

Remarks
by the

Chairman of the Executive Board
of ThyssenKrupp AG

Prof. Dr. Ekkehard D. Schulz

at the

Annual Stockholders' Meeting
Essen

March 1, 2002

Stockholders,
Ladies and Gentlemen,

Welcome to the third Annual Stockholders' Meeting of ThyssenKrupp AG.

Today I would like to present to you the Group's strategic development and our plans for the future. Following this I will report on the performance of ThyssenKrupp's stock. I will then provide details of our performance in the 2000/2001 fiscal year before closing with information on the first quarter of fiscal year 2001/2002 and our expectations for the full year:

The Group's strategy

Strategic realignment continued

In the past fiscal year, ThyssenKrupp pressed ahead with its realignment strategy and further strengthened its position in the marketplace.

The cornerstones of this strategy are

- to further develop the business portfolio;
- to expand our international activities and strengthen our leading market positions;
- to realize cost and technology synergies
- and to extend our service and e-business offensives.

I announced this strategy at last year's Annual Stockholders' Meeting. I can report today that we have made progress on all points.

Further portfolio restructuring

Ever since the merger in 1999 we have been readying the Group not just to survive in an increasingly competitive marketplace but to play a leading role. Our portfolio is subject to ongoing review and development. Since the merger, we have acquired businesses with a sales volume of €3.7 billion and disposed of companies with sales of around €2.5 billion. In the past fiscal year ThyssenKrupp took a number of smaller steps; companies were acquired with a sales volume of €300 million, while disposals were made with a sales volume of some €1 billion. On their own, none of these acquisitions or disposals is particularly spectacular. But seen together they have significantly advanced the Group by sharpening the focus on core capabilities.

For example, the Steel segment concentrates on the flat steel business and last year disposed of the Brazilian iron ore mining company Ferteco and the rail company Thyssen Schienen Technik. Automotive acquired several companies to extend its capabilities in Chassis, Body and Powertrain. The Elevator segment significantly expanded its service business and further enhanced its international market position through a number of acquisitions. Technologies sold subsidiary Krupp Werner & Pfleiderer. By contrast, the Materials segment strengthened its plastics activities and transferred them to Thyssen Röhm Kunststoffe, which is controlled by ThyssenKrupp. The bulk carrier business of Krupp Seeschiffahrt, which mainly transports ores, was sold.

International presence expanded

ThyssenKrupp's international presence is expanding year by year, and the Company is now represented in more than 70 countries all over the world. Sales outside Germany have increased €4 billion to €24.3 billion since the first fiscal year after the merger and now account for almost two thirds of our total sales. In the same period the foreign headcount has risen by some 16,000 to almost 90,000 employees.

Leading market positions strengthened

Alongside its global presence, the Company has systematically worked at strengthening its market positions. For example, ThyssenKrupp is market leader in tailored blanks for automotive production, certain engine, chassis and body components, and areas of system and module assembly equipment for the auto industry. The Group will defend its market leadership in stainless flat products. ThyssenKrupp is world No. 2 in nickel-base alloys and axles/chassis, and No. 3 in elevators.

Although we are proud of our outstanding world market positions, we are not yet satisfied. Our ambition is to occupy leading market positions in all our businesses. Where we are unable to achieve this with our own resources in the foreseeable future, we will consider acquisitions or alliances. The guiding principle behind our actions is to create value for our stockholders.

Cost and technology synergies realized – net financial payables reduced

The past fiscal year once again demonstrated that the merger was the right decision. Total synergies of €450 million were realized. We now know that in two years, synergies from the merger will not just reach but actually surpass the originally planned figure of €500 million. Thanks to improved management of operating assets, the disposals of the past fiscal year and positive currency effects, the Company managed to reduce its net financial debt by €1.3 billion to €6.4 billion. This has resulted in a gearing ratio – that is, the ratio of net financial debt to stockholders' equity – of 72.9 percent. The target is to achieve a gearing ratio of around 60 percent, which equates to net financial payables in the region of €5.5 billion. Although cost synergies are obviously very important, the substantial technology synergies we realize within and between our three areas of activity Steel, Capital Goods and Services are frequently overlooked. For example, to further strengthen our position as one of the world's leading automotive supply companies, we have

continued to systematically integrate the technological capabilities of our Steel, Automotive, Technologies and Materials segments in the production and processing of materials and in just-in-time delivery.

Service and e-business offensives extended

The Group has put considerable effort into its service and e-business offensives, launching almost 150 e-business projects, integrating internal and external business processes along the entire value chain and intensifying its involvement in new marketplaces, portals and online shops.

Our spectrum of innovative services for industrial clients was strengthened on a global scale. Alongside numerous industrial services such as planning, maintenance and logistics, ThyssenKrupp is also one of Germany's biggest IT service providers. And even in its classic lines of business the Company is increasingly evolving into a systems partner. For example, the service-based sales of the segments last fiscal year increased by around €1 billion and now account for almost 20 percent of total sales, up from 15 percent at the time of the merger. The aim is to up the tempo and reach the 30 percent mark in the medium term.

ThyssenKrupp stock

Share price rallies following slide

ThyssenKrupp stock performed disappointingly in fiscal year 2000/2001. In mid-October 2000 the share price fell to €14, after which it recovered to a year high of €20.69 in February 2001. In the spring, the stock came under strong pressure in a generally weak market environment and dropped well below its high. However, having previously performed well, the share price returned to the level at which it started the fiscal year. A recovery over the next few months in line with the market was followed by a renewed slide in May, dropping to €15 by mid-August. From

August a new downward trend set in – mirrored in the DAX and the DJ STOXX – which was further exacerbated by the events of September 11 in the USA. On September 20, the ThyssenKrupp share price hit a low of €9.93, but rallied again to close the fiscal year at €11.30. Of course, stock performance should not only be assessed in absolute terms but also in relation to the market. Although our share price fell 27 percent over the full fiscal year, it still outperformed the market: on average, the DAX was down 37 percent.

In calendar year 2001, our stock performed even more creditably in comparison with the major indices. Despite the developments just mentioned, it outperformed the DAX and DJ STOXX over large parts of the year. Particularly in the period after September 11, ThyssenKrupp stock significantly outperformed the indices and closed at €16.39, almost the same level as at the start of the year, whereas the DAX and DJ STOXX were around 20 percent down. Overall, only 3 DAX stocks ended 2001 higher than they started it. With a slight drop of 0.67 percent, ThyssenKrupp is in fourth position in the DAX rankings.

Since the beginning of the year, ThyssenKrupp's stock has mainly moved sideways. Having risen to €17.41 on January 9, it then fell back again as the market weakened. The stock also performed relatively well in February, rising again to the 17 euros mark. Last Friday's closing price of €16.74 was slightly higher than price at the turn of the year, while the DAX has fallen 8 percent since the beginning of January. Our stock definitely has the potential to do even better, because I am convinced that we will achieve our financial targets. In the medium term, that will result in a higher stock market valuation.

High demand for employee shares

The issue of ThyssenKrupp employee shares met with great interest. Our aim is to give employees the opportunity to participate in the Company's performance, which will help them to identify with ThyssenKrupp more strongly. Around 50,000 of the

approximately 100,000 eligible employees took the opportunity to purchase ThyssenKrupp shares at a preferential price, which was half the listed price on the reference date; on this basis, the issue price was €8.95. The volume of shares issued was in line with the maximum tax-free benefit of €153.39 allowed under German income tax law. The shares required for this were purchased on the stock market.

ThyssenKrupp communication offensive

After the merger and the strategic realignment, in the past fiscal year corporate communication was faced with the task of adapting the ThyssenKrupp image to the changed circumstances. A number of market research surveys revealed that while ThyssenKrupp enjoyed high approval ratings, people knew relatively little about the Group. We were still mainly associated with steel, while our diverse activities in capital goods and services were far less well known.

To remedy this, we launched a major communication offensive at the beginning of 2001 under the banner “Developing the future” with the aim of repositioning our brand and intensifying communication with our target groups.

The first step in the communication offensive was a complete redesign of our annual and quarterly reports based on the content changes in our financial reporting system. We switched our accounting to US GAAP in fiscal 1998/1999, and quarterly reporting was now introduced in fiscal 2000/2001. Both these measures significantly enhanced transparency and continuity in our communications with the capital market.

The ThyssenKrupp website was also overhauled and focused more firmly on user needs. On our homepage at www.thyssenkrupp.com, private and institutional investors, press representatives and job applicants can find comprehensive background information and easy-to-use services.

The centerpiece of our communication offensive is an international image campaign launched in March 2001. This campaign positions ThyssenKrupp as a company that develops technology for the future in the areas of steel, capital goods and services and boasts high innovativeness. To ensure the broadest possible impact, the campaign integrates all major communication media such as TV commercials, adverts, posters and the internet. As well as customers, we are targeting investors, employees, people interested in joining the Group and the public in general.

This image campaign takes a completely new approach: Instead of products or models, the commercials and advertisements focus on the children of employees. They explain in their own words the work their parents do in the various segments of the Company. ThyssenKrupp comes across as an innovative, competent, authentic and likeable company with a broad range of products and services. Market research has shown the campaign to be providing the public with a new picture of the Group's varied and innovative capabilities. It has significantly improved our image and approval ratings.

This year again, our campaign will be appearing on all major German TV channels and in the majority of national daily newspapers. We are also planning to use large-size posters at key locations in North Rhine-Westphalia. The campaign started in mid-February and will run to the start of the vacation period in Germany in mid-June.

Overview of fiscal year 2000/2001

Economic downturn

World economic growth slowed to 1.4 percent in 2001, with growth in world trade down to only 2 percent. The major cause of this slowdown was the situation in the USA, where consumer caution and falling investment pushed the economy into

recession from mid-March. This particularly impacted the emerging markets, but Europe was also affected. In Latin America, the situation was compounded by internal economic difficulties. The Asian economy also weakened.

In the euro zone, the economy lost considerable momentum in 2001. Low impetus from exports, sharp rises in oil prices and weak investing activity left their mark. In Germany in particular, GDP growth at 0.7% fell well short of expectations. Benefits from the tax reforms were canceled out by higher energy prices.

The markets experienced an appreciable slowing of demand growth, with many sectors reporting declining sales and unsatisfactory earnings in the past fiscal year. The repeated downward adjustment of GDP forecasts was a clear reflection of the economic downturn. The continued worsening of the economic fundamentals during this period placed great demands on us and on many other sectors.

Key data 2000/2001

Nevertheless, in this problematic situation ThyssenKrupp achieved creditable results. Here are the key figures for the past fiscal year 2000/2001:

- Order intake decreased €1.0 billion to €37.9 billion, a year-on-year fall of 3 percent.
- Despite the weak economy, the Group's sales climbed two percent to €38 billion. Almost 64 percent of sales were generated outside Germany.
- EBITDA, or earnings before interest, taxes, depreciation and amortization, reached €3.3 billion, only slightly down from the previous year's figure of €3.4 billion.
- Income before taxes and minority interest amounted to €876 million, against €1.09 billion a year earlier. Eliminating non-recurring items, mainly disposals, the figure was around €500 million.
- Net income increased €138 million to €665 million.

- Earnings per share amounted to €1.29. Normalized EPS was €0.58. In 1999/2000 EPS was €1.02, and normalized EPS €0.89.
- ROCE, or return on capital employed, fell one percentage point to 7.7 percent.
- Cash flow from operating activities increased €916 million to nearly €2.25 billion.
- Net financial payables were reduced €1.3 billion from €7.7 billion to €6.4 billion.
- Stockholders' equity remained more or less unchanged at €8.8 billion. The equity ratio was 25.4 percent.
- The headcount has changed very little since the end of the last fiscal year. On September 30, 2001 the Group had a worldwide workforce of 193,516 employees, 200 or 0.1 percent more than 12 months previously. This seemingly static picture hides the dynamics behind these net figures. Through our portfolio policy alone, 2,900 new employees joined the Group in the past fiscal year. However, around 3,600 left the Group with their companies. In parallel with this, many subsidiaries aggressively continued their cutback programs and recorded significant reductions in personnel in some cases. These add up to around 6,600 jobs. On the other side of the coin, numerous companies increased their workforce in order to grasp new market opportunities. This resulted in around 7,500 new jobs. There was a 2.3 percent increase in employee numbers at the non-German subsidiaries, which now account for 45.6 percent of the total workforce.

Research and development – Innovations for our customers

We continued to carry out intensive research and development in the past fiscal year so as to be able to supply competitive, technically advanced and environmentally friendly products. In 2000/2001, ThyssenKrupp spent almost €675 million on research, development and quality assurance. The Group has some 3,000 scientists,

engineers and technicians working on approximately 1,500 R&D projects to develop new and improved products and processes. We can be proud of the results achieved:

For example, our materials researchers in the Steel segment have developed new “nanostructure” steels with microstructural features in the millionth of a millimeter range. ThyssenKrupp Stahl has broken new ground with these developments and created steel grades which are unique in their property combinations: They display high strength and can undergo severe forming operations without cracking. They can be used for example in highly stressed autobody parts.

In the Automotive segment, a newly developed modular steering system delivers substantial rationalization effects as, with only slight modifications, it can be used in numerous car types. Another key area are developments in the suspension sector which significantly increase ride comfort and safety.

For the manufacture of machine-room-less elevators, the Elevator segment has realized the innovative concept of a new gearless drive and a decentralized control system.

Breakthrough for the Transrapid

The subject of product innovations naturally also includes the Transrapid, a particularly high-tech product of our company, which you can take a look at today at the exhibition center. The breakthrough for this extremely innovative and environmentally friendly technology is now imminent, nationally and internationally.

On a national level, the decision of the federal transportation minister regarding the allocation of the €2.3 billion federal grants between the Transrapid lines in North Rhine-Westphalia and Bavaria has now created the basis for funding. I welcome this positive decision wholeheartedly. It not only makes a major contribution to improving

the transportation infrastructure, it also demonstrates the capabilities of German industry and of Germany as a place for technology and business.

The Transrapid achieved the breakthrough on the world market back in January last year with the contract to build a link between Shanghai international airport and the city's financial center. In January 2003 the first trains will be gliding along this 30 kilometer line at speeds of 430 kilometers per hour. In addition, the Chinese government is considering using the Transrapid both on the 1,200 kilometer route between Beijing and Shanghai and on the 210 kilometer link between Shanghai and Hangzhou.

Together with our partner Siemens we are confident that the project in Shanghai will provide a boost for further Transrapid projects outside Germany. For the Transrapid is "on track" not only in China and Germany, but also in the Netherlands and the USA. Our Dutch neighbors are looking closely into how the use of the Transrapid could improve the traffic situation in their country. In the USA, coinciding with the award of the Shanghai order, a decision was taken to carry out a public planning process for two Transrapid lines, namely for the Baltimore-Washington and Pittsburgh-Greensburg links.

Investment

We have reduced the high pace of investment of our first two years after the merger. Capital expenditure reached €2.3 billion. €2.2 billion was invested in property, plant and equipment, and the remaining €0.1 billion in financial assets. Major projects in the Steel segment were the construction of a hot dip galvanizing line in Dortmund and the commissioning of a cold rolling mill in Shanghai. In the Automotive segment, the production facilities of the stamping plants in the USA and Europe were modernized and expanded. At the Leipzig site a just-in-sequence facility is being built to assemble axles for the new Porsche Cayenne. Other key investments included additional production equipment for the steering product area in connection with new

orders. The largest order-related investment project at Technologies was the purchase of production equipment for the Transrapid line in Shanghai.

Overview of the segments

Now, on to the performance of the operating units in the Steel, Capital Goods and Services areas.

Steel

Steel was hit particularly hard by the recession. The segment, which contributes around a third of Group sales, suffered from overcapacities on the world markets, higher raw material and energy prices and severe price pressure. Owing to the deterioration in the overall economic climate, steel customers ordered with increasing caution and reduced their inventories. Despite the slowing steel market, Steel maintained its prior-year sales level of €12.6 billion. The segment achieved a profit of €605 million. This figure includes the €333 million gain on the disposal of the iron ore mine Ferteco. On September 30, 2001 the Steel segment had 51,418 employees (September 30, 2000: 53,856).

Automotive

Conditions were also difficult for the Automotive segment. At US car makers, declining sales figures together with a reduction of high inventories resulted in considerable drops in production. Against this, the auto markets in Western Europe and Brazil were stable. The sales decrease in the NAFTA region was offset by new model startups, which were still burdened with startup costs. Sales increased two percent to around €6.2 billion. Eliminating exchange rate effects, however, sales would have fallen to below €6 billion. Earnings at €143 million were only half the prior-year figure. The number of employees increased slightly to 40,655. The prior-year figure was 39,920.

Elevator

The Elevator segment significantly expanded its services and continued its upward path of recent years. Sales rose €417 million to around €3.5 billion. The generally positive course of business resulted in a €23 million increase in profits to €226 million. The highest growth rates were recorded by the elevator and escalator companies in North America – mainly thanks to an increase in service business. The number of employees increased by around 1,400 to 28,501 (1999/2000: 27,102).

Technologies

Sales of the Technologies segment fell 5% to €5.6 billion. This reduction is mainly explained by the disposal of several companies and sales deferrals. In the Production Systems unit, Metal Cutting suffered a severe setback as a result of the collapse in demand in the USA. By contrast, the European businesses increased their sales significantly. Autobody Manufacturing Systems continued its good performance of recent years. The share of an order received in December 2001 for five corvettes for the German navy will secure the shipyards' good workload through to 2006. The Technologies segment achieved earnings of €140 million. This includes a €71 million gain on the disposal of Krupp Werner & Pfleiderer. Earnings in 1999/2000 amounted to €82 million, including a disposal gain of €119 million. Technologies had 31,477 employees, a slight drop against the prior year (32,193).

Materials

Materials achieved sales of €10.1 billion, the same level as a year earlier. Overall, business was marked by the economic slowdown, some drastic price falls and increasing competition. The German warehouse and service business outperformed the market in general and further consolidated its good position. Service-intensive business also improved in many European countries. By contrast, in North America

significantly weaker demand in the automobile and capital goods sectors resulted in declining revenues and volumes.

Earnings were impacted by the heavy price pressure in the sector and by significant non-recurring effects, particularly write-downs of receivables and assets in South America: Profits fell to €32 million, after €129 million a year earlier. On September 30, 2001 the segment had 14,315 employees, 724 more than a year earlier (13,591).

Serv

Sales of the Serv segment increased 23 percent to €2.6 billion. Industrial Services turned in an encouraging performance, as did the services business of Construction Services. The Information Services business increased its sales of IT services at Triaton owing to the integration of the IT activities acquired from the former Hoechst AG. However, the multimedia business, including the since discontinued activities of ThyssenKrupp Education and the sold activities of Timtec Telematic, had to absorb high charges for restructuring and for writedowns of goodwill and receivables due to the collapse of the market for internet services. Serv reported a loss of €54 million for the period. This loss includes non-recurring charges for restructurings and exceptional writedowns. On September 30, 2001 the Serv segment had 25,665 employees, 694 more than a year earlier (24,971).

Dividend of €0.60 per share

In view of the difficult economic situation over the past fiscal year, we are proposing to you a dividend of €0.60 per share. We based this on the normalized EPS of €0.58. Based on the Group's net income of €665 million, the payout ratio is therefore 46.5 percent. A substantial €356 million will be paid into retained earnings.

At this point I would like to take the opportunity to thank our employees throughout the world for their work over the past fiscal year. My thanks also go to the employee representatives with whom we have worked together constructively on a basis of mutual trust. Special thanks also go to you, our stockholders, for the faith you have placed in ThyssenKrupp and for the positive support you give to the Company. We will do everything we can to continue to justify this faith in the future.

First quarter 2001/2002 and outlook

The worldwide economic downturn severely impacted the business performance of ThyssenKrupp at the beginning of fiscal year 2001/2002, leading to a reduction in income in the 1st quarter (October 1 – December 31, 2001). Income before taxes and minority interest, for the first time without goodwill amortization, amounted to €28 million.

The key figures for the first 3 months of fiscal year 2001/2002 were as follows:

- Order intake reached €8.9 billion, 7 percent less than the year before.
- Sales amounted to €8.3 billion, down 11 percent.
- Earnings before interest, taxes, depreciation and amortization fell 46 percent to €0.5 billion.
- Income before taxes and minority interest decreased €386 million to €28 million.
- Earnings per share were €0.03, after eliminating non-recurring effects -€0.01.
- At December 31, 2001, net financial payables increased seasonally by €0.8 billion to €7.2 billion; at September 30, 2001 the figure was €6.4 billion. Compared with December 31, 2000, net financial payables were down €1.3 billion.

The economic outlook for the coming months remains depressed. At present, none of the major economies is providing any great impetus for an upswing. For Europe, an economic recovery is expected at the earliest in the second half of 2002.

ThyssenKrupp, like the other steel producers, cut back its production in the period November 2001 to February 2002. The market conditions now allow a price improvement for carbon steel. In the case of stainless steel, slow world economic growth has depressed demand; a recovery is expected in the coming months. Effective April 01, 2002, ThyssenKrupp Stahl will raise its prices for carbon steel flat products by €30 to 40 per ton depending on product form. ThyssenKrupp Nirosta, too, will increase the base prices for stainless flat products by €50 per ton plus alloy surcharge for all new orders for delivery from April 01, 2002. One risk factor is the Section 201 procedure in the USA concerning government restrictions on steel imports into the USA.

The international auto market will weaken in 2002. In North America, sales figures will decline, with knock-on effects for production. Sales prospects are hampered by the fact that many buyers brought forward their purchases in response to major incentives introduced by US manufacturers in fall 2001. Production numbers in the euro zone also will likely decrease. In Germany, the auto industry anticipates a weakening of domestic demand. As it is very unlikely that the export achievements of 2001 will be repeated, German production in 2002 is expected to be lower.

Last year, investment was a weak point of the international economy. In view of the uncertainty over how things will develop, this is unlikely to change significantly in the short term. The outlook for the main capital goods sector – mechanical engineering – is correspondingly depressed. In the USA there are fears that production will continue to decrease. The German mechanical engineering association forecasts a 2 percent drop in output this year; order intake will decrease far more sharply.

The German construction industry faces continued stagnation at a low level this year; the outlook is brighter in other European countries.

In view of these economic prospects, the business situation of ThyssenKrupp is unlikely to improve significantly in the 2nd quarter 2001/2002. As no impetus from the economy is expected before mid-2002, it is becoming increasingly unlikely that

the sales levels of the previous year can be achieved in the current fiscal year. From the current perspective, we expect that following the elimination of goodwill amortization earnings before taxes will be around €0.5 billion (excluding any non-recurring items). This does not include goodwill impairment based on the adoption of SFAS 142, which may exceed the previous goodwill amortization of over €200 million.

At its meeting on January 09, 2002, the Supervisory Board approved capital expenditure of €1.2 billion; the total volume of approved investment thus amounts to €3.4 billion. This cautious investment policy compared with previous years is in response to the weak business situation.

We will be able to tell you more about the current business situation on May 23 when the interim report on the first half of 2001/2002 is published. The report on the third quarter and the first nine months will appear on August 22. As you can see, the preparation of the financial statements has been speeded up to allow the quarterly figures to be published a week earlier this year. Next year publication of the reports will be brought forward again by a week. In your interest, we have thus taken a further step toward enhancing transparency and openness in financial communications.

Targets unchanged

Given the unfavorable economic framework the Group delivered a solid performance in fiscal year 2000/2001. More even: The Company is well placed to take advantage of its improved platform when the economy recovers. We are therefore sticking to our financial targets.

These targets are

- EBITDA of more than €4 billion;
- earnings before taxes of over €1.5 billion;
- ROCE of more than 12 percent;
- EVA of more than €500 million;
- a gearing ratio of around 60 percent, corresponding to a further reduction in net financial payables to €5.5 billion.

These targets are ambitious, but ThyssenKrupp has the potential to achieve them. To this end a sustained value-adding strategy has been developed incorporating three levers:

1. further strengthening our top market positions;
2. increasing productivity, and
3. the new corporate program ThyssenKrupp best.

Strengthening top market positions

ThyssenKrupp will be focussed more strongly on the three areas Steel, Capital Goods and Services and will be concentrated on its core activities within these areas. To further strengthen the Group's market positions, in addition to organic growth several far-reaching investments have already been made in the current fiscal year.

One milestone here was the opening of the Shanghai Krupp Stainless steel plant last November. With a total investment volume of 1.4 billion US dollars, this project is the Group's biggest foreign investment to date and is also a milestone in its globalization strategy. When completed, it will be the world's most modern stainless steel plant with an output of some 270,000 tons – around 20 percent of China's current demand. ThyssenKrupp is thus underlining its aim to be the leading player in one of the fastest-growing markets for stainless steel flat products.

The Automotive segment is countering the currently weak market by strengthening its systems business. This trend was given a new dimension with the acquisition of 10 percent of the shares of Valmet Automotive in Finland. ThyssenKrupp Automotive has an option to purchase the remaining shares. Valmet is a leading designer and producer of niche vehicles, such as the Porsche Boxster and Saab Convertible. As a result of the acquisition the company now has a full range of capabilities from engineering to niche vehicle production.

In November the Group purchased the elevator activities of Finnish manufacturer Kone in South America. Following the acquisition of the Brazilian elevator manufacturer Elevadores Sûr in 1999, we have thus once more strengthened our strategic position in the South American markets. Further steps to expand the service business are targeted.

Effective January 01, 2002 we acquired 75 percent of Industrial Plant Services GmbH (IPS) from Ferrostaal AG. IPS specializes in the planning, realization and execution of shutdowns of major petrochemical facilities. The company also carries out maintenance work for the chemical industry. Through the acquisition the Serv segment has achieved a leading market position in the fast growing general maintenance market.

These four examples illustrate particularly well how the Company is further strengthening its leading positions on the world market with carefully selected investments and acquisitions.

Increasing productivity

A further key element is increasing productivity. The aim is to boost productivity Groupwide by least two percent per year, concentrating on the following tasks:

- the rapid restructuring of loss-making or low-earning businesses, and
- the continued scheduled realization of synergy targets.

The corporate program ThyssenKrupp best

The third element aimed at permanently improving earnings is the corporate program ThyssenKrupp best launched at the beginning of the current fiscal year. Best stands for “business excellence in service and technology”. The program is aimed at achieving value-creating growth through higher profit margins, increasing capital productivity and strengthening the Group’s competitiveness on a sustained basis.

ThyssenKrupp best takes an integrated, comprehensive approach. By incorporating wide areas of the workforce, the program will mobilize the entire Group. Geared to achieving sustained results, ThyssenKrupp best is designed to be self-perpetuating. Key elements of the program include the systematic multiplication of knowledge and the consistent transfer of best practice. An extensive training program will enable our employees to use this knowledge independently and effectively.

Several hundred projects are now being implemented. In addition, more than 800 ongoing improvement projects have been integrated in ThyssenKrupp best as a basis for Groupwide knowledge transfer. The number of new projects is growing daily. These include projects to strengthen the involvement of employees and executives, optimize performance quality, increase capital productivity, and improve operating efficiency. Pilot projects have already been completed with very good results.

ThyssenKrupp best will trigger a continuous process of change and contribute to a significant improvement in the Group’s performance. The program’s success will

benefit all of us: our customers and business associates, our employees and last but not least you, our stockholders.

Conclusion

Ladies and Gentlemen,

Your Company, ThyssenKrupp, will continue to stand for three areas of activity: Steel, Capital Goods and Services. In these three areas, in which we already hold numerous top 3 positions worldwide, we will systematically strengthen our competitive position. We will continue to dispose of activities which do not fit in with our alignment as an industrial conglomerate focused on these core areas. In this we are following our guiding principle of creating value for our stockholders.

With regard to income may I reaffirm that in the past year we achieved operating income in the region of €500 million. As you have seen, our income target is €1.5 billion.

I have outlined the three actions with which we aim to close the earnings gap of €1 billion. They are:

- the further strengthening of our top market positions worldwide;
- an increase in productivity, and
- the new corporate program ThyssenKrupp best.

The managers of our business units in all the segments are committed to systematically implementing these actions to help us achieve earnings of €1.5 billion in no more than two years. The pay structure for top management will also be linked to this target.

I am convinced that we will achieve our goal. It will not be easy, but we have what it takes, the course is clear and the methods and timeframe have been communicated and accepted by all those responsible throughout the Group.

ThyssenKrupp is on the right path. So please keep your faith in the Company, the management and all the employees.

Thank you for your attention.