure all stockholders receive all the information they need quickly and efficiently before, during and after 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 receive detailed information on the past fiscal year in the Annual Report. The invitation to the meeting lists the individual items on the agenda and sets out the conditions for participation. All documents and information on the Annual General Meeting are also available on our website. In addition, we have set up an infoline to handle questions from our stockholders. Our investor relations staff can also be contacted by e-mail. We publish the attendance figure and voting results on our website directly after the Annual General Meeting. This assures and simplifies the exchange of information between us and our stockholders on all matters relating to the Annual General Meeting.

Stockholders can exercise their voting rights at the Annual General Meeting 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 be issued to this representative via the internet before and during the Annual General Meeting up to the end of the general debate. Stockholders unable to attend the Annual General Meeting and interested members of the public can view the meeting in full on the internet.

#### **Responsible cooperation between Executive Board and Supervisory Board**

The Executive Board and Supervisory Board work together closely in the interest of the Company. Their joint goal is to increase the sustainable value of the enterprise.

In accordance with statutory requirements ThyssenKrupp AG has a two-tier governance system characterized by a clear separation of management and supervisory functions. The Executive Board is responsible for managing the Company, develops the Company's strategy, agrees this strategy with the Supervisory Board and implements it. The Supervisory Board oversees and advises the Executive Board in its management duties. It appoints the members of the Executive Board. Key decisions require the approval of the Supervisory Board.

As required under the German Corporate Governance Code, with Dr. Cromme and Dr. Kriwet the Supervisory Board of ThyssenKrupp AG includes no more than two former Executive Board members; this guarantees the independence of advice to and oversight of the Executive Board. 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. Variances between the actual course of business and the Company's plans and targets are explained and the reasons provided. The Executive Board's reports also include the subject of compliance, i.e. the measures in place to ensure compliance with statutory provisions and the Group's internal policies. Under the Articles of Association of ThyssenKrupp AG, important transactions require the approval of the Supervisory Board. 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 all members of the 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 in 2007/2008, 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 Executive Board keeps the Supervisory Board regularly and fully informed about all issues of importance to the company.

The period of office of the stockholder representatives on the Supervisory Board of ThyssenKrupp AG ends at the close of the Annual General Meeting which resolves on ratifying the acts of the Supervisory Board during fiscal 2008/2009. The period of office of the employee representatives on the Supervisory Board ends at the close of the Annual General Meeting on January 23, 2009. The process for electing new employee representatives has already been initiated; we will report on the results at the Annual General Meeting on January 23, 2009.

#### **Appropriate control and risk management system**

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 ensure that risks are identified and assessed at an early stage and that risk positions are optimized. The Executive Board keeps the Supervisory Board informed about existing risks and their development. The Audit Committee of the Supervisory Board regularly monitors the accounting process, the effectiveness of the internal control, risk management and auditing system as well as the auditing of the financial statements. The risk management and internal auditing system is continuously evolved and adapted to changing conditions. More details of our control and risk management system can be found on page 136.

#### **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 and observance of these measures by the Group companies, is a key management duty at ThyssenKrupp. A compliance program was introduced directly after the merger of predecessor companies 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. The compliance program contains far-reaching measures to ensure adherence to corruption and antitrust regulations and the Group policies based on them.

The Executive Board of ThyssenKrupp AG has unequivocally expressed 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.

**[1]**

The ThyssenKrupp Compliance Commitment documents our strict rejection of antitrust violations and corruption.

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. More than 5,000 employees have received training worldwide. Particular emphasis was placed on training in countries which may have higher compliance risks. Classroom training sessions are supplemented by a Groupwide interactive e-learning program. Around 20,000 employees completed the first phase of the program; phase 2 was launched in August 2008 and has so far been completed by over 29,000 people.

To supplement the compliance program, ThyssenKrupp has also introduced a whistleblower hotline. It is run for us by an external law firm. The whistleblower hotline is available to employees of the Group and also third parties to report possible infringements of laws or policies at ThyssenKrupp companies. Here again, the focus is on antitrust violations and corruption. The hotline can be contacted from anywhere in the world and is toll-free. On request, compliance violations may also be reported anonymously. Information can be submitted by telephone or e-mail. Contact data are also available on our website. Further compliance measures relate among other things to capital market law and adherence to the corresponding Group policy.

The statutory provisions of Art. 15a of the Securities Trading Law (WpHG) are supplemented by an insider policy, which sets out principles for trading in securities of the Company for directors and employees 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 who need access to inside information to perform their work at ThyssenKrupp AG are entered in an insider register.

#### **High transparency through comprehensive information**

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 constant access to the latest developments at the Group on our website. All press and stock exchange (ad hoc) announcements made by ThyssenKrupp AG are also published online in German and English. 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 consolidated financial statements, interim reports and details of how ThyssenKrupp is implementing the recommendations and suggestions of the German Corporate Governance Code.

Our stockholders' letter "# 750.000 compact" is issued on the internet in parallel with the publication of our annual report and quarterly reports. It provides easy-to-understand information on the Group's performance and strategic objectives, our share price, new projects and other current themes. Finally, all stockholders and interested readers can subscribe to an electronic newsletter which reports news from the Group.



All interested parties can find up-to-date information about the Group at [www.thyssenkrupp.com](http://www.thyssenkrupp.com).

### Directors' dealings

According to Art. 15a of the Securities Trading Act (WpHG) the members of the Executive Board and Supervisory Board are obligated to disclose the purchase and sale of ThyssenKrupp AG shares and related financial instruments whenever the value of transactions by directors or related parties amounts to €5,000 or more. This also applies to specific employees with management duties and parties closely related to them. For the 2007/2008 fiscal year, ThyssenKrupp AG received notification of the following transactions, which are published on our website:

#### DIRECTORS' DEALINGS

Date Place	Name	Function	Financial instru- ment	Type of transaction	No. of shares	Price per share *)	Transaction volume
12-04-2007 Frankfurt am Main	Prof. Dr. Bernhard Pellens	Supervisory Board member	ThyssenKrupp share	Purchase	800	€38.00	€30,400.00
12-04-2007 XETRA	Ralph Labonte	Executive Board member	ThyssenKrupp share	Purchase	3,875	€37.95	€147,056.25
12-04-2007 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	6,500	€38.31	€249,019.97
12-11-2007 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	6,600	€37.47	€247,320.00
01-21-2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	7,550	€32.98	€249,012.59
03-04-2008 XETRA	Edwin Eichler	Executive Board member	ThyssenKrupp share	Purchase	17,950	€39.08	€701,486.00
09-08-2008 XETRA	Ralph Labonte	Executive Board member	ThyssenKrupp share	Purchase	3,350	€29.93	€100,249.78
09-09-2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	5,500	€27.12	€149,132.50
09-11-2008 XETRA	Dr. Olaf Berlien	Executive Board member	ThyssenKrupp share	Purchase	7,300	€27.86	€203,382.00
09-15-2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	3,795	€26.35	€99,998.25
09-15-2008 XETRA	Dr. Ulrich Middelman	Executive Board member	ThyssenKrupp share	Purchase	5,700	€26.27	€149,762.00
09-16-2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	3,850	€25.98	€100,026.85
09-17-2008 XETRA	Dr.-Ing. Ekkehard D. Schulz	Executive Board member	ThyssenKrupp share	Purchase	2,000	€24.96	€49,920.00
09-29-2008 XETRA	Dr. Ulrich Middelman	Executive Board member	ThyssenKrupp share	Purchase	7,000	€21.73	€152,110.00

\*) rounded average price

At September 30, 2008 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.

The other directorships held by Executive and Supervisory Board members are listed on pages 253–255. Details of related party transactions are given in the Notes to the Consolidated Financial Statements on pages 210–211.

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

In line with European Union requirements, ThyssenKrupp draws up its consolidated financial statements and quarterly reports in accordance with the International Financial Reporting Standards (IFRS). The statutory parent-company financial statements of ThyssenKrupp AG, on which the dividend payment is based, are drawn up in accordance with German GAAP (HGB). For the reporting period we again agreed with the auditors KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (formerly: 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 conflict with the Declaration of Conformity issued under Art. 161 Stock Corporation Act (AktG) by the Executive Board and Supervisory Board.

## **Compensation Report**

The following Compensation Report forms part of the management report (see page 55).

### **Performance-based compensation for the Executive Board**

For years we have regarded the transparent and clear presentation of Executive Board compensation as a key element of good corporate governance. The overall compensation paid to Executive Board members comprises the following compensation components: fixed compensation, a bonus, a long-term incentive component as well as additional benefits and pension plans. The Personnel Committee of the Supervisory Board is responsible for determining individual Executive Board compensation. Based on a proposal by the Personnel Committee, the full Supervisory Board resolved the compensation system for the Executive Board including the major contractual elements and will review this on a regular basis.

Criteria for the appropriateness of Executive Board compensation include primarily the duties of the individual Executive Board member, his/her personal performance and that of the Executive Board as well as the business situation, success and prospects of the Company relative to its peers.

Executive Board member contracts concluded since the start of the reporting year make provision for a severance payment in the event of the premature termination of Executive Board activity without cause. Severance payments are limited to a maximum of two years' compensation including benefits (severance payment cap), and compensate no more than the remaining term of office. Executive Board member contracts do not contain a promise of payments in the event of premature termination of Executive Board activity resulting from a change of control.

Regarding the various compensation components: 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.

**3**

The full Supervisory Board resolved the compensation system for the Executive Board and will review it regularly.

The basic non-performance-related fixed compensation is paid out as a monthly salary. It was previously reviewed every three years. In its meeting on September 05, 2008, the Supervisory Board resolved to reduce the period for reviewing fixed compensation to two years. In the review carried out at October 01, 2008, the fixed compensation of Executive Board members from the new fiscal year 2008/2009 was increased by around 10% to €585,000 for an ordinary Executive Board member, based on the salary increase for the Group's executive employees over the past three years. 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 previous years, no loans or advance payments were granted to members of the Executive Board, nor were any guarantees or other commitments entered into in their favor.

[4]

The amount of the Executive Board bonus depends equally on the performance indicators EBT and ROCE.

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) in the Group. Executive Board members who also chair the executive board of a segment holding company receive part of their bonus based on the segment's key indicators (EBT, ROCE, TKVA). 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 amended in 2007.

Overall compensation to active members of the Executive Board for their work in fiscal 2007/2008 was €19.8 million (prior year: €22.0 million). In the prior year, Gary Elliott and Dr. A. Stefan Kirsten, who have since left the Executive Board, received total compensation of €3.4 million.

The compensation also includes the stock rights granted to the Executive Board members under the 6th installment of the MTI at the beginning of January 2008. These 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 the respective 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 64–66. At the end of the 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 following table shows the breakdown of compensation for the individual Executive Board members in the 2007/2008 fiscal year. The prior-year figures are shown in brackets:

EXECUTIVE BOARD COMPENSATION 2007/2008 in €'000s

	Annual income			MTI rights granted in fiscal year		Total	Income (prior year: expense) from share-based compensation in the fiscal year	Pensions	
	Fixed salary	Additional benefits	Bonus	Number	Value at grant date			Annual pension when payable (as at September 30, 2008)	Allocation to pension accrual in fiscal year
Dr.-Ing. Ekkehard D. Schulz Chairman	875 [875]	145 [160]	2,442 [2,711]	6,014 [8,278]	179 [276]	3,641 [4,022]	(580) [3,789]	569 [569]	592 [568]
Dr. Ulrich Middelmann Vice Chairman	663 [663]	194 [176]	1,850 [2,054]	4,556 [6,271]	136 [209]	2,843 [3,102]	(439) [2,871]	398 [398]	572 [952]
Dr. Olaf Berlien	530 [530]	115 [101]	1,776 [1,723]	3,645 [5,017]	108 [167]	2,529 [2,521]	(352) [2,297]	265 [265]	323 [319]
Edwin Eichler	530 [530]	94 [87]	1,776 [1,743]	3,645 [5,017]	108 [167]	2,508 [2,527]	(352) [2,297]	265 [159]	468 [436]
Jürgen H. Fechter	530 [530]	119 [106]	1,184 [1,743]	3,645 [5,017]	108 [167]	1,941 [2,546]	(277) [1,595]	159 [159]	273 [303]
Dr.-Ing. Karl-Ulrich Köhler	530 [530]	100 [95]	1,184 [1,743]	3,645 [5,017]	108 [167]	1,922 [2,535]	(302) [1,837]	159 [159]	353 [351]
Ralph Labonte	530 [530]	101 [100]	1,480 [1,643]	3,645 [5,017]	108 [167]	2,219 [2,440]	(352) [2,297]	265 [159]	441 [454]
Dr.-Ing. Wolfram Mörsdorf	530 [530]	113 [106]	1,480 [1,479]	3,645 [5,017]	108 [167]	2,231 [2,282]	(352) [2,259]	265 [265]	588 [555]
<b>Total</b>	<b>4,718</b> [4,718]	<b>981</b> [931]	<b>13,172</b> [14,839]	<b>32,440</b> [44,651]	<b>963</b> [1,487]	<b>19,834</b> [21,975]	<b>(3,006)</b> [19,242]	<b>2,345</b> [2,133]	<b>3,580</b> [3,938]

The corresponding prior-year values (in €000's) for the Executive Board members who stepped down in fiscal 2006/2007 Gary Elliott (appointment ended July 08, 2007) and Dr. A. Stefan Kirsten (appointment ended July 31, 2007) are - Fixed salary: Elliott 409, Kirsten 442; Additional benefits: Elliott 36, Kirsten 60; Bonus: Elliott 1,141, Kirsten 1,369; Total: Elliott 1,586, Kirsten 1,871; Expense from share-based compensation: Elliott 1,642, Kirsten 2,102; Allocation to pension accrual: Elliott 489, Kirsten 363.

The reduction in the bonus compared with the prior year is due to the lower EBT and ROCE in the reporting year: EBT was down from €3,330 million to €3,128 million and ROCE from 20.7% to 18.3%.

The above table shows a breakdown of pensions for each individual member of the Executive Board. 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. Under the amended provisions now applied, pensions will only be paid upon premature termination or non-renewal of employment contracts if the Executive Board member is at least in his/her second five-year period of office and is older than 55. 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 25 years, in justified exceptional cases up to the age of 27) 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 €3,580,000 (prior year: €4,790,000). The amount for 2007/2008 comprises service costs of €1,502,000 (prior year: €2,818,000) and interest costs in the amount of €2,078,000 (prior year €1,972,000). The prior-year figures included allocations for Executive Board members Gary Elliott and Dr. A. Stefan Kirsten, who stepped down in fiscal 2006/2007.

No further payments have been promised to any Executive Board members in the event that they leave their post. In the reporting year, no members of the Executive Board received payments or corresponding promises from third parties in connection with their Executive Board positions.

The 3rd installment of the MTI was paid out in 2007/2008. The value of this installment was based on the increase in the average TKVA in the three fiscal years 2001/2002 - 2003/2004 against the average TKVA of the three-year performance period 2004/2005 - 2006/2007. In the stated performance period, average TKVA increased significantly from €(65) million to €1,538 million; the share price rose from €15.78 at the grant date to €41.15 at the end of the three-year performance period. On this basis, the Executive Board members received the following payments under the 3rd installment of the MTI (prior-year figures in brackets): Dr. Schulz €2,715,000 [€1,889,000], Dr. Middelmann €2,057,000 [€1,431,000], Dr. Berlien, Mr. Eichler and Mr. Labonte each €1,645,000 [€1,145,000], Dr. Mörsdorf €1,645,000 [€859,000], Dr. Köhler €1,097,000 [€763,000] and Mr. Fechter €823,000 [€477,000]. Under the 4th to 6th installments of the MTI the Executive Board members also have a total of 154,441 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 €13.7 million (prior year: €15.1 million). In accordance with IFRS an amount of €142.3 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 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 August 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 €0.2 million in the reporting period (prior year: €46.5 million).

[1]

Mid-term incentive plan and discounted stock purchases are two forms of share-based compensation for executives.

For fiscal year 2007/2008 the Executive Board of ThyssenKrupp AG again resolved to offer selected executive employees of the Group 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 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 this share- and value-based compensation component is to promote concentration on the Group's targets and strengthen executives' identification with the Group.

In the reporting period the discount share purchase plan resulted in expense of €13.5 million (prior year: €11.7 million). The Executive Board of ThyssenKrupp AG will take a new decision on whether to reissue the plan in fiscal 2008/2009.

#### **i**

The Articles of Association of ThyssenKrupp AG regulate the compensation of the Supervisory Board.

#### **Appropriate Supervisory Board compensation**

The compensation of the Supervisory Board is regulated in Art. 14 of the Articles of Association of ThyssenKrupp AG. 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 and was amended slightly with respect to the Nomination Committee in the Annual General Meeting on January 18, 2008.

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 million 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.

On the basis of the proposed dividend, members of the Supervisory Board will receive total compensation, including meeting attendance fees, of €3.6 million (prior year: €3.4 million). The individual Supervisory Board members will receive the amounts listed in the following table for the year under review; the corresponding amounts for the previous year are shown in brackets:

**SUPERVISORY BOARD COMPENSATION IN 2007/2008 in €**

	Fixed compensation	Bonus	Long-term compensation component	Compensation for committee work	Meeting attendance fees	Total
Dr. Gerhard Cromme, Chairman	150,000 [150,000]	108,000 [108,000]	121,620 [95,780]	126,540 [117,927]	7,000 [7,500]	513,160 [479,207]
Bertin Eichler, Vice Chairman	91,667 [100,000]	66,000 [72,000]	74,323 [63,853]	94,905 [88,445]	4,500 [5,500]	331,395 [329,798]
Markus Bistram	50,000 [50,000]	36,000 [36,000]	40,540 [25,658]	31,635 [19,502]	3,000 [2,500]	161,175 [133,660]
Theo Frielinghaus	50,000 [36,986]	36,000 [26,630]	23,525 [7,872]	27,381 [16,879]	3,000 [2,000]	139,906 [90,367]
Heinrich Hentschel	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	— [—]	2,000 [2,000]	128,540 [119,927]
Prof. Jürgen Hubbert	45,833 [50,000]	33,000 [36,000]	37,162 [28,661]	— [—]	1,500 [2,000]	117,495 [116,661]
Klaus Ix	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	31,635 [29,482]	4,000 [4,000]	162,175 [151,409]
Hüseyin Kavvesoglu	45,833 [50,000]	33,000 [36,000]	37,162 [31,927]	28,999 [27,025]	3,000 [3,500]	147,994 [148,452]
Dr. Martin Kohlhaussen	50,000 [45,833]	36,000 [33,000]	40,540 [29,266]	63,270 [58,963]	4,000 [3,500]	193,810 [170,562]
Dr. Heinz Kriwet	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	31,635 [29,482]	3,000 [3,000]	161,175 [150,409]
Prof. Dr. Ulrich Lehner (from Jan. 18, 2008)	32,184 [—]	23,172 [—]	8,714 [—]	— [—]	500 [—]	64,570 [—]
Dr.-Ing. Klaus T. Müller	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	— [—]	2,000 [2,000]	128,540 [119,927]
Prof. Dr. Bernhard Pellens	50,000 [50,000]	36,000 [36,000]	40,540 [28,661]	31,635 [28,665]	4,000 [4,000]	162,175 [147,326]
Dr. Heinrich v. Pierer	45,833 [50,000]	33,000 [36,000]	37,162 [28,661]	31,635 [28,665]	2,500 [3,000]	150,130 [146,326]
Dr. Kersten v. Schenck	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	31,635 [29,482]	3,000 [3,000]	161,175 [150,409]
Peter Scherrer	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	— [8,966]	2,000 [2,500]	128,540 [129,393]
Thomas Schlenz	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	94,905 [88,445]	6,000 [6,500]	227,445 [212,872]
Dr. Henning Schulte-Noelle	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	63,270 [58,963]	4,000 [4,500]	193,810 [181,390]
Wilhelm Segerath	50,000 [50,000]	36,000 [36,000]	40,540 [31,927]	31,635 [29,482]	3,000 [3,000]	161,175 [150,409]
Christian Streiff	50,000 [45,833]	36,000 [33,000]	40,540 [26,273]	— [—]	2,000 [1,500]	128,540 [106,606]
Gerold Vogel (until Dec. 31, 2006)	— [12,603]	— [9,074]	— [10,584]	— [2,033]	— [1,000]	— [35,294]
Prof. Dr. Gang Wan (until January 18, 2008)	13,775 [41,667]	9,918 [30,000]	28,482 [23,884]	— [—]	500 [1,000]	52,675 [96,551]
<b>Total</b>	<b>1,125,125</b> <b>[1,132,922]</b>	<b>810,090</b> <b>[815,704]</b>	<b>895,170</b> <b>[688,423]</b>	<b>720,715</b> <b>[662,406]</b>	<b>64,500</b> <b>[67,500]</b>	<b>3,615,600</b> <b>[3,366,955]</b>

Members of the Supervisory Board of ThyssenKrupp AG will additionally receive compensation of €223,458 (prior year: €150,075) for supervisory board directorships at Group subsidiaries in fiscal 2007/2008. 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 €		
	2006/2007	2007/2008
Markus Bistram	21,904	87,690
Theo Frielinghaus	27,000	37,718
Klaus Ix	31,500	32,250
Hüseyin Kavvesoglu	34,000	35,050
Thomas Schlenz	30,000	30,750
Gerold Vogel (until Dec. 31, 2006)	5,671	—
<b>Total</b>	<b>150,075</b>	<b>223,458</b>

1

No loans or advances were granted to the Supervisory Board members in 2007/2008.

Beyond this, 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 law firm Clifford Chance, one of whose partners is Supervisory Board member Dr. v. Schenck, received a total of €89,235 (prior year €333,556) for consultancy services for subsidiaries of ThyssenKrupp in the past fiscal year. As in previous years, no loans or advance payments were granted to members of the Supervisory Board, nor were any guarantees or other commitments entered into in their favor.

Former Supervisory Board members who left the Supervisory Board prior to October 01, 2007 receive a proportion of the long-term compensation component in the total amount of €15,683 (prior year: €29,567) 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		
	2006/2007	2007/2008
Dr. Karl-Hermann Baumann (until Jan. 21, 2005)	3,295	—
Wolfgang Boczek (until Nov. 30, 2005)	12,421	2,256
Carl-L. von Boehm-Bezing (until Jan. 21, 2005)	3,295	—
Reinhard Kuhlmann (until Jan. 21, 2005)	3,295	—
Dr. Mohamad-Mehdi Navab-Motlagh (until Jan. 21, 2005)	3,295	—
Dr. Friedel Neuber (died October 23, 2004)	671	—
Gerold Vogel (until Dec. 31, 2006)	—	13,427
Bernhard Walter (until Jan. 21, 2005)	3,295	—
<b>Total</b>	<b>29,567</b>	<b>15,683</b>

# ThyssenKrupp stock

ThyssenKrupp's stock continued to gain until well into the second half of the reporting year and clearly outperformed the DAX. In May 2008 the share price reached an all-time high of €46.63. However, from August it could not escape the general downturn on the stock markets triggered by the international financial crisis and the general concerns surrounding the economy. At the end of September the share price was €21.03, corresponding to a market capitalization of around €11 billion. This section provides detailed information on ThyssenKrupp's stock and our investor relations activities.

## KEY DATA OF THYSSENKRUPP STOCK

		2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
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 €	8,072	8,936	13,670	22,977	10,819
Closing price end September	€	15.69	17.37	26.57	44.66	21.03
High	€	17.67	17.39	29.09	46.14	46.63
Low	€	11.55	13.89	16.62	26.19	20.78
Dividend	€	0.60	0.80 *	1.00	1.30	1.30 **
Dividend total	million €	299	412 *	489	635	603 **
Dividend yield	%	3.8	4.6 *	3.8	2.9	6.2 **
EPS	€	1.81	2.08	3.24	4.30	4.59
Number of shares (outstanding ***)	million shares	498,0	498,6	507,7	488,8	477,8
Trading volume (daily average)	million shares	2.5	3.3	4.5	3.8	4.3

\* including special dividend of €0.10 \*\* proposal to the Annual General Meeting \*\*\* weighted average

## Market sentiment overshadows fundamentals

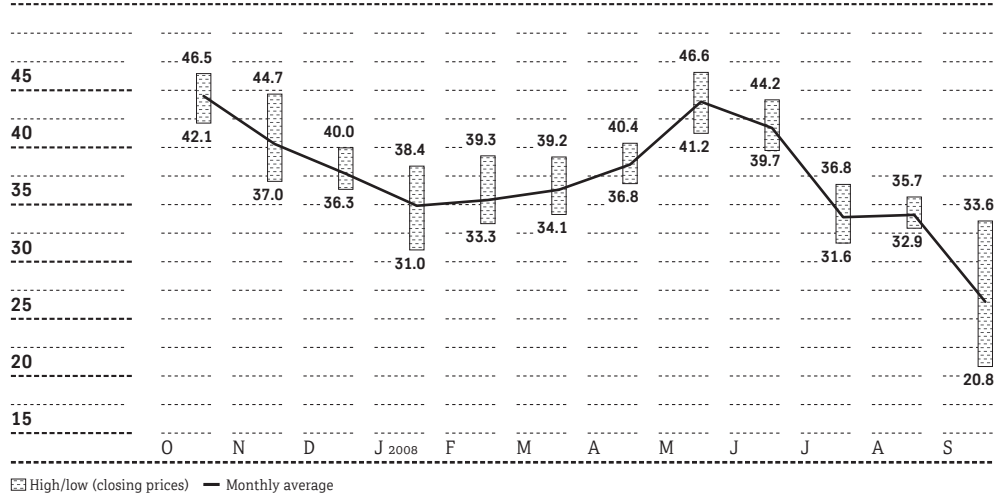
In the 2007/2008 fiscal year ThyssenKrupp's stock initially profited from the company's continued very good performance and the very positive environment on the international markets for steel, materials and capital goods, and in May 2008 the share price reached an all-time high of €46.63. However, in the final quarter of the fiscal year the share price was severely impacted by the international financial market crisis, which began in the USA, and the associated economic downturn. The company's continued very pleasing performance, which led to an increase in the earnings forecast, largely ceased to be rewarded by the capital market. Instead, the share price performance was determined by the

widespread assessment of ThyssenKrupp as an early cyclical and by the increasingly short-term behavior of market participants. The latter reacted to new economic figures in many cases with panic selling or to procure liquidity sold the shares which up to then had achieved the highest growth in value. On September 30, 2008, ThyssenKrupp's stock closed at €21.03, 52.9% down from a year earlier, while the DAX and DJ STOXX reference indices lost 25.8% and 30.1% respectively. Further details of the stock's performance are shown in the following charts.

PERFORMANCE OF THYSSENKRUPP STOCK IN COMPARISON indexed, Sept. 28, 2007 to Sept. 30, 2008, in %



HIGHS AND LOWS OF THYSSENKRUPP STOCK in €



**MARKET CAPITALIZATION OF THYSSENKRUPP AG in million €**

03-25-1999 Initial quotation	9,338
03-12-2003 All-time low	3,607
09-30-2004	8,072
09-30-2005	8,936
09-29-2006	13,670
09-30-2007	22,977
05-09-2008 All-time-high	23,991
09-30-2008	10,819

Market capitalization reached a new record high of almost €24 billion in the course of the reporting year. At the end of the fiscal year on September 30, 2008 market capitalization amounted to around €11 billion.

**Stock listed in Germany and the United Kingdom**

ThyssenKrupp stock has been listed on the following stock exchanges since March 25, 1999:

**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 GY

Liquidity in our stock remained high in 2007/2008: The average daily volume was 4.3 million shares (previous year: 3.8 million shares/day). More than 1 billion shares were traded on the Xetra trading system and the German stock exchanges. Trading in ThyssenKrupp stock accounted for 2.2% of the total trading volume of the 30 DAX stocks.

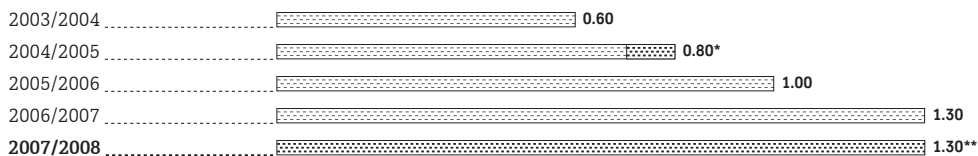
The importance of ThyssenKrupp stock on the international capital markets is underlined not least by its inclusion in key indices. With listings in the DAX 30, the DJ STOXX, the DJ Germany Titans, the DJ Industrial Goods & Services Titans 30, the FT EuroTop 300 and various MSCI indices, our stock is included in major indices at national and international level. It is also included in the DivDAX, comprising the 15 DAX companies with the highest dividend yield.

**Earnings per share €4.59**

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 477.8 million.

**[3]**

The ThyssenKrupp stock is included in the dividend-based DivDAX as well as other stock market indices.

**THYSSENKRUPP AG DIVIDEND PAYMENT in €**


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

**Dividend proposal of €1.30 per share**

A proposal will be submitted to the Annual General Meeting on January 23, 2009 to pay a dividend of €1.30 per share for fiscal 2007/2008. Based on the stock price of €21.03 on September 30, 2008, the dividend yield is 6.2%. The payout ratio is 51.3% of the net income of ThyssenKrupp AG or 27.5% of the consolidated net income attributable to the stockholders of ThyssenKrupp AG.

**Capital stock unchanged**

The capital stock remains unchanged at €1,317,091,952.64 and comprises 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 shares now account for around 9.9% of capital stock**

In 2007/2008 ThyssenKrupp AG increased the share of treasury shares in the capital stock to around 9.9% in two share buyback programs.

From February 01 to March 07, 2008, 14,791,100 shares or 2.9% of the capital stock were purchased at an average price of €35.34 and thus a total cost of around €522.7 million. In the period July 15 to August 13, 2008, 10,500,000 shares or 2% of the capital stock were purchased at an average price of €33.98. The total amount here was around €356.8 million.

Together with the shares purchased in summer 2006, ThyssenKrupp AG now holds 51,015,552 treasury shares or around 9.9% of the capital stock. The Company has no rights in respect of these shares. At the end of the fiscal year the number of outstanding shares was 463,473,492.

**Stockholder base remains very stable despite difficult environment**

Our latest analysis of the stockholder structure conducted at the end of September 2008 shows that our stockholder base remains stable even in a very turbulent market environment. This confirms that we are taking the right approach by expanding our dialogue in particular with institutional investors and intensifying our roadshow activities in Europe and the USA.

In fiscal 2007/2008 the proportion of stockholders based in the USA remained high at 11% of the capital stock, despite the financial crisis. The share of stockholders in Europe and the United Kingdom increased in each case to almost 8% of the capital stock. However, the share of institutional investors in Germany decreased slightly to around 10%. Apart from Germany and the United Kingdom, the European countries with the highest percentage of shares are Switzerland, France, the Netherlands and Norway.



ThyssenKrupp AG repurchased shares on two occasions in the reporting year.

The largest stockholder is the Alfried Krupp von Bohlen und Halbach Foundation, Essen. The Foundation notified ThyssenKrupp AG that it held 25.14% of the voting rights of ThyssenKrupp AG at September 30, 2008.

Taking into account the share held by the Foundation and the treasury shares, the free float, which is generally taken into account in the weighting of ThyssenKrupp's stock in stock indices, is 64.95% of the capital stock.

### Excellent investor relations

ThyssenKrupp's investor relations activities were again well received by analysts and investors. The business magazine "Capital" and the German Society of Investment Professionals (DVFA) conduct an annual review of the investor relations work of major German and European companies. This year our Investor Relations team won third prize in the DAX segment. One of the key criteria for the judges was the quality of the information. In concrete terms they assessed how the company responds to the information requirements of its target groups on the capital market and whether it gives a transparent, concise and understandable presentation of its key figures and business models. For capital market participants, the linking of strategic targets with concrete medium- and long-term income forecasts is an important measure for creating trust.

Our Investor Relations team sees the award as an acknowledgement but also an incentive to further improve the high standard achieved. This is the third time the Capital Investor Relations Prize has been awarded to ThyssenKrupp.

We further optimized our investor relations program again in the reporting year. Biannual analysts' and investors' conferences and conference calls on the interim reports are now fixed events. The field day, too, is firmly established on the capital market. Our Investor Relations team intensified its roadshow activities and attendance at international investor conferences. New activities include regular investor dinners held in Frankfurt and London to keep investors informed of the Group's performance and provide a deeper insight into the business models of the individual segments. In particular the intensified dialogue with the segment executive boards has been welcomed by the capital market.

Our investor relations activities are based on a shareholder targeting model developed inhouse with which we continuously analyze the main financial markets to identify relevant investors. Our aim is to enhance the efficiency of our dialogue with professional investors.

We also focus on intensifying personal contacts with private investors. A number of events were held in the reporting year to present the Group and the stock's potential to a large number of private investors. In this we work together with stockholder associations as well as major public investment companies such as Cominvest.

Anyone interested can subscribe to our quarterly stockholders' letter "#750.000 compact". Distributed by e-mail, it contains information on all relevant developments and events in connection with the Group and our stock. The stockholders' letter is also available on the Investor Relations website. In addition, our website provides a wide range of information concerning our stock. Here, too, we are constantly setting new standards and have already received a number of awards.

If you would like to contact the ThyssenKrupp Investor Relations team or find out about dates in the 2008/2009 financial calendar, turn to the last page of this Annual Report or visit our website at [www.thyssenkrupp.com](http://www.thyssenkrupp.com).

3

ThyssenKrupp won the IR award of business magazine Capital for the third time.

# Corporate responsibility

As one of the world's leading technology enterprises, ThyssenKrupp has a particular responsibility for the people affected by our actions. We take responsibility every day – for our products, our employees, our stockholders' capital, our environment, and the society in which we live.

To us corporate responsibility means the responsibility we bear through our actions towards our economic, ecological and social environment. We meet this responsibility by taking into account the interests of all stakeholder groups – employees, stockholders, customers, suppliers, neighbors and society in general – in our decisions. An open dialogue and respect towards others form the basis for this.

ThyssenKrupp and its predecessor companies have a long and successful tradition of corporate responsibility. As well as taking responsibility for what goes on in our subsidiaries, we also make an active contribution to solving social problems and foster the positive development of the regions in which we operate. To this end we support a number of non-profit projects, organizations and initiatives in culture, science, education and sport as well as other social, charitable and humanitarian activities.

## **Corporate responsibility concerns all areas of the Group**

In practice corporate responsibility permeates all areas of the Group - our corporate governance, our ethical values, the way we manage our daily work, and our efforts to protect the environment and develop forward-looking innovations.



Corporate responsibility at ThyssenKrupp goes far beyond our business activities.

Responsible corporate governance focused on sustainable value enhancement is a high priority for us. Efficient cooperation between Executive Board and Supervisory Board, respect for stockholder interests, and openness and transparency of corporate communications are key aspects of this. ThyssenKrupp constantly monitors its corporate governance standards and complies with all recommendations and suggestions of the German Corporate Governance Code. We attach great importance to fair and lawful conduct in dealings with business partners and competitors. With our compliance program we have taken far-reaching measures to ensure compliance with the anti-corruption and anti-trust laws and the Group's policies based on them. More information on this can be found in our Corporate Governance Report on pages 24–36.

The competence and commitment of our employees are essential for the sustainability of our success. We therefore feel particularly responsible for creating a positive working environment and offering a wide range of training and development programs and a performance-related compensation system. This allows our employees to make the best possible use of their skills. In addition, ThyssenKrupp signed German industry's "Diversity Charter" in the reporting year. In it we expressly commit to promoting a culture based on respect for all, regardless of gender, nationality, ethnic origin, religion, physical ability and age. These principles have been part of our corporate culture for decades and were most recently set out in the Groupwide "Code of Conduct" agreed in January 2007.

ThyssenKrupp is committed to the principle of sustainability and justice between generations. We take into account the needs of the current generation and at the same time are aware of our responsibility to future generations. For this reason the protection of people and nature is particularly important to us. Climate protection and conserving resources are key priorities in everything we do. We aim to do more than just develop innovative products and services offering top quality and reliability to meet the requirements of our customers. To promote sustainability we use highly efficient and resource-saving processes and strive to develop environmentally friendly products tailored to our customers' needs. More information on environmental protection at ThyssenKrupp can be found on pages 112–115; we report on innovations on pages 116–124.

We can only meet our responsibility as a global enterprise today and in the future if we achieve long-term business success. We are convinced that responsible management engenders trust among our stockholders, other investors, customers, suppliers and employees and thus contributes to this long-term business success. For this reason corporate responsibility is not just a major component of our corporate culture but also key to achieving our long-term goals.

[1]

Sustainability and justice between the generations are important guidelines for our actions.

### **Involvement in national and international initiatives**

ThyssenKrupp is involved in various networks and initiatives which affirm German industry's broad commitment to society and promote the idea of sustainable development. At national level, for example, we are a member of "econsense – Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V." (German industry forum for sustainable development), a grouping of 25 globally active German enterprises and organizations set up to address the issues of corporate responsibility and sustainability. At European level we support the "European Alliance for Corporate Social Responsibility", which now brings together over 230 enterprises and organizations from all parts of Europe. The alliance was launched by the EU Commission in 2006 to promote corporate social responsibility.

### **Commitment as a corporate citizen**

We are expanding the Group's activities worldwide and meeting the economic challenges of the future with innovative and flexible solutions. Wherever we have business activities, we see ourselves as a responsible member of society. Ultimately our activities are part of the social environment in which we operate. This places increasing responsibility on our Company. Where it is expedient, where there are links with our traditions or our business, we support non-profit institutions, projects and initiatives. As a good corporate citizen, we aim to make a positive contribution to society. The Company expressly welcomes the voluntary work carried out by our employees as it is a further important factor in a properly functioning social environment.

### **Discovering future technology**

ThyssenKrupp launched the "Discovering future technology" initiative to ensure that Germany remains a land of innovation in the future. It is an open platform for partners from academia, research, politics, administration, associations, industry and the media. The initiative promotes dialogue on technology across all sectors of society and across all age groups. It is directed primarily at young people, the thinkers and engineers of tomorrow, because they have the chance now to shape their own and our future. Together with over 120 partners in the initiative, we aim to prove that technology can be fun and offer food for thought.

"Discovering future technology" centers on popular major events designed to provide an entertaining insight into technology. The main event is the Ideas Park, a technology experience aimed in particular at young people, families and students. To date over 550,000 visitors have accepted our invitation to look behind the scenes of research and development, carry out their own experiments and make their own discoveries. The last Ideas Park took place at the Neue Messe exhibition center in Stuttgart in May 2008. With admission free, over 280,000 people came to explore a fascinating exhibition of technology, put their questions to the experts, and research and learn for themselves. Some 500 engineers, researchers and students presented their ideas and state-of-the-art technologies in an exhibition area of around 40,000 square meters in Stuttgart. Many of the 200 exhibits on display were interactive. In SchlaLoPolis, the city of education, children and young people found out that learning about science and technology can be fun. In one entire exhibition hall, over 6,300 workshop places gave people of all ages the chance to carry out experiments and try their hand at designing and inventing. In the Ideas Workshop young people collected their ideas for the future and then discussed them on the Ideas Park stage with experts from business and politics. The Ideas Park will continue to be held every two to three years at different venues in the future; the next event is planned for 2011.



The 2008 Ideas Park in Stuttgart was again a major draw, attracting more than 280,000 visitors.

[1]

Innovative solutions for the challenges facing us today were presented at the ThyssenKrupp Technology Days in China.

As an international technology enterprise, ThyssenKrupp wants to demonstrate how key challenges of the future can be mastered not just in Germany but throughout the world. For this reason in October 2007 we organized the ThyssenKrupp Technology Days in China, following on from a similar event held two years previously in Tokyo. At the Shanghai Science and Technology Museum, we presented innovative products and solutions which are helping shape the future in a technologically appropriate and ecologically responsible way. For example, we presented new materials that allow modern seawater desalination plants to operate more efficiently and more sustainably. We also showed how pollutants can be filtered out of the air using the EnviNOX® process, and how steel is helping make the cars of the future safer and lighter.

New projects are constantly being developed under the “Discovering future technology” initiative. This allows our partners to contribute their own ideas. As an example, the nationwide support program “Idea Makers”, initiated by ThyssenKrupp AG in association with the Westdeutsche Allgemeine Zeitung newspaper in 2006, was held for the third time in the reporting year. We aim to give educators, school classes, initiatives, and non-school educational institutions the chance to extend and enhance their technology projects and develop new ideas. Annual support funds of up to €55,000 are allocated for this. Under the motto “building bridges – connecting people” a joint campaign by ThyssenKrupp, WAZ Mediengruppe and Stiftung Partner für Schule NRW provided elementary schools in North Rhine-Westphalia with 100 free boxes of educational materials and teaching courses on bridge building. Developed by the didactics of science department of Münster University, the “bridge-building box” contains everything teachers and students need to make science lessons exciting as well as educational.

#### **Cooperation with universities and support for young graduates**

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 making the next generation fit for the global market.

To open up future prospects for young people, we work together 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, scientific findings are exchanged and other joint subjects pursued such as education and teaching, international cooperation and support for gifted students. Activities at the individual universities include fellowships and prizes such as the “ThyssenKrupp Student Award”, workshops, study trips and joint projects.

In addition, we award fellowships to students at 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.

Of course we also cooperate with universities outside Germany. We have links with over 80 universities throughout the world. For example, ThyssenKrupp AG has financed three endowed chairs at Tongji University in Shanghai for many years. In addition to an intensive exchange of specialist and intercultural knowledge, we offer students at Tongji University the opportunity to work as interns at our Group subsidiaries and take part in business game competitions. A relatively new cooperation partner is Waseda University in Tokyo. Under a long-term cooperative venture with the University's School of Engineering & Science, we conduct a regular exchange of technical and scientific information and allow students to spend several weeks working as interns at our Group subsidiaries.

### **Key skills for children and young people**


Learning is a basic human need and a prerequisite for individual and social development. Since state education systems cannot fully cover all areas of knowledge, we support individual projects designed to teach children and young people key skills for their future while they are still at school.

We support the "KITZ" technology center for children and young people in Dortmund, opened in 2008. One of the winners of the "Ideas in Practice" competition run under the state of North Rhine-Westphalia's "Future through Innovation.NRW" initiative, the center systematically promotes the teaching of science and technology to early learners. The idea is to attract children to these subjects when they are naturally highly inquisitive about the world around them – i.e. at kindergarten and primary school age. All the youngsters are encouraged to carry out experiments and research for themselves, with older children additionally receiving individual support. The center therefore offers a resource for children throughout their schooling.

Competitions give young people the chance to measure themselves against others and on this basis develop individual goals. As a partner to the "Jugend forscht" youth science competition, ThyssenKrupp has promoted this important aspect of learning and helped motivate young people for many years. In early 2008 regional heats of "Jugend forscht" were again held at three ThyssenKrupp locations. In the competition, children and young people demonstrate their knowledge and their creative approach to science and technology in various scientific disciplines.

Lifetime opportunities are dependent on social, cultural, ethnic and not least economic conditions. Poor conditions can severely limit or even eliminate the scope for education and integration. ThyssenKrupp would therefore like to help give all children and young people the opportunity to grow up into independent, competent and responsible members of society. To this end we sponsored the 13th German Child & Youth Welfare Congress. The largest congress of its kind in Europe, it was held in Essen in June 2008 under the motto: "Growing up justly!" and attracted around 40,000 visitors.

Our youngest employees are also aware of the need to make a positive contribution to society. In view of the increasing number of young people in debt, in September 2008 the Group's young people and apprentice representative body called on all the young people and apprentice representative bodies at the Group subsidiaries to organize a "Young people in the debt trap" campaign. Young employees were warned of the dangers of excessive consumerism and shown ways out of the debt trap. Cash prizes were awarded to the best campaigns.

 ThyssenKrupp has partnered the school student science competition "Jugend forscht" for many years.

### Networking and knowledge sharing

Public discussions and political decisions affect ThyssenKrupp in many different ways. We regard making an active contribution to the public opinion-forming process, taking a stand and defending what we believe as an important part of our social responsibility. For this reason ThyssenKrupp is a member of numerous organizations and associations which promote an exchange of views on economic, technical and other socially relevant issues. We contribute our expertise and experience as a globally active Group. We enter into this dialogue in the belief that the challenges of our time can only be solved by the concerted action of the business community, the government and society.

The rapid pace of technical development requires active participation in initiatives that act as catalysts between government, business and science. Here, too, we take our responsibility seriously and support for example 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. In addition, we contribute actively to the “Knowledge Factory” initiative. 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. We also support “acatech”, the German Academy of Science and Engineering. The academy conducts an intensive dialogue on forward-looking technologies and their significance for sustainable growth. We value this growing science and business network which provides the government and society with expert support in the search for the best concepts for the future.

1

ThyssenKrupp actively supports “acatech”, the German Academy of Science and Engineering.

### Support for Initiativkreis Ruhrgebiet

We 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 support for the Initiativkreis Ruhrgebiet, a body dedicated to promoting the image of the Ruhr which celebrated its 20th anniversary in 2008. It carries out projects which provide important impetus for the now well-advanced process of 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.

### Commitment to sporting and cultural activities

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 addition, we initiated the Ideas Sounds project in the reporting year. The aim of the project is to show young people the link between technology and creativity, based on the example of music. Acting as mentors, well-known musicians and producers actively helped five young artists develop and professionally produce their own songs. The results and the different experiences of the artists and their mentors were presented in the gala closing ceremony at the Ideas Park.

In sport we mainly promote selected competitions and small sports clubs close to our locations. We have for many years supported the international rowing regatta and the annual Rhine-Ruhr Marathon in Duisburg. Over 6,000 runners took part in the 25th Rhine-Ruhr Marathon held in June 2008, 340 of them from ThyssenKrupp alone.



In Chengdu, China, hit by a severe earthquake in May 2008, a school is being built with our help.

#### **Help for people in need and victims of natural disasters**

ThyssenKrupp is actively involved in improving people's quality of life and supports numerous non-profit projects in social and humanitarian areas. This also means that we provide help when natural phenomena wipe out the livelihoods of entire towns and regions. Following the dramatic earthquake in the Chinese province of Sichuan in May 2008, we provided financial support for a sustainable rebuilding project. As on many other occasions, our employees again took the initiative and organized their own campaigns to collect donations. With our support, a school for disabled children can now be built in the city of Chengdu, which was particularly severely affected by the earthquake.

These examples show that corporate responsibility is lived out every day throughout the Group. Strong values and a clear frame of reference will remain as important as ever to master the challenges of the future. We will therefore continue to foster our employees' sense of responsibility and promote the exchange of experience in the Group.