

# Insights

Our people. Our future.

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Annual Report

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ThyssenKrupp



## Insights

Our people. Our future.

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Continuing and expanding our success in the future.  
Sustainably. Globally. That's our goal.

There are many factors involved in this. One of the most important: our employees around the world. It is their combined achievements that make the Group successful.

That's why their skills, their enthusiasm, their outstanding performance are at the center of everything we do.

Investing in people means investing in the future. Developing potential means developing excellence.

**PEOPLE WHO SPEND HALF THEIR  
LIVES IN AIRCRAFT.**

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**TRAINEES WHO HAVE LOTS  
OF FREE SPACE TO WORK.**

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**MANAGERS WHO HAVE A PLACE  
FOR LIFELONG LEARNING.**

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Find out what drives the people who move our Company forward  
in the magazine accompanying this Annual Report.

Magazine  
for the 2007–2008 Annual Report  
of ThyssenKrupp AG

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## OUR PEOPLE. OUR FUTURE.

**ALMOST 200,000 EMPLOYEES** worldwide. Almost 200,000 individuals each with their own story. We were curious. About the stories. And about the people. So we went looking, and found some fascinating insights.

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ThyssenKrupp



# ThyssenKrupp overview

Annual Report 2007–2008

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**The Group in figures**

**ThyssenKrupp in brief**

**ThyssenKrupp worldwide**

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# The Group in figures

Annual Report 2007–2008

		2006/2007	2007/2008	Change	Change in %
Order intake	million €	54,605	55,205	600	1
Sales	million €	51,723	53,426	1,703	3
EBITDA	million €	5,254	4,976	(278)	(5)
EBIT	million €	3,728	3,572	(156)	(4)
Earnings before taxes (EBT)	million €	3,330	3,128	(202)	(6)
Net income	million €	2,190	2,276	86	4
Earnings per share	€	4.30	4.59	0.29	7
Distribution	million €	635	603*	(32)	(5)
Dividend per share (EPS)	€	1.30	1.30*	0	0
ROCE	%	20.7	18.3	(2.4)	—
ThyssenKrupp Value Added (TKVA)	million €	2,108	1,916	(192)	(9)
Operating cash flows	million €	2,220	3,679	1,459	66
Cash flows from disposals	million €	673	329	(344)	(51)
Cash flows from investments	million €	(2,997)	(4,227)	(1,230)	41
Free cash flow	million €	(104)	(219)	(115)	111
Net financial debt/(receivables)	million €	(223)	1,584	1,807	—
Total equity	million €	10,447	11,489	1,042	10
Gearing	%	(2.1)	13.8	15.9	—
Employees (September 30)		191,350	199,374	8,024	4
Germany		84,999	85,097	98	0
Abroad		106,351	114,277	7,926	7

\* Proposal to the Annual General Meeting

# ThyssenKrupp in brief

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Annual Report 2007–2008

We have almost 200,000 skilled and committed employees around the world working in the areas of Steel, Capital Goods and Services to provide innovative solutions for sustainable progress to customers in around 80 countries on all five continents. In our five segments – Steel, Stainless, Technologies, Elevator and Services – we are facing up to the global challenges and turning risks into opportunities. Our high-performance materials, plants, components and systems offer answers to many future questions, both commercial and technical. The ThyssenKrupp Group directly or indirectly owns over 800 companies and equity investments. Two thirds of our 2,700 production sites, offices and service bases are located outside Germany.

## STEEL

## CAPITAL GOODS

## SERVICES

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Steel

Stainless

Technologies

Elevator

Services

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# ThyssenKrupp worldwide

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Annual Report 2007–2008

As an international group, we speak many languages: More than half of our employees and two thirds of our customers are located outside Germany. Key locations are to be found above all in our neighboring European countries. But we also see significant opportunities in North America, Asia and the emerging industrial nations of other regions. Dynamism, performance and a willingness to improve on tried and tested solutions are features characterizing the work of our plants and branches around the world. For example, our ThyssenKrupp best value enhancement program has now produced over 7,000 projects with many new ideas to strengthen the Group's potential.

SALES	EMPLOYEES	THYSSENKRUPP BEST PROJECTS
<b>Worldwide</b> €53.4 billion 100 %	<b>Worldwide</b> 199,374 100 %	<b>Worldwide</b> 7,337 100 %
<b>Europe</b> €37.7 billion 70 %	<b>Europe</b> 131,880 66 %	<b>Europe</b> 5,141 70 %
<b>Germany</b> €19.2 billion 36 %	<b>Germany</b> 85,097 43 %	<b>Germany</b> 3,392 46 %

# Financial dates

## Annual Report 2007–2008

Important dates can also be found in our online financial calendar: [www.thyssenkrupp.com/en/investor/finanzkalender.html](http://www.thyssenkrupp.com/en/investor/finanzkalender.html)  
If you'd like to be kept up to date with news about ThyssenKrupp, subscribe to our newsletter at [www.thyssenkrupp.com/en/newsletter/index.html](http://www.thyssenkrupp.com/en/newsletter/index.html)

### DATES

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January 23, 2009	Annual General Meeting
January 26, 2009	Payment of dividend for the 2007/2008 fiscal year
February 13, 2009	Interim report 1st quarter 2008/2009 (October to December) Conference call with analysts and investors
May 14, 2009	Interim report 1st half 2008/2009 (October to March)
May 14, 2009	Analysts' and investors' conference
August 14, 2009	Interim report 9 months 2008/2009 (October to June) Conference call with analysts and investors
November 27, 2009	Annual Press conference Analysts' and investors' conference
January 21, 2010	Annual General Meeting

**ThyssenKrupp AG**  
August-Thyssen-Strasse 1  
40211 Düsseldorf, Germany  
[www.thyssenkrupp.com](http://www.thyssenkrupp.com)

# Insights

Our people. Our future.

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Annual Report

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# Dear Holdholders,

Since the merger of Thyssen and Krupp this is my tenth letter to you reporting on our performance in the past fiscal year and our plans for the future. I am pleased to be able once again to present a positive report on your Company. We can look back on a successful period of growth since the merger: In its first year of existence ThyssenKrupp generated sales of €32 billion and earnings before taxes of €616 million with 185,000 employees, while in 2007/2008 almost 200,000 employees achieved sales of €53 billion and earnings before taxes of €3.1 billion.

## REVIEW OF FISCAL 2007/2008

2007/2008 was a good year for the Group. Our overall business performance was in line with our expectations and in some areas better, even though the market environment was increasingly difficult. Both order intake at €55.2 billion and sales at €53.4 billion were up slightly from the previous year, despite the economic slowdown. Before taxes and major nonrecurring items, earnings were as high as €3.5 billion, exceeding our raised forecast of August 2008 of over €3.2 billion.

The solid earnings situation allows us to continue our policy of dividend continuity in 2007/2008. In January 2009, the Executive Board and Supervisory Board will propose to the Annual General Meeting the payment of an unchanged dividend of €1.30 per share. We feel it is important to ensure that our stockholders share appropriately in the success of the Company and so make our stock an attractive long-term investment. Compared with the first dividend in 1998/1999 of DM1.40 – or €0.72 – the payout has now almost doubled.

This Annual Report contains detailed information on the business situation and the main events in the reporting period, our investment projects and successful innovations, and also our understanding of corporate responsibility. The magazine supplement in this year's Annual Report is devoted to the subject of employees – I will return to this later.

But first I would like to address some questions which are currently being asked not just by you as stockholders of ThyssenKrupp but also by our employees, our business partners and of course ourselves. What risks does the current financial crisis hold for the real economy worldwide and specifically for our Company? Will we be able to press on with our growth strategy and meet our long-term goals?

### **RISKS FROM THE FINANCIAL CRISIS AND ECONOMIC DOWNTURN**

The global financial crisis has rocked the international banking system to its core. The material damage cannot yet be fully estimated, but it will be enormous, and it is compounded by a major loss of trust and credibility. But as well as that, the financial crisis will also have serious consequences for the real economy because the markets for goods and services will be severely impacted. For 2009 the International Monetary Fund forecasts global growth of less than 3%, the first recession since 2002. In 2010 global growth is expected to pick up again – a hope we all share.

The currently fast-growing markets of Asia, Central and Eastern Europe and South America will not escape this trend. Growth in these regions will also slow noticeably in 2009. Our Group's key customer sectors are affected. The global steel market will be unable to maintain its high growth in 2009. In view of the current uncertainties, the World Steel Association, formerly the IISI, has decided against issuing a forecast for the coming year. The international auto industry also faces serious problems; only Asia is expected to show moderate growth in 2009. Some areas of the engineering sector are already feeling the effects of lower demand for capital goods. Global construction output is coming under increasing pressure, too; 2009 is expected to see a further decline in the USA and stagnation at best in the euro zone.

### **OUR GOALS: CYCLICALLY SENSITIVE BUT SOLID OVER THE LONG TERM**

In this uncertain environment, ThyssenKrupp has reviewed its plans for fiscal year 2008/2009 and its mid-term and long-term targets. In 2008/2009 we face a significant fall in sales for cyclical reasons, but the extent of this fall cannot yet be reliably predicted. This will have a corresponding effect on earnings. The increasing uncertainties on the financial and real markets make it impossible to provide a quantifiable forecast at this time. We will supply more concrete information on the current fiscal year in our quarterly reporting.

If – as currently predicted – the global economy emerges from the downturn and gathers momentum again in 2010, ThyssenKrupp will also return to its long-term growth track and achieve sales and earnings growth again in 2009/2010.

Over the longer term, especially after the startup of the Steel and Stainless segments' major investments in North and South America and those of the other segments in other regions, we are sticking to our targets: We aim to achieve sales of around €65 billion and earnings before taxes and major non-recurring items of €4.5–5.0 billion.

Our confidence for the future, which these targets reflect, is founded on at least two simple and clear reasons.

#### **OPPORTUNITIES FROM OUR LONG-TERM GROUP STRATEGY**

Reason 1: We remain firmly convinced that the growth strategy we initiated in 2005 is right. Adverse effects, such as those caused by the current financial crisis, may create delays, but the long-term success of the Company will remain unaffected. We are pursuing a successful, long-term portfolio optimization program which we see as an ongoing process. The projects we have realized to date have all fulfilled their ambitious return targets.

Around half of our planned investment program totaling up to €20 billion has been completed. The biggest projects so far – the Steel segment's new steel mill in Brazil and the Steel and Stainless segments' new steelmaking and processing complex in the USA – are taking shape. 22,000 employees are now involved in the construction work in Brazil and more than 2,000 in the USA. The Technologies segment sees major growth impetus in the megatrends of climate, environment, mobility and infrastructure, areas in which we offer a wide range of innovative and highly efficient solutions. Technologies is establishing a TechCenter in Dubai to develop the particularly fast-growing regions of the Middle East and North Africa. In their joint EX East project, the Elevator and Services segments are working on identifying new business opportunities in Asia and expanding their market positions in the region.

#### **OUR PEOPLE, OUR FUTURE**

Reason 2: ThyssenKrupp has a highly qualified, experienced and motivated workforce and management team. Our almost 200,000 employees are able and willing to give their best for the Company and our future. They have proved this time and again in the past.

In the magazine supplement to this year's Annual Report mentioned above, you can find out a lot about us. What is it like working at ThyssenKrupp? What moves, motivates and drives our employees? How do we take responsibility? What priority is given to commitment and creativity in the Group? These are all key aspects of our corporate culture which empower us to master challenging tasks and achieve ambitious targets even in difficult times.

As you can see, it is worth being with ThyssenKrupp as we move forwards into the future. I hope you will stay with us and thank you for your confidence.

Yours sincerely,



**DR.-ING. EKKEHARD D. SCHULZ**

Chairman of the Executive Board

Düsseldorf, November 2008



## Magazine

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**OUR PEOPLE. OUR FUTURE.**

Their thoughts and actions move us and our customers forward. Some of them are presented on the section dividers of this annual report and in brief reports in the enclosed magazine. They represent all the others who we couldn't feature due to lack of space.

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# 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

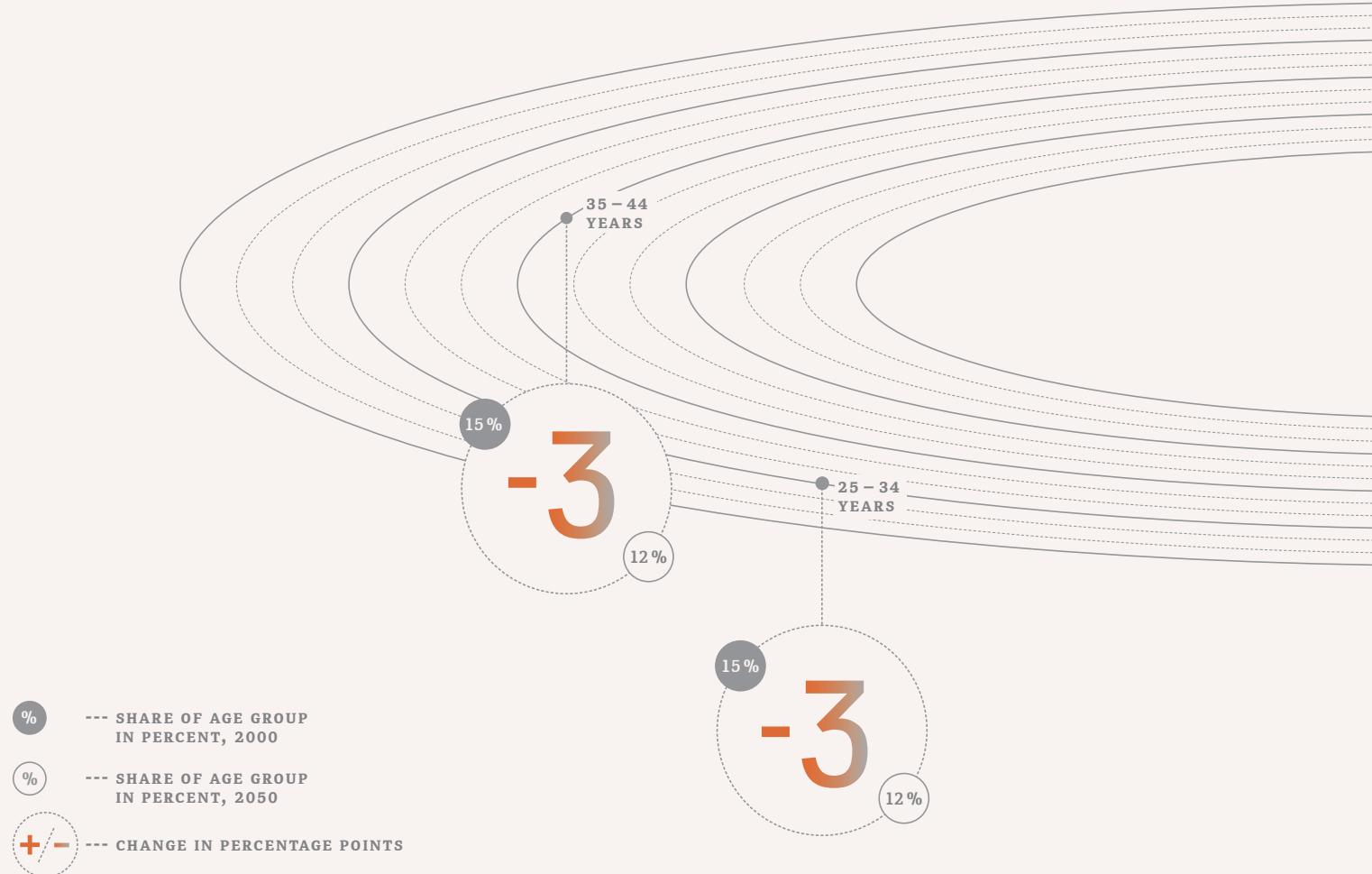
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Making longer use of our experience.  
And passing it on.

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.

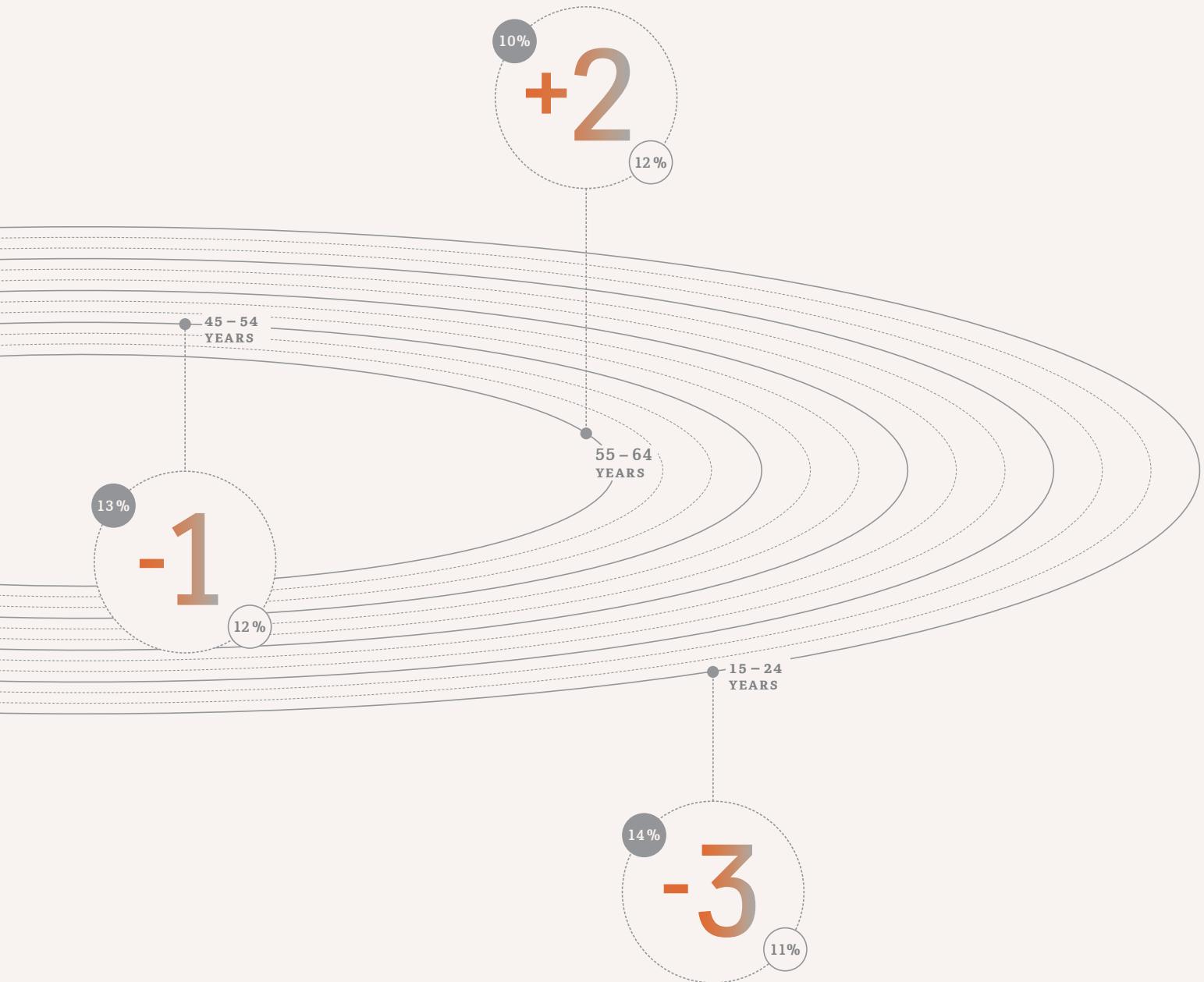
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**AGE DISTRIBUTION IN THE INDUSTRIALIZED COUNTRIES.  
CHANGE IN PERCENTAGE POINTS FROM 2000 TO 2050.**

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

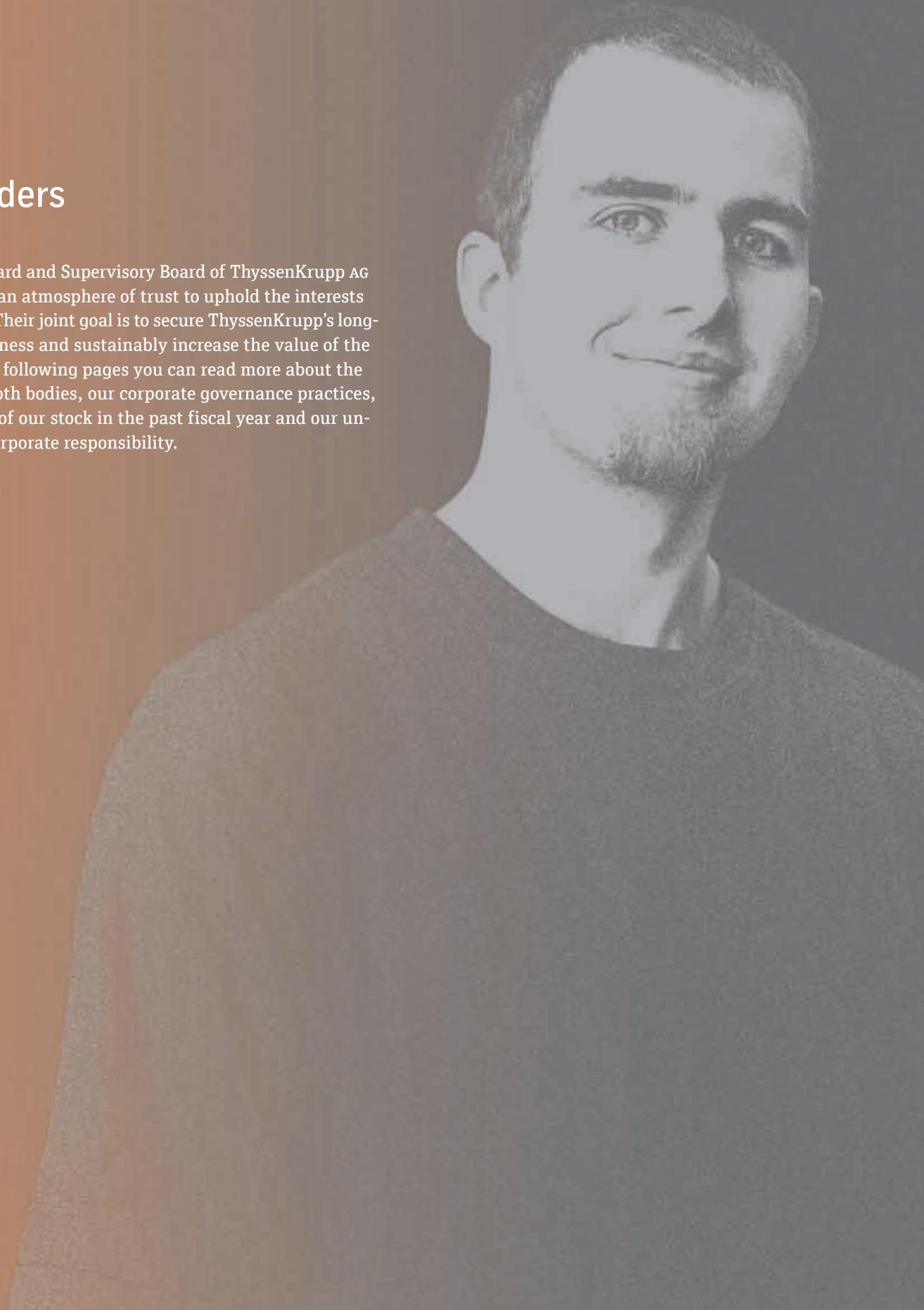


# 01

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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 Fahrstufen 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.



The Supervisory Board formed a total of six committees.

### **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.

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 Supervisory Board Audit Committee met four times in 2007/2008.

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 detail 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

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.



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

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

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.

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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.

#### **I**

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.



The Executive Board keeps the Supervisory Board regularly and fully informed about all issues of importance to the company.

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 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.



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.



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

#### **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.

### 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 Middelmann	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 Middelmann	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).



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

### **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.

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.

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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			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]
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]
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]
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]
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]
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]
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]
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]
<b>Total</b>	<b>4,718 [4,718]</b>	<b>981 [931]</b>	<b>13,172 [14,839]</b>	<b>32,440 [44,651]</b>	<b>963 [1,487]</b>	<b>19,834 [21,975]</b>	<b>(3,006) [19,242]</b>	<b>2,345 [2,133]</b>
								<b>3,580 [3,938]</b>

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.



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

#### 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).

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.

#### §

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 [1,132,922]</b>	<b>810,090 [815,704]</b>	<b>895,170 [688,423]</b>	<b>720,715 [662,406]</b>	<b>64,500 [67,500]</b>	<b>3,615,600 [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 Frielingshaus	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>



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

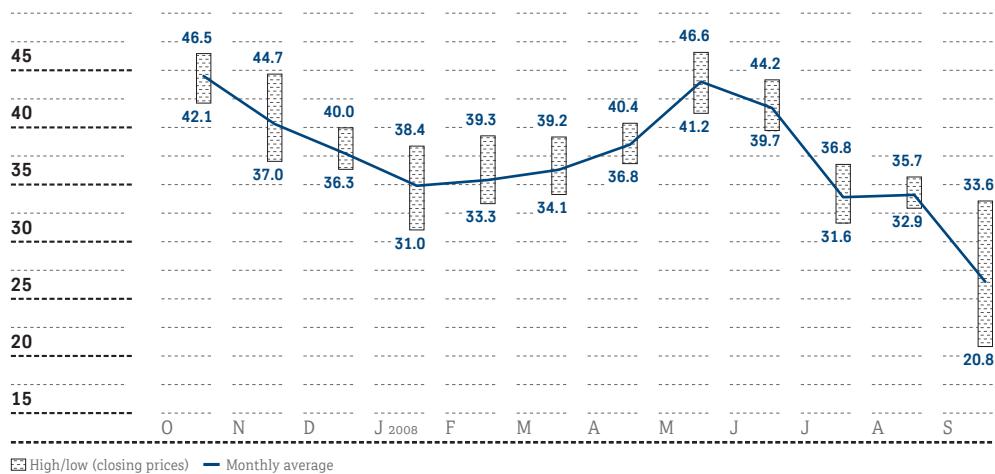
In the 2007/2008 fiscal year ThyssenKrupp's stock initially profited from the company's continued very good performance and the very positive environment on the international markets for steel, materials and capital goods, and in May 2008 the share price reached an all-time high of €46.63. However, in 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.

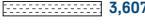
PERFORMANCE OF THYSSENKRUPP STOCK IN COMPARISON indexed, Sept. 28, 2007 to Sept. 30, 2008, in %



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

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

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.

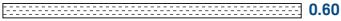
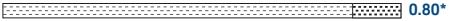
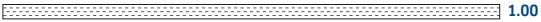
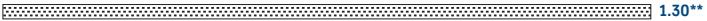


The ThyssenKrupp stock is included in the dividend-based DivDAX as well as other stock market indices.

**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.

#### THYSSENKRUPP AG DIVIDEND PAYMENT in €

2003/2004 .....		<b>0.60</b>
2004/2005 .....		<b>0.80*</b>
2005/2006 .....		<b>1.00</b>
2006/2007 .....		<b>1.30</b>
2007/2008 .....		<b>1.30**</b>

\* 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

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

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.

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

1

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

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).

# 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.



Corporate responsibility at ThyssenKrupp goes far beyond our business activities.

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.

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.



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

### **Involve ment 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.



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

"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 SchlauLoPolis, 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.

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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.



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

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.

### 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.

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

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.

### 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.

# 02

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## Management report on the Group

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ONE OF US. A NATURAL WHEN IT COMES TO INTERCULTURAL  
TEAMWORK. AND MEETING DEADLINES.

Truong Thi Thanh Ha, architect, deadline monitoring and scheduling,  
ThyssenKrupp in Hanoi

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## Cultural diversity. Used as a success factor.

Open cultures are a characteristic of living societies. Exchanges generate opportunities and new possibilities. That's why the ability to communicate and make oneself understood in different cultures is a key competency for future success.

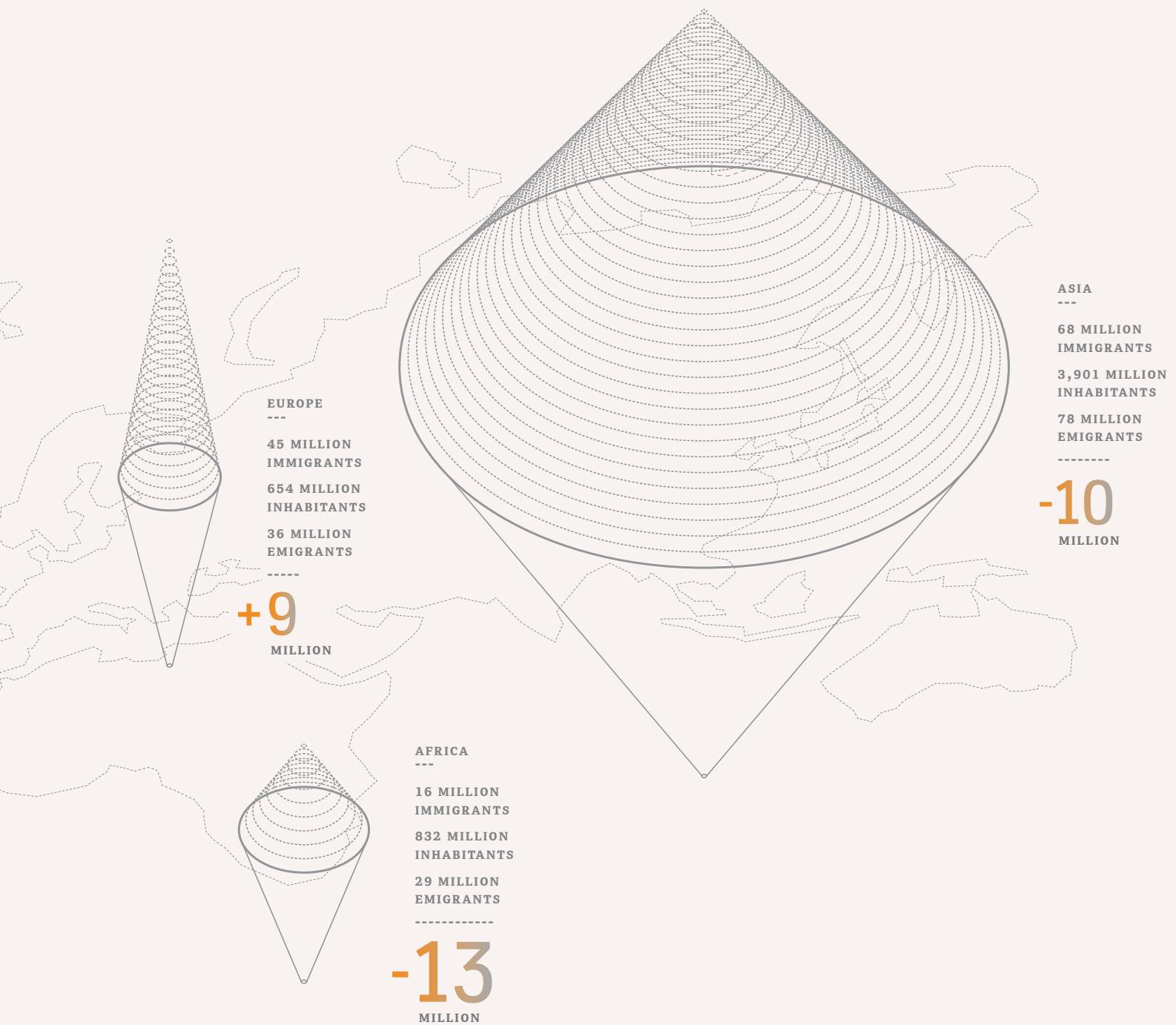
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### IMMIGRATION AND EMIGRATION AS A CHARACTERISTIC OF OPEN SOCIETIES. ABSOLUTE FIGURES FOR 2000–2002.

As the number of people from other cultures increases, so in many cases does the dynamism of a society, provided people can turn coexistence into community.

Source: World Bank, Worldmapper.org



# 02

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## Management report on the Group

2007/2008 was a good fiscal year for ThyssenKrupp. In a significantly more difficult market environment, we achieved a slight improvement in orders and sales; earnings before taxes reached € 3.1 billion, compared with € 3.3 billion a year earlier. The management report on the Group contains a wealth of information on our performance in the past fiscal year. Subject to the effects of the financial crisis on the real economy, which are not yet sufficiently predictable, we provide an outlook for 2008/2009 and report on our medium and long-term goals.



# Business areas and organization

Capabilities, organizational structure and management responsibility are instrumental in the success of ThyssenKrupp. As an international industrial and services group we combine a solid product and business portfolio with short decision-making paths, high innovativeness and cost efficiency. With their ideas and initiatives, our almost 200,000 employees open up new opportunities for demanding customers all over the world. This paid off again in the past fiscal year.

## Capabilities

The operations of ThyssenKrupp are focused on an innovative range of capabilities in steel, capital goods and services. Almost 200,000 employees develop and produce products and services that offer our customers throughout the world convincing solutions. The specialists in our plants, offices and branches are highly sought-after partners when it comes to achieving business excellence. With our five business segments we define economic and technical progress for many industries.

## Organizational structure

The ThyssenKrupp Group is run on a decentralized basis to allow us to respond faster to market and customer requirements. Operating business is handled by the five segments Steel, Stainless, Technologies, Elevator and Services. They are led by their own holding companies and decide independently on their market and customer operations. The segments are organized into business units based on product groups or markets. Their commercial and technical staff represent the dynamic performance capabilities of ThyssenKrupp in day-to-day business with our customers and partners.

### COMPANY STRUCTURE



Holding company      Segments

The most important tasks of ThyssenKrupp AG as Group holding company include corporate strategy, portfolio management, risk management and central financing. This is also where contact is maintained with large parts of the corporate environment, the capital market and above all the stockholders. Numerous services are also performed, including image advertising, innovation support and personnel marketing, which benefit the Group as a whole.



The holding company will move to the new ThyssenKrupp Quarter in Essen in mid-2010.

Founded in 1999, ThyssenKrupp AG is a stock corporation under German law. Under its Articles of Association it is dual domiciled in Duisburg and Essen, though most of its head office functions are located in Düsseldorf. In mid-2010 the holding company will move to the ThyssenKrupp Quarter, the new headquarters currently being built in Essen. A progress report on the building work can be found on page 63. We have our own Group representatives and contacts in Berlin, Brussels and over 30 other locations throughout the world. They support our segments and customers close to the markets from Washington to Warsaw, Beijing to Bangkok, and Moscow to Mexico City.

ThyssenKrupp AG owns, directly or indirectly, over 800 companies and equity interests in around 80 countries; around two thirds of the Group's 2,700 production sites, offices and service bases are located outside Germany. The largest of our 1,200 locations worldwide remains Duisburg, with over 18,000 employees. More details on our shareholdings are provided on pages 221–244.

## Management responsibility in the Group

The Executive Board of ThyssenKrupp AG, which is responsible for the management of the Group, is made up of the chief executives of the segment holding companies and directors holding responsibility for corporate functions, so that their respective knowledge of sales markets and central corporate functions can feed directly into decision-making. In addition, the Executive Board organizational structure stipulates which members are responsible for specific world regions. The chief executives of the segments which have the strongest involvement in a region take responsibility for that region in addition to their responsibility for segment operations.

One key task of the Group Executive Board as a whole is to develop outstanding young talent for top management positions and give them increasing responsibility. High potentials are regularly assessed and prepared for senior roles. Targeted job rotation plays an important part in this. Young professionals are expected to gain experience in different segments of the Group and in different countries to enable them to see beyond segment boundaries and demonstrate their intercultural competencies. For more information on management development and the role of the Group Executive Board in this, turn to pages 130–132.

## Compensation Report

The Compensation Report is contained in the Corporate Governance Report on pages 30–36 and forms part of the management report on the Group.

## Disclosure of takeover provisions

The following information is presented in accordance with Art. 315 par. 4 of the German Commercial Code (HGB).

### **Composition of capital stock**

The capital stock of ThyssenKrupp AG remains unchanged at €1,317,091,952.64 and consists of 514,489,044 no-par value bearer shares. Each share carries the same rights and grants one vote at the Annual General Meeting.



The Alfried Krupp von Bohlen und Halbach Foundation holds 25.14% of the voting shares in ThyssenKrupp AG.

### **Shareholdings exceeding 10% of the voting rights**

There is one direct shareholding in the Company which exceeds 10% of the voting rights: The Alfried Krupp von Bohlen und Halbach Foundation, Essen has informed ThyssenKrupp AG that effective September 30, 2008 it holds around 25.14% of the voting rights of ThyssenKrupp AG.

### **Appointment and dismissal of Executive Board members, amendments to the Articles of Association**

The appointment and dismissal of members of the Executive Board of ThyssenKrupp AG is subject to Arts 84, 85 German Stock Corporation Act (AktG) and Art. 31 Codetermination Act (MitbestG) in conjunction with Art. 6 of the Articles of Association. Amendments to the Articles of Association are subject to the approval of the Annual General Meeting with a majority of at least three quarters of the capital stock represented; Arts 179 ff. AktG apply. Under Art. 11 par. 9 of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association which relate only to their wording. The Supervisory Board is also authorized to amend Art. 5 of the Articles of Association (Capital Stock and Shares) depending on the use of authorized capital. If the authorized capital has not been used or has been only partly used by January 18, 2012, the Supervisory Board may also amend the wording of Art. 5.

### **Authorization of the Executive Board to issue shares**

Under Art. 5 par. 5 of the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's capital stock on one or more occasions on or before January 18, 2012 by up to €500 million by issuing up to 195,312,500 new no-par value bearer shares in exchange for cash and/or contributions in kind (authorized capital).

It may exclude stockholders' subscription rights with the approval of the Supervisory Board in the following cases:

- for fractional amounts occurring as a result of the subscription ratio;
- to grant subscription rights for new shares to the holders of conversion and/or option rights or conversion obligations outstanding at the time the authorized capital is utilized in respect of convertible bonds and/or options already issued or to be issued in the future by the Company or its subsidiaries to the extent to which they would be eligible as stockholders after exercising the conversion and/or option rights or after fulfillment of the conversion obligations;
- if the issue price of the new shares is not significantly lower than the stock market price of shares already quoted on the stock market at the time the final issue price is determined and the shares issued do not exceed altogether 10% of the capital stock either at the time this authorization becomes effective or at the time it is exercised;
- in the event of capital increases in exchange for contributions in kind.

The sale of treasury stock shall be counted against the 10% capital limit insofar as it takes place during the term of this authorization to the exclusion of subscription rights pursuant to Art. 186 par. 3 sentence 4 AktG. Shares issued to service bonds with conversion and/or option rights and conversion obligations shall likewise be counted against the 10% capital limit insofar as the bonds are issued during the term of this authorization to the exclusion of subscription rights analogously applying Art. 186 par. 3 sentence 4 AktG. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further content and the terms and conditions of the share issue.



The company was authorized to repurchase shares by the Annual General Meeting on January 18, 2008.

#### **Authorization of the Executive Board to repurchase stock**

By resolution of the Annual General Meeting of January 18, 2008 the Company was authorized until July 17, 2009 to repurchase treasury stock up to a total of 10% of the current capital stock of €1,317,091,952.64. The authorization may be exercised in whole or in installments, once or several times, in pursuit of one or several purposes by the Company or by third parties for the account of the Company. At the discretion of the Executive Board, the buy-back may be effected on the open market or by means of a fixed-price/Dutch auction tender offer. The countervalue per share paid by the Company (excluding incidental costs) may not be more than 5% higher or lower than the price determined on the day of trading by the opening auction in the Xetra trading system (or a comparable successor system).

If the shares are repurchased by means of a tender offer, the tender price or the limits of the price range per share (excluding incidental costs) may not be more than 10% higher or lower than the average closing price in the Xetra trading system (or a comparable successor system) on the three trading days before the date of the public announcement of the offer.

If, after announcement of a tender offer, the relevant price is subject to significant changes, the tender offer may be amended. In this case the price is based on the average price over the three days of trading before the public announcement of an amendment. The tender offer may specify further conditions. If the offer is over-subscribed or, in the case of a Dutch auction, not all of several equal tenders can be accepted, tenders must be accepted on a quota basis. Priority may be given to small lots of up to 100 shares per stockholder.

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The repurchased ThyssenKrupp AG shares can be used by the Executive Board for all legally permissible purposes.

The Executive Board is authorized to use the repurchased stock for all legally permissible purposes. In particular it may cancel the shares, sell them by means other than on the open market or by offer to stockholders or sell them in exchange for a contribution in kind and use them to discharge conversion rights in respect of convertible bonds issued by the Company or the Company's subsidiaries. In the latter three cases, the stockholders' subscription rights are excluded. The Supervisory Board may determine that measures of the Executive Board under this authorization are subject to its approval.

By resolution of the Annual General Meeting of January 23, 2004, the Executive Board was authorized up to January 22, 2009 to carry out the following measures with the approval of the Supervisory Board:

- to issue bearer bonds in the total par value of up to €500 million and to grant the bond holders the right to convert the bonds into bearer shares of ThyssenKrupp AG (convertible bonds);
- to exclude the stockholders' subscription rights to convertible bonds if this is necessary (1) for fractional amounts occurring as a result of the subscription ratio, provided the issue price for the convertible bonds is not significantly lower than their theoretical fair value calculated according to recognized financial calculation methods and (2) to grant holders of conversion rights from previous bond issues subscription rights in the amount to which they would be entitled upon exercising their conversion rights. The conversion price for treasury stock must not be lower than 80% of the average closing price in the Xetra trading system over the three days of trading before the date of the public announcement of the offer or acceptance of a tender. The Executive Board determines the conditions for conversion bonds.

### **Key agreements subject to conditions**

ThyssenKrupp AG is party to the following agreements that are subject to a change of control as a result of a takeover bid:

- The Company has concluded an agreement with a banking consortium on a committed credit facility in the amount of €2.5 billion. This agreement can be terminated with immediate effect and outstanding loans declared due if the Company becomes a subsidiary of another legal entity or natural person and termination is requested by a group of banks representing more than 50% of the credit facility.
- Further, the Company is party to a shareholders' agreement in respect of Atlas Elektronik GmbH (joint venture) under which the co-shareholder EADS Deutschland GmbH has a call option on specific assets and liabilities of the joint venture at fair value in the event that a competitor of the joint venture or of the co-shareholder directly or indirectly acquires a controlling interest in the Company. If the call option is exercised, ThyssenKrupp Technologies AG is entitled to purchase all the co-shareholder's shares in the joint venture at fair value plus 5% premium. If the call option is not exercised, the co-shareholder has a put option in respect of the shares in the joint venture at the specified purchase price conditions.

# Business management – goals and strategy

A forward strategy with sustainably high sales and earnings targets keeps ThyssenKrupp on growth course over the long term. Our value-based management approach, which systematically increases the value of our Company, and the more than 7,000 successful projects under our ThyssenKrupp best value enhancement program are paying dividends.

## Strategic development

ThyssenKrupp is well equipped for further strategic growth in all areas of activity, though our strategic measures will only take full effect when the deepening economic slowdown has been overcome. Our global presence, innovative products, high service share, motivated employees and good customer relationships are the key factors determining the success of our five segments Steel, Stainless, Technologies, Elevator and Services.



The Steel product range is characterized by high technological capabilities along the value chain.

### **Steel: Strong capabilities with intelligent material solutions**

Our Steel segment concentrates on the premium flat-rolled carbon steel market segment and is successfully positioned in its core European market. In recent years the portfolio has been systematically focused on high value-added products along the value chain. Our capabilities include intelligent material solutions, custom processing, and comprehensive service through to the finished product. The constant development of new steel grades and products together with our outstanding technological capabilities in production secure our strong position.

In the coming years we aim to strengthen our market position internationally. The key elements of our growth strategy are the building of a new steel production plant in Brazil with an annual capacity of 5 million tons and a processing plant in the USA, and the expansion of the processing and coating capacities in Germany.

### Steel mill in Brazil – key role in growth plans

Of central importance to implementing our growth plans is the steel mill now under construction in Rio de Janeiro/Brazil with a favorable cost base and high quality standards. 22,000 people are currently working on erecting the nine plant sections, each of which represents a major investment in itself. Seven of them are proceeding in line with the ambitious schedule: port, coke plant, raw materials handling, sinter plant, power plant, supply networks and infrastructure. Delays that have occurred have been made good with acceleration measures. Commissioning of the port, coke plant and power plant can take place in the 1st quarter of 2009.

However, it will not be possible to complete the core units – blast furnaces and melt shops – on schedule. Despite ongoing initiatives to accelerate the building work, it looks today as if commissioning of these will not take place until late 2009. Until recently the booming worldwide market for capital goods led to supply bottlenecks in some areas. In addition, the extremely adverse weather conditions compared with the long-term average caused considerable delays.



The investment budget for the new steel mill in Brazil is around €4.5 billion.

The investment budget of €3 billion approved in September 2006 is currently expected to increase to around €4.5 billion. Now included in this figure is the economically justified insourcing of energy supplies and slab logistics. In addition, we optimized the technical design for future capacity expansions. Added to this were cost increases for construction supplies and services, increased interest costs, and exchange-rate differences due to the increasing strength of the real in the reporting year. The profitability of the project in combination with the construction project in Alabama/USA and the expansion program in Europe is not jeopardized by this increase. As planned, we are already recruiting employees for the future project and production phase. At the end of September 2008 we employed around 1,250 people here.

### Steel and Stainless: Joint launch in Alabama

Construction of the new joint steelmaking and processing plant for Steel and Stainless near Mobile in Alabama, which began in fall 2007, is on schedule. The grading of the ground for the core units has already been completed. Pile driving, reinforcement and concrete work for the foundations is under way. Startup is planned for early 2010. Due in particular to the tight supply situation in the global plant construction sector, the costs are expected to be higher than planned - by around 10% at Steel and a good 30% at Stainless. The profitability of the projects is not at risk.

For the Steel segment, the Mobile plant will include hot-rolling, cold-rolling and coating facilities and will process slabs from the Brazilian mill into high-quality flat products. It will have a hot rolling capacity of more than 5 million tons per year. For the Stainless segment, the planned capacity of the plant is around 1 million tons per year. In the future, the Mexican stainless steel subsidiary ThyssenKrupp Mexinox will also be supplied with starting material from this location.

In parallel with the construction work, our marketing experts from Steel have drawn up a sales plan for developing the North American market and established contacts with key customers. Target groups are the auto and electrical industries, steel service centers and the pipe industry, specifically for the energy sector.

Stainless also aims to expand its business in North America on a sustainable basis through the new plant. The segment has already achieved a share of around 12% of the US stainless market. Most of the material is currently supplied by ThyssenKrupp Mexinox, supplemented by imports from our plants in Germany, Italy and China. Marketing is handled by our sales company in Chicago.

#### Optimization in Europe

At the same time the expansion of our plants in Europe continues. Steel aims to strengthen its position in its traditional European market by expanding and modernizing its processing and coating facilities in Germany. Around 40% of the slabs produced in Brazil will be shipped across the Atlantic to be processed into high-quality finished products for demanding customers.



A second hot-dip coating line is being built together with a partner in Dalian, China.

#### Focus on China continues

Despite the key strategic projects in the transatlantic region, the growth market of China remains an important focus for Steel. We are investing here in careful steps mainly in the areas of hot-dip coating, tailored blanks, metal forming and steel service centers. Under a current project, we are building a second hot-dip coating line in the northern Chinese city of Dalian in association with our partner Ansteel. Like the first line, which has been in operation since 2003, it will have an annual capacity of 420,000 tons. It is due to go into operation in 2009 and will meet demand for hot-dip coated products in particular from the Chinese auto industry.

#### Stainless: Global stainless producer

By constantly developing new applications for its materials, the Stainless segment aims to cement and expand its market position. Our growth strategy is based on three main pillars:

- In stainless flat products the emphasis is on securing competitiveness in our core European market.
- Our position as a global stainless producer is to be strengthened by further penetration of the attractive NAFTA market.
- In the area of high-performance alloys, we intend to expand our business in nickel alloys and titanium.

To achieve these growth targets, Stainless is modernizing and expanding capacity at its operating companies, building the new plant in Alabama/USA, and systematically further developing its performance enhancement programs.

Today the segment is active as a supplier of high-quality materials and as a service provider for these materials through its global network of production and sales companies and service centers. The product range extends from stainless steels to nickel alloys and titanium. That means supplying customers with solutions for diverse applications, offering product support services – for example through various forms of processing – and being an effective local partner. By proactively pursuing our sales offensive for stainless steel, we aim to improve our value added and thus increase our sales and earnings potential over the long term. To achieve this, all companies of the segment are expanding their processing capacities, building further service centers and optimizing their operating performance.

#### **Technologies: Growth offensive through megatrends**

The growth strategy of Technologies is geared to the megatrends of climate, environment, infrastructure and mobility, areas in which the segment offers key products and solutions, e.g. slewing bearings for wind turbines, EnviNOx facilities which remove pollutant gases, and lightweight vehicle components.



One in two ThyssenKrupp engineers works in the Technologies segment.

Technological, engineering and innovative strengths are key to the segment's strategic potential. Around half of all the Group's engineers work here. It is thanks to their customized designs, for example, that around 30% of all raw materials produced by surface mining operations worldwide today rely on mining and handling systems from Technologies. In this way we help safeguard supplies, develop new sources and ensure their cost-efficient exploitation. In the area of environment and energy, we deliver solutions for the use of renewable energies and new technologies to lower emissions and reduce consumption. The increasing volume of shipping traffic worldwide and the wish for individual mobility in the emerging markets also place diverse demands on the segment's innovative capabilities.

In addition, Technologies aims to continuously expand its services business.

#### **Elevator: Sustainable expansion of world market position**

The Elevator segment plans to permanently strengthen its position as a leading supplier in the global market for passenger transportation systems. One of the main aims of our systematic growth strategy is to further expand our tight-knit network of branches and service operations. In addition to the high quality of our elevators, escalators, moving walks, passenger boarding bridges and stair lifts, setting up locations close to our customers in regional markets is key to our business success. We therefore plan to establish further branches in new markets and acquire additional regional service companies. Together with a sound knowledge of local market conditions, this provides a promising basis for strengthening our global market position in the coming years. The segment's key growth regions are the emerging countries of Asia, in particular China and India, as well as Eastern Europe with the Russian market.

#### **Services: Focused expansion strategy**

The Services segment continues to pursue its focused growth strategy so as to secure and expand the positions it has already achieved on the global market. The strategy is centered on the core business with raw and industrial materials which is to be significantly expanded. To finance this growth we

intend to sell the Industrial Services business unit. This business unit is highly profitable but it has the smallest synergies with our core business. For most of the activities we therefore see better development opportunities with a best owner outside the Group. However, the steel service operations in Germany and Brazil will be retained and combined with other service providers in the segment to form a full-line service provider for the metal producing industry as part of the Special Products business unit, which can then offer customers a portfolio of services along the entire value chain.

With the help of a strategic partner, who will take a substantial minority interest, the Special Products business is to be driven forward in particular in Asia and Eastern Europe.

#### **Foundation stone ceremony for ThyssenKrupp Quarter in Essen**

The concentration of the administrative locations at the Essen and Duisburg locations is continuing to schedule. Following the symbolic groundbreaking, the foundation stone of the new ThyssenKrupp Quarter was laid in early September 2008. The first units will be able to start work there in the 2009/2010 fiscal year. Alongside the Group holding company, further segment holding companies and the ThyssenKrupp Academy will be located in Essen to enhance cooperation within the Group.

### **Business management through value-based management**



Our goal is to increase the value of the company systematically and continuously – with the aid of a value-based management system.

The Group is managed and controlled using a value-based management system. Our objective is to systematically and continuously increase the value of the enterprise – through profitable growth and a focus on businesses which offer the best development opportunities in terms of competitiveness and performance. Key elements of this management system are an integrated control concept, value-based performance indicators as well as extensive measures to achieve profitable growth, enhance efficiency and optimize capital employed.

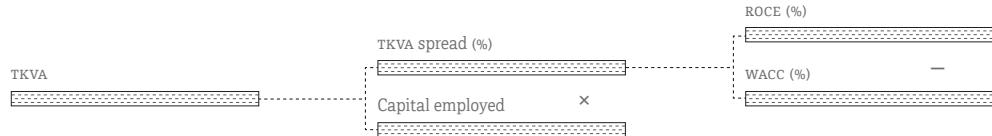
#### **Control concept secures Groupwide transparency**

With our integrated control concept we guide and coordinate the activities of all segments. It supports the decentralization of responsibilities, guarantees Groupwide transparency and aims to increase the value of the Group by bridging operational and strategic gaps between the actual and target situation. High-quality systems for the reporting of actual and forecast figures link together strategic and operating elements; these reports are supplemented by regular action-based communications. All management processes are geared to the performance indicators of our value management system which are also used to calculate the variable components of management compensation.

### ThyssenKrupp Value Added as central performance indicator

The central performance indicator for our value-based management system is ThyssenKrupp Value Added (TKVA), which measures the value added in a period at all levels of the Group. It is the difference between ROCE (return on capital employed) and WACC (weighted average cost of capital), multiplied by capital employed. Capital employed is defined as invested assets plus net working capital.

#### CALCULATION OF THYSSENKRUPP VALUE ADDED (TKVA)



In addition to TKVA as a value-based performance indicator, free cash flow is taken into consideration as a cash-based performance indicator to ensure that, especially in growth phases, the Group portfolio comprises a balanced mix of value drivers and cash providers.

An alternative method of calculating TKVA using absolute figures is as follows: earnings before interest and taxes (EBIT) minus cost of capital. Cost of capital represents the expected return on equity and debt. It corresponds to the product of WACC and average capital employed.



The costs of equity and debt and interest for pension accruals determine the Group's cost of capital.

The weighted average cost of capital (WACC) is the minimum return demanded by investors and creditors. It is calculated on a pre-tax basis and comprises the weighted average cost of equity and debt as well as the interest rate for pension obligations:

- The cost of equity of our Group is based on the return from a risk-free alternative investment plus a market risk premium and taking into account the specific risk of ThyssenKrupp in relation to the overall market. The weighted average cost of equity calculated on this basis corresponds to a weighted average cost after operating taxes. Since the cost of capital at ThyssenKrupp is calculated on a pre-tax basis, a tax adjustment is carried out.
- The cost of debt (cost of financial debt) is the interest on a risk-free alternative investment plus a company-specific risk premium.
- The interest rate for pension accruals is calculated on the basis of the weighted five-year average discount rate for internally financed pension plans and healthcare obligations.

On the basis of the above factors, the weighted average cost of capital for the Group was 8.5% in fiscal 2007/2008. Specific WACC figures are established for the segments which reflect their respective risk structures. In the reporting year, the segment WACC figures were:

**WACC FOR THE SEGMENTS in %**

Steel .....	9.0
Stainless .....	9.0
Technologies .....	9.0
Elevator .....	8.0
Services .....	8.5

Since the business environment is constantly changing, the weighted average cost of capital is regularly reviewed and adjusted if necessary.

**Levers of the value management system: Growth, efficiency capital employed**

Three levers can be used to increase TKVA: profitable growth, increases in operating efficiency and optimization of capital employed. A major contribution to profitable growth and thus to increasing the value of the enterprise is made by investment projects which generate returns higher than their cost of capital. A key element in increasing operating efficiency is the ThyssenKrupp best value enhancement program, which is described in more detail on pages 67–68. Capital employed as the third lever to increase TKVA can be optimized by withdrawing from business activities in which, for example, the cost of capital cannot be earned. Alternatively, targeted programs can be implemented to release capital, e.g. programs to optimize net working capital, to reduce capital employed without reducing EBIT.

The following tables show how TKVA and its components developed over the last two fiscal years:

**COMPONENTS OF THYSSENKRUPP VALUE ADDED (TKVA)**

	2006/2007					
	EBIT (million €)	Capital employed (million €)	ROCE (%)	WACC (%)	Spread (% points)	TKVA (million €)
Group	3,728	18,000	20.7	9.0	11.7	2,108
Thereof:						
Steel	1,761	6,557	26.9	9.5	17.4	1,138
Stainless	871	3,827	22.7	9.5	13.2	507
Technologies	518	2,239	25.0	9.5	15.5	348
Elevator	(75)	1,776	(4.2)	8.5	(12.7)	(226)
Services	787	3,330	23.6	9.0	14.6	487

	2007/2008					
	EBIT (million €)	Capital employed (million €)	ROCE (%)	WACC (%)	Spread (% points)	TKVA (million €)
Group	3,572	19,478	18.3	8.5	9.8	1,916
Thereof:						
Steel	1,700	7,697	22.1	9.0	13.1	1,007
Stainless	214	3,698	5.8	9.0	(3.2)	(119)
Technologies	678	2,693	27.6	9.0	18.6	502
Elevator	450	1,695	26.5	8.0	18.5	314
Services	834	3,834	21.7	8.5	13.2	508
						21

\* Earnings before taxes and interest income/expense



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

The ThyssenKrupp Group's earnings before interest and taxes decreased by €156 million to €3,572 million in fiscal 2007/2008. The negative impact this had on ROCE was increased by the rise in capital employed. Average capital employed increased by €1,478 million to €19,478 million. The main reason for this was increased capital spending throughout the Group, especially on the major projects in Brazil and the USA; this was partly offset by a reduction in net working capital in the Steel and Stainless segments. Consequently ROCE fell to 18.3% in 2007/2008 from 20.7% the year before; nevertheless the Group's WACC of 8.5% was again significantly exceeded. As the spread was lower, TKVA decreased by €192 million to €1,916 million.

The Steel segment reported earnings before interest and taxes of €1,700 million in 2007/2008, €61 million down from the year before. As capital employed increased significantly in the same period, ROCE decreased from 26.9% to 22.1%. This means that the WACC of 9% was comfortably exceeded. In connection with a decline in the spread, TKVA decreased by €131 million to €1,007 million.

Earnings before interest and taxes in the Stainless segment decreased by €657 million to €214 million. With capital employed slightly lower, ROCE of 5.8% was achieved, compared with 22.7% a year earlier. With the WACC of 9%, the spread was negative. As a result, TKVA decreased by €626 million to €(119) million.

Technologies achieved earnings before interest and taxes of €678 million, €160 million more than the year before. Despite a rise in capital employed, ROCE increased from 25.0% to 27.6% and thus comfortably exceeded the WACC of 9%. TKVA was €154 million higher at €502 million.

In the Elevator segment earnings before interest and taxes were €450 million, €525 million up from the previous year. It should be taken into account that the prior-year earnings before interest and taxes were impacted by the EU fine of €480 million. Capital employed was unchanged at €1,695 million. The growth in ROCE by 30.7 percentage points to 26.5% led to a rise in TKVA to €314 million, compared with €(226) million the year before.

In the Services segment earnings before interest and taxes increased by €47 million to €834 million. Capital employed showed a disproportionate increase of €504 million to €3,834 million. As a result, ROCE was down to 21.7% from 23.6% a year earlier. At €508 million, TKVA was slightly higher year on year.



Our portfolio management strategy strengthens existing businesses and opens up new areas of business – essential for sustainable growth.

### Portfolio management uses performance indicators

The results of the analysis of the performance indicators feed directly into our portfolio management. This involves structural measures with a primarily strategic character. We decide which businesses are to be expanded to realize our TKVA targets, and which activities we should withdraw from in a timely and profitable way. We also develop new businesses by entering into promising new markets on favorable terms. All these measures create the basic requirements for the ability to pay dividends and for sustainable, profitable growth in our core businesses.

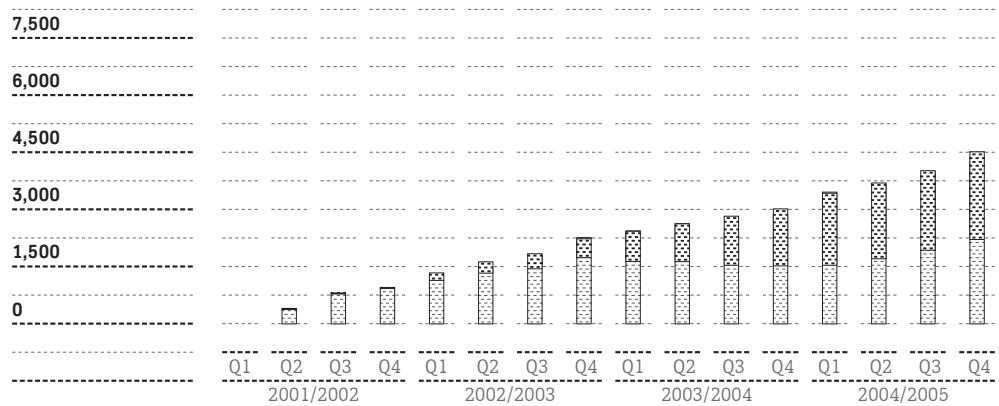
### Value management training

A communication and training initiative launched in 2006 helps firmly anchor value management in the Group. To date, over 4,000 decision makers from all segments have attended training seminars. Most of them were held in Europe, but training has also been provided in China, the USA, Mexico, Brazil, Japan and South Korea. Tailoring the seminars to specific segments and target groups ensured a high level of relevance and practical value.

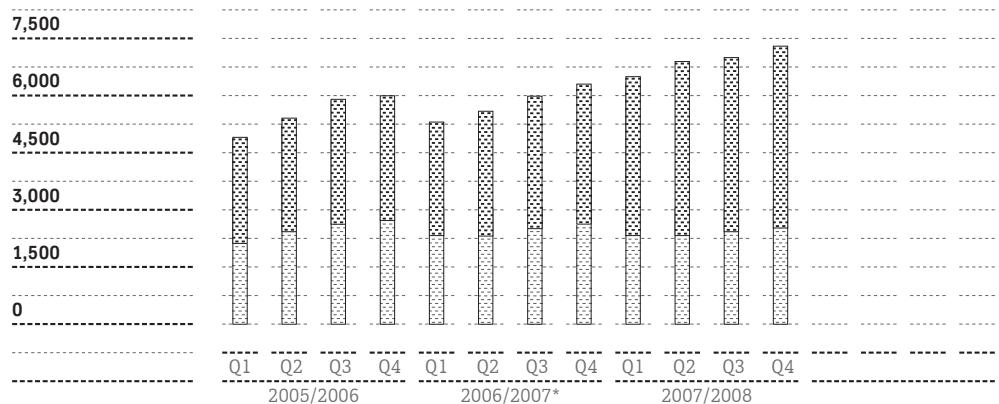
## ThyssenKrupp best

Increasing the value of the Company for our stockholders, enhancing our performance for our customers, and eliminating weaknesses in our operating structures – these goals were achieved again in 2007/2008 by ThyssenKrupp best. For seven years now, the program has been supporting the process of continuous improvement in the Group and providing the necessary guidance and tools. The following modules form the basis for the program's success: Organization & Commitment; Screening & Initiatives; Training & Tools; Reporting & Controlling; Communication, Know-how Transfer & Employee Involvement. All employees can get involved, take part in projects and share their new-found knowledge. In the reporting year alone, more than 1,100 new projects were launched.

### THYSSENKRUPP BEST PROJECTS WORLDWIDE



More than 7,000 projects have been carried out in seven years under the ThyssenKrupp best program.



Projects in process Completed projects \* excluding projects at discontinued operations

### Worldwide success

Since the program was initiated in 2001, ThyssenKrupp best has significantly increased the value of the Group. At September 30, 2008 the program comprised 7,337 projects. A further 1,620 projects were under way at discontinued operations.

In fiscal 2007/2008 more than 50% of the projects were carried out at Group subsidiaries outside Germany. Companies at more than 400 locations in almost 50 countries have contributed projects to the program. The majority of projects – around 70% – were carried out in Europe, primarily Germany, Spain and the United Kingdom. Over 20% of the projects took place on the American continent – successful project teams have now been formed in the USA, Canada, Mexico, Brazil and Colombia. Value enhancement projects were also launched in China, South Korea and other countries in the Asia/Pacific region, accounting for 7% of all best projects. The increase in projects organized on a cross-country basis is particularly encouraging.

The transfer of knowledge from one Group subsidiary to another is a key success factor of ThyssenKrupp best. Successful project ideas are communicated to different segments and areas, revised, and transferred to other companies. In addition to the program's internet-based platform best plaza, numerous events are held to encourage knowledge sharing among Group companies. We successfully continued the "Best Practice Fair" series in 2007/2008 with events featuring e.Procurement and Six Sigma.

### Initiatives focused on key areas

In the ThyssenKrupp best initiatives, we bring together the results and experience gained in projects and provide tools for project work. We communicate training modules and additional in-depth knowledge. Acting as multipliers, numerous experts systematically drive the initiatives forward in the segments by helping the Group companies identify and exploit potential for improvement and promoting knowledge transfer in the Group.

In addition to the purchasing initiative, which has strengthened purchasing throughout the Group on a lasting basis since 2005, in 2007 we launched the Sales & Service initiative, which has already produced initial results. The initiative is aimed at exploiting the potential for sustained improvement in sales and services, focusing on products, customers and services as well as internal processes and organizational structures.



In 2008 the winning ThyssenKrupp best teams came from the Steel, Technologies and Services segments.

### 2008 ThyssenKrupp best Award

In the reporting year, three project teams from the Steel, Technologies and Services segments won the now traditional ThyssenKrupp best Award. Projects were judged on the basis of methodology, implementation, scope, transferability and overall potential. First prize was awarded to a company from the Services segment for their project aimed at maximizing customer potential in mature markets. Second prize went to a ThyssenKrupp best team from the Technologies segment for a project to optimize global sourcing. Third prize was won by a project team from the Steel segment who achieved significant cost savings by developing alternatives to existing alloying concepts for specific steel grades.

# Group review

ThyssenKrupp had a successful year in fiscal 2007/2008. In a more difficult market environment, our performance matched and in part exceeded our expectations. Orders and sales were up from the previous year. At €3.1 billion, earnings before taxes were higher than forecast. ThyssenKrupp once again earned more than its cost of capital and with ROCE of 18.3% generated positive EVA.

## General economic conditions



World GDP will grow by only 3.7% in 2008, also as a result of the international financial crisis.

The economic environment deteriorated perceptibly in the past fiscal year. The international financial crisis that originated in the US mortgage market increasingly impacted the markets for goods and services. Sharp rises in energy and raw material prices and growing inflation rates also had a negative effect. According to current estimates, world GDP increased by 3.7% in 2008 – less than expected a year ago – compared with 5% in 2007.

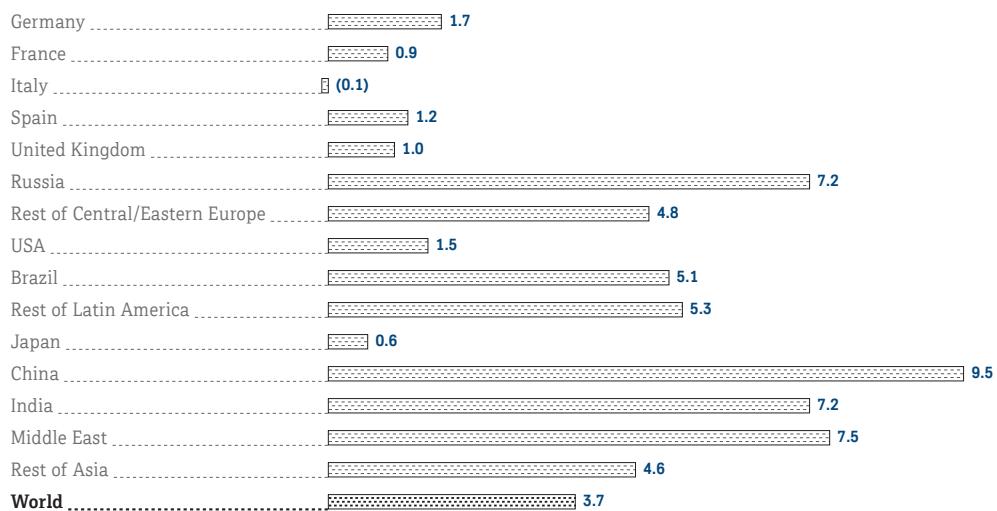
### Economic downturn in the industrialized nations

The economic slowdown was particularly noticeable in the industrialized countries, some of which moved close to a recession. In the USA, the continuing crisis on the housing market, a decline in business spending and weak private consumption meant that domestic demand was virtually stagnant. However, exports increased significantly on the back of the weak US dollar.

In the euro zone, the economic situation also clouded. After a strong start to 2008, economic growth slowed in the further course of the year to just 1.2% overall. The German economy performed slightly better. Higher inflation dampened private consumption, while business spending and exports rose modestly.

The emerging markets of Asia, Latin America and Central and Eastern Europe again recorded strong growth in 2008, though the pace of expansion slowed from the prior year. China and India continued to report high growth rates thanks to robust domestic demand. The Brazilian economy also expanded even though conditions for exports were more difficult for exchange-rate reasons. Russia profited in particular from dynamic growth in consumer and capital spending, and most other countries of Central and Eastern Europe remained on growth track.

#### GROSS DOMESTIC PRODUCT 2008\* Real change versus previous year in %



\* Estimate

## Economic conditions in the sectors

There was a mixed picture in our important customer markets. Demand for carbon steel flat products remained relatively high and prices rose. Demand for stainless steel in the core European markets slowed significantly from the middle of the 2nd calendar quarter, putting increasing pressure on prices. Activity in the automotive and construction sectors varied by region – growth in the emerging markets, stagnation in the industrialized countries. The mechanical engineering sector continued to expand, albeit at a slower place.

### Sustained strong demand for flat-rolled carbon steel

Despite the weakening of the world economy, the situation on the international steel markets was characterized by continuing growth. Global demand was particularly strong in the first half of the calendar year, with supply scarce in part due to raw material shortages. Steel prices increased, driven by unusually drastic rises in raw material and energy costs. Demand eased slightly in the further course of the year.



World steel production increased by 4% to 1.4 billion tons in 2008.

According to provisional estimates, global crude steel output increased by around 4% in 2008 to reach a new record level of 1.4 billion metric tons. China, which expanded its share of world steel production to 37%, made a major contribution to this with production growth of 6%, which was however lower than in prior years. Most other regions also recorded production increases, while output in the EU fell just short of the high year-earlier volume. German steel production was lower at 47.5 million tons.

Demand on the European flat-rolled carbon steel market was high in the first half of 2008 for economic and inventory cycle reasons. With third-country imports perceptibly lower than a year earlier, European suppliers were able to expand their EU sales, regain market share and push through the price increases made necessary by rising raw material costs. Orders declined in the summer months due to the increasing clouding of the economic picture, seasonal effects and high inventories at end users and distributors. Although import supply increased again, this has so far had no impact on European steel prices.

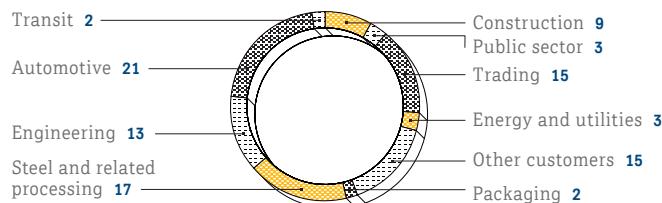
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The North American steel market was characterized in 2008 by a sharp fall in demand from the auto and construction industries.

On the North American steel market, demand from the automotive and construction sectors fell sharply. Despite this American steel producers reported higher sales volumes and price increases in the first half of 2008, as imports remained low and the previous heavy destocking came to an end. From mid-year, however, prices came under pressure and began to fall.

The emerging Asian countries once again reported above-average growth in demand and supply in 2008. Here too, however, the pace of demand slowed considerably from mid-2008, leading to significant price reductions above all in China. Against this background, Chinese steel producers stepped up their exports again. In the first half of the year, exports had decreased due to strong growth in domestic demand and export controls introduced by the Chinese administration.

#### SALES BY CUSTOMER GROUP 2007/2008 in %



#### Stainless steel: Strong demand, prices under pressure

Worldwide demand for stainless steel flat products remained high. According to provisional estimates, global consumption increased by around 4.5% in 2008, driven mainly by China, whereas growth in Western Europe and the NAFTA region was no higher than 1.5% to 2%.

On the European market, demand was initially stable in 2008. After orders and deliveries dropped to a very low level in the prior year due to massive imports from Asia, high inventories at stock-holding distributors and sharp fluctuations in the price of the alloying element nickel, the situation improved perceptibly in the 4th calendar quarter 2007, only to deteriorate again significantly from the middle of the 2nd calendar quarter 2008. This was mainly due to the recovery in demand from distributors, gradually rebuilding the inventories they had run down due to the declining nickel price. European

producers succeeded in raising base prices again through to the 2nd calendar quarter 2008. After that, however, the traditionally weak summer months and the clouding of the economic outlook resulted in a renewed sharp decline in base prices, and order intake decreased significantly.

On average, third-country imports were lower than a year earlier, mainly due to a decrease in imports from Asia, particularly China, Taiwan and Korea. However, imports from these countries started to rise again continuously from the beginning of the 2nd quarter 2008, gaining momentum later as a result of the increasing underutilization of Chinese production capacities.

#### 1

Sharply fluctuating prices for alloying metals such as nickel and chromium influenced buyer behavior.

Alloy prices again significantly affected customer behavior. Having reached an all-time high in mid-2007, the nickel price declined sharply and by mid-March 2008 had stabilized at a relatively low level of 27,000 – 33,000 US dollars per ton, which initially had a positive impact on demand. A renewed downward trend from early May caused stainless customers to once again adopt a wait-and-see approach. By contrast, chromium prices climbed substantially due to the scarcity of global supply. Whereas for chromium-nickel steels (austenitics) this increase was offset by the lower nickel price, the rising price of both chromium and steel scrap had a noticeable impact on chromium steels (ferritics). The alloy surcharge for these grades increased by more than 100% in the reporting year.

In the NAFTA region, the general weakness of the economy subdued demand for stainless steel, leading to a decline in volumes and base prices. In China and other Asian markets, demand for stainless steel products remained high, but high inventories and overcapacities at producers prevented an improvement in prices, which were down from the prior year.

In the market for nickel alloys, the initial rise in alloy prices and the strength of the euro against the US dollar negatively impacted the competitiveness of European producers. In addition, competitors with production facilities in the US dollar zone increasingly forced their way onto the European markets.

#### **Automobile production only higher in emerging markets**

The global auto market hardly grew at all in 2008. According to provisional estimates, production rose by less than 1% to just under 74 million cars and trucks. While output in Western Europe and North America was in part significantly lower, the majority of the emerging markets in Central and Eastern Europe and Asia reported strong growth. In these regions, vehicle production increased by an average of 10%, with the highest rates recorded in India, China and Russia.

The North American markets showed the largest declines. Increasing financing problems and at times sharply rising gasoline prices caused sales to slump. High-fuel-consuming light trucks such as sport utility vehicles and pick-up trucks were hit particularly hard. According to initial estimates, output was down by 13% to 13.1 million vehicles. The automobile market in Brazil remained encouragingly positive; production rose by 10% to 3.2 million vehicles in 2008.

In Western Europe, the auto market declined slightly, with output down 3% to 17.3 million units. At 6.1 million vehicles, German manufacturers fell just short of the prior-year level. Domestic demand was stable, while passenger car exports softened slightly. Truck production matched the high prior-year level.

#### German engineering sector still strong

The clouding of the economic outlook and the decline in capital spending also impacted growth in the global mechanical engineering industry, above all in the USA. In China, the pace of expansion slowed, but growth rates still remained high.

In Western Europe, activity in the mechanical engineering sector cooled. In Germany, orders in 2008 fell short of the high prior-year level, but thanks to strong orders in hand output rose by 6%. The German plant engineering sector once again reported strong demand.

#### Growth in construction industry in Eastern Europe and Asia

Growth in the global construction sector continued to be driven by the emerging markets of Asia and Central and Eastern Europe. India and China reported double-digit growth rates. In the USA output declined in 2008 as a result of the real estate crisis. In some Western European countries, the construction boom also came to an end.

Output in the German construction industry was only slightly higher in 2008 than a year earlier. The 1% increase in production was mainly due to higher demand from the commercial building segment.

## Thyssenkrupp held up well

### THYSSENKRUPP IN FIGURES

	2006/2007	2007/2008
Order intake	million €	54,605
Sales	million €	51,723
EBITDA	million €	5,254
Earnings before taxes (EBT)	million €	3,330
Employees (Sept. 30)		191,350
		199,374



ThyssenKrupp performed successfully in 2007/2008 despite the more difficult market conditions

ThyssenKrupp held up well in a more difficult market environment. Our high-quality, high-tech, custom-tailored products and services formed the basis for an overall successful fiscal year 2007/2008. Earnings before taxes were higher than expected a year ago. The Executive Board and Supervisory Board will propose the payment of a dividend of €1.30 per share to the Annual General Meeting in January 2009.

## Orders and sales higher

Although the economic slowdown was more severe than predicted, order intake in 2007/2008 was in line with our expectations and at €55.2 billion was 1% higher than a year earlier. The Steel, Elevator and Services segments recorded higher orders, while there were decreases at Technologies and Stainless.



At €53.4 billion, Group sales increased more strongly than expected.

Group sales rose by 3% to €53.4 billion and were thus higher than expected. Only Stainless recorded lower sales due to declining stainless steel prices. By contrast, Steel achieved better prices and higher sales. At Technologies, the continuing good project situation in plant construction more than offset the negative impact of disposals and exchange rate trends. Elevator also expanded its business, more than compensating for negative exchange rate effects. Services profited above all from the strong materials market in the reporting year.

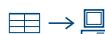
### SALES BY SEGMENT in million €

	2006/2007	2007/2008
Steel	13,209	14,358
Stainless	8,748	7,420
Technologies	11,523	12,412
Elevator	4,712	4,930
Services	16,711	17,336
Corporate	288	124
<b>Segment sales</b>	<b>55,191</b>	<b>56,580</b>
Inter-segment sales	(3,468)	(3,154)
<b>Group sales</b>	<b>51,723</b>	<b>53,426</b>

## Earnings above expectations

In the year under review, ThyssenKrupp generated earnings before taxes and nonrecurring items, including pre-operating expense for the steel mills in Brazil and the USA, of €3.5 billion, thus exceeding the earnings forecast which we raised most recently in August 2008. As expected, this fell short of the prior-year figure, which was boosted by exceptionally high demand for carbon steel flat products and very high base prices for stainless steel. The impact on earnings of falling prices for certain raw materials, in particular nickel, and declining selling prices for stainless steel products was cushioned in the reporting period by the use of hedging instruments.

Despite returning a lower profit, the Steel segment once again made the biggest contribution to earnings. Shipments were virtually unchanged, but the significant rises in raw material costs could not be passed on in full in our prices to customers. Earnings were also impacted by the pre-operating costs of the new steel plants in Brazil and the USA as well as restructuring charges at Metal Forming. Following record earnings in the prior year, income in the Stainless segment was down sharply. Key factors in this were a decline in orders and shipments in the course of the year as well as significantly lower base prices. Technologies reported record profits, thanks in particular to strong business in plant engineering and components for the construction and automotive industries. Elevator achieved an improvement in its operating earnings. Against the background of a strong materials market, Services exceeded the prior year's record earnings.



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[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

## EARNINGS BY SEGMENT in million €

	2006/2007	2007/2008
Steel	1,662	1,540
Stainless	777	126
Technologies	544	741
Elevator	(113)	434
Services	704	750
Corporate	(205)	(417)
Consolidation	(39)	(46)
Earnings before taxes (EBT)	3,330	3,128

## Components of earnings

At €53.4 billion, sales in the reporting period were €1.7 billion or 3% higher than a year earlier. By comparison, the cost of sales rose disproportionately by €1.9 billion or 4% to €44.2 billion. The greater part of this increase (€1.5 billion) was due to higher materials expenditure as a result of rising raw material and energy costs; in addition, the personnel expense included in the cost of sales was up €172 million or roughly 3%. Overall, gross margin decreased from 18% to 17%.

Despite our business expansion, selling expenses in 2007/2008 were level with the prior year. The €245 million increase in general administrative expenses was largely attributable to project expense for the construction of the steel plants in Brazil and the USA. The €295 million decrease in other operating income was mainly due to lower insurance recoveries (€154 million) and lower proceeds from disposals of property, plant and equipment and investment property (€115 million). The €351 million decrease in other operating expense was due to the fact that the prior-year figure contained the €480 million EU antitrust fine on ThyssenKrupp Elevator and €60 million in goodwill impairment charges. Running counter to this was a €94 million increase in provisions for restructurings, mainly relating to Metal Forming in the Steel segment, as well as higher research and development costs (€23 million) and increased losses from the disposal of property, plant and equipment (€19 million). The €64 million rise in proceeds from disposals of consolidated companies was largely attributable to the sale of the precision forging operations and Nobiskrug in the Technologies segment during the reporting period.

Financial income improved by €101 million, due mainly (in the amount of €80 million) to the increased capitalization of interest cost during the construction of the new steel mill in Brazil. In addition, the €49 million improvement in income from investments accounted for by the equity method as a result of the positive business performance was set against a €46 million decline in interest income, particularly as a result of the increase in net financial debt.

Income taxes were €288 million lower, in connection with a reduction of the tax rate from 34% to 27%. The decrease in the tax rate was attributable to the reduction in German tax rates and an improvement in the tax situation outside Germany. After deducting tax expenses, net income was €86 million higher at €2,276 million. Deducting the minority interest in net income of €81 million, earnings per share rose by around 7% from €4.30 to €4.59, the highest level since the merger of Thyssen and Krupp in 1999.



The tax rate decreased from 34% to 27% in the reporting year



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### Income of ThyssenKrupp AG

The net income of ThyssenKrupp AG in the reporting year according to HGB (German GAAP) amounted to €1,175 million, compared with €309 million the year before.

Income from investments increased by €1,196 million to €1,862 million. Income from profit transfer agreements was higher than a year earlier. The Steel, Technologies and Services segments returned significant profits, with Steel once again delivering the biggest earnings contribution. Loss transfers were lower in 2007/2008 as the prior-year figure included the antitrust fine imposed by the EU Commission on ThyssenKrupp Elevator. Income from investments was €412 million, compared with €173 million in the prior year.

The €143 million reduction in other operating income was mainly the result of the €196 million decrease in intercompany tax allocations in connection with the transfer of income from subsidiaries, a €60 million reduction in the disposal of property, plant and equipment, and €46 million less from the reversal of the special item with reserve elements. Running counter to this was a €134 million increase in the carrying value of an investment and the charging on of license fees in the amount of €14 million.

The treasury shares included in operating assets on September 30, 2008 were valued at the stock market price on the balance-sheet date. As a result, a €505 million writedown was recognized in the item "Writedowns on financial assets and securities classed as operating assets".

Administrative costs changed only slightly compared with the prior year. Lower personnel expense was offset by increased expenditure for services and promotional measures.

The interest expense of €381 million reported in the year under review reflects payments into the additional paid-in capital of affiliated companies and interest rate changes on the money and capital markets.

After the aforementioned effects, income from ordinary activities was €1,364 million, compared with €695 million a year earlier.

The decrease in tax expense compared with the prior year was mainly due to the necessary writedown of the purchase costs for treasury stock to the market value on the balance-sheet date, which is also valid for tax purposes.

After income tax, net income amounted to €1,175 million. Taking into account transfers to reserves for treasury shares of €532 million, transfers to retained earnings of €8 million and the income carried forward from the previous year of €34 million, unappropriated net income was €669 million. Subject to the approval of the Annual General Meeting, this amount is to be used to distribute a dividend of €603 million. The balance of €66 million is to be carried forward.

### €1.30 dividend per share

The legal basis for the dividend payment is the HGB unappropriated net income of ThyssenKrupp AG in the amount of €669 million (prior year also €669 million). It comprises the HGB net income of ThyssenKrupp AG in the amount of €1,175 million (prior year €309 million) less transfers to retained earnings of €8 million (prior year transfer from retained earnings of €334 million) and to reserves for treasury stock of €532 million plus the income carried forward from the prior year of €34 million.



With net income of €1,175 million, the unappropriated profit of ThyssenKrupp AG was €669 million.

The Executive Board and Supervisory Board will propose to the Annual General Meeting the payment of a dividend in the amount of €1.30 (prior year €1.30) per share and the carryforward of the balance of €66 million. Should the number of shares eligible for dividend distribution change before the date of the Annual General Meeting, the proposed dividend distribution will be adjusted accordingly. Therefore, of the €669 million unappropriated net income, a total of €603 million will be used to pay a dividend on the 463,473,492 shares eligible for dividend payments at September 30, 2008.

The financial statements of ThyssenKrupp AG are presented in abbreviated form in the following table:

**BALANCE SHEET OF THYSSENKRUPP AG (HGB) in million €**

	Sept. 30, 2007	Sept. 30, 2008
Intangible assets	50	47
Property, plant and equipment	103	123
Financial assets	16,453	16,037
<b>Fixed assets</b>	<b>16,606</b>	<b>16,207</b>
Receivables from non-consolidated subsidiaries	9,625	8,842
Other receivables and other assets	312	321
Securities	698	1,073
Cash and cash equivalents	2,481	1,202
<b>Operating assets</b>	<b>13,116</b>	<b>11,438</b>
<b>Assets</b>	<b>29,722</b>	<b>27,645</b>
 Stockholders' equity	 6,175	 6,715
Special items with reserve elements	91	157
Accrued liabilities	526	560
Bonds	1,500	1,500
Liabilities to financial institutes	298	948
Liabilities to non-consolidated subsidiaries	20,853	17,513
Other liabilities	279	252
<b>Liabilities</b>	<b>22,930</b>	<b>20,213</b>
<b>Stockholders' equity and liabilities</b>	<b>29,722</b>	<b>27,645</b>

**STATEMENTS OF INCOME OF THYSSENKRUPP AG (HGB) in million €**

	2006/2007	2007/2008
Income from investments	666	1,862
Other operating income	1,006	863
Other expenses and income	(608)	(980)
Net interest income/expense	(369)	(381)
<b>Income from ordinary activities</b>	<b>695</b>	<b>1,364</b>
Income taxes	(386)	(189)
<b>Net income</b>	<b>309</b>	<b>1,175</b>
Transfer from retained earnings	334	0
Allocation to reserves for treasury shares	0	(532)
Allocation to retained earnings	0	(8)
Carryforward	26	34
<b>Unappropriated net income</b>	<b>669</b>	<b>669</b>

### Portfolio further streamlined

Following on from previous years, ThyssenKrupp continued its active portfolio management strategy in the reporting period. In North America, the Steel segment acquired a majority interest in the tailored blanks operations. Technologies further reduced its automotive activities, including in particular the sale of the precision forging group to an industrial investor. Marine Systems disposed of the Nobiskrug shipyard, which specializes in the construction of medium-size mega yachts. Elevator made numerous minor acquisitions to further strengthen its global market positions in the areas of elevators and accessibility products. The Services segment acquired Apollo Metals and thus significantly expanded its operations in metal distribution and supply chain management for aerospace customers. Several minor acquisitions were also made to strengthen the segment's competitive position.

ThyssenKrupp sold its 25% financial interest in Bertrandt AG. This will have no effect on our successful project-related cooperation with Bertrandt.

In the reporting year we acquired companies with sales of €0.5 billion and disposed of companies with sales of €0.4 billion. Since the merger of Thyssen and Krupp we have therefore sold companies with sales of €9.5 billion and acquired others with sales of €8.7 billion.



New jobs were created above all in the service business, pushing the number of employees to 199,374.

### Strong rise in employee numbers

The size of the workforce grew significantly. At September 30, 2008 ThyssenKrupp had 199,374 employees worldwide, 8,024 or 4% more than at the end of the prior fiscal year.

The headcount increased in particular at the service-oriented segments Elevator and Services. Steel created additional jobs above all through the construction of new plants in Brazil and – jointly with Stainless – in the USA. Employee numbers were slightly lower at Technologies and unchanged at Stainless.

At 85,097, the headcount in Germany was largely unchanged from the previous year. In the rest of the world, the workforce grew by 7% to 114,277. At the end of September 2008, 12% of employees worked in the USA, 7% in Brazil and 5% in France.

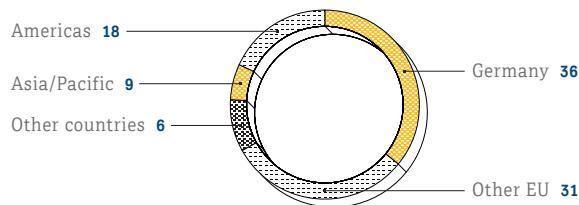
## Sales markets and marketing

The EU region was once again the main market for ThyssenKrupp in fiscal 2007/2008: 67% of our products and services were sold to customers in the EU, more than half in Germany. 18% of our sales were generated with customers in America, from Alaska to Tierra del Fuego. The Asia/Pacific region grew in importance for our business, but still accounted for a low sales share of 9%. Thanks to our stable customer structures, the percentage breakdown remained relatively unchanged, although customers outside Germany have become increasingly important in the past five years. As the following table shows, their share of Group sales grew in this period by 38% to €34,265 million.

## SALES BY REGION in million €

	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
Germany	12,458	14,166	15,837	18,545	19,161
Other EU	10,731	12,106	13,293	16,198	16,677
Americas	8,621	10,002	11,609	10,218	9,706
Asia/Pacific	3,545	4,164	4,123	4,146	4,852
Other countries	1,948	2,489	2,263	2,616	3,030
<b>Total</b>	<b>37,303</b>	<b>42,927</b>	<b>47,125</b>	<b>51,723</b>	<b>53,426</b>

## SALES BY REGION 2007/2008 in %



ThyssenKrupp companies and their products hold leading positions on numerous international markets. Outstanding technology, cost-efficiency and reliable service have proved convincing arguments for many customers. In many areas we enjoy longstanding customer-supplier relationships. Our technicians also develop specialized solutions for specific customer requirements. In the auto industry, for example, our segments develop numerous new lightweight materials and components to support the objective of reducing vehicle weight.



Technical magazines, participation in trade shows and intensive customer support are among the established marketing tools.

## Combination of effective marketing measures

As a producer and service provider for materials and capital goods, we mainly sell to corporate customers. Only in exceptional cases do private customers buy from us directly, for example elevators or stair lifts for residential buildings. That makes our target groups manageable in terms of numbers but also very demanding in terms of communications. We maintain contacts with them through technical magazines, published several times a year and reporting on successful innovations and new trends in the Group. In addition, product documentation provides all the data required for customers to make an informed decision on using our products. We also attach importance to modern, attractive product designs and apply our corporate design guidelines to all business stationery and advertising. Further sales tools include international trade shows and presentations, country- and customer-related product design, efficient marketing efforts and individual customer advice.

Responsibility for marketing measures lies with the individual Group companies, who operate on the market and are able to respond quickly to changing trends. Given the breadth of our product range, this approach has proved more successful than centralized marketing.

### Communications strengthen market presence

Our intensive communications work presents the Group and its brand to all important target groups and strengthens its market presence. Our customers are a key target group, because transparent information and a strong brand have a positive effect on customer loyalty. In the human resources market, our communications work helps attract the best young talents to the Group. Investors are informed about our growth and value-enhancement prospects. At the same time, our employees are given a picture of the Group as a whole, beyond the boundaries of the individual subsidiaries. We also ensure that the ThyssenKrupp is perceived by the general public as a forward-looking industrial and technology group.

The content and design of our communications media are constantly tested and the findings used to optimize the “next generation”. The overall impact of our communications work is regularly reviewed by independent market research institutes and has to date been rated highly efficient.



An important target group for our communications measures is the general public.

Many of our measures are aimed at a broader audience and address social themes which are of interest to the Group and the general public. Under our initiative “Discovering future technology” we carry out projects with children and young people to give them a better understanding of technology and thus prepare the ground for an interest in technical and scientific professions. At the Ideas Park in Stuttgart in May 2008, more than 280,000 youngsters and adults discovered the fascination of technology and found out about the importance of technical progress. This was a continuation of the concept aimed at different age groups which had already proved successful at previous events in Gelsenkirchen and Hanover. For more information on the Ideas Park, turn to pages 110–111.

### Capital expenditures

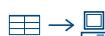
In fiscal year 2007/2008 ThyssenKrupp invested €4,282 million, 43% more than a year earlier. €4,018 million was spent on property, plant and equipment and intangible assets, while the remaining €264 million was used for acquisitions. Capital expenditure was €2,900 million higher than depreciation, which amounted to €1,382 million.

INVESTMENT BY SEGMENT in million €

	2006/2007	2007/2008
Steel	1,659	2,596
Stainless	328	387
Technologies	581	763
Elevator	122	136
Services	282	369
Corporate	131	66
Consolidation	(102)	(35)
<b>Group</b>	<b>3,001</b>	<b>4,282</b>

ThyssenKrupp used the investments to strengthen its position in promising growth areas. The biggest single project is the construction of a new steel mill in Brazil. In addition to our German sites, America was one of our main regions for investment.

Further information can be found in the notes to the consolidated statement of cash flows in the section “Financial position” on pages 106–107.



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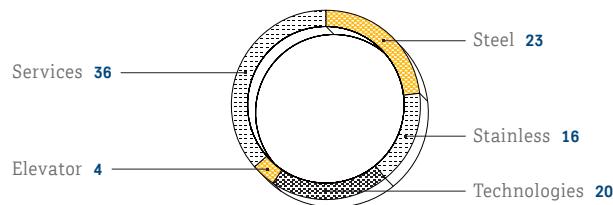
## Procurement: Further increase in volumes

At €34.5 billion, materials expense amounted to 65% of sales in the reporting period. Compared with the prior year, we spent 4% more on raw materials, other products and services. The increase is mainly attributable to rising raw material prices until just before the end of the fiscal year and outsourced products. In isolated cases, supply bottlenecks caused extensions to planned delivery times; in general, material supplies were secured.

### MATERIALS EXPENSE BY SEGMENT in million €

	2006/2007	2007/2008
Steel	7,650	8,514
Stainless	6,783	6,096
Technologies	7,024	7,626
Elevator	1,577	1,657
Services	13,223	13,645
Corporate	186	51
<b>Materials expense of segments</b>	<b>36,443</b>	<b>37,589</b>
Consolidation	(3,447)	(3,131)
<b>Group</b>	<b>32,996</b>	<b>34,458</b>

### MATERIALS EXPENSE 2007/2008 in %



Iron ore from Brazil increased in price by around 66% in 2008.

### High price increases for iron ore

As growth in steel output remained high, demand for iron ore from overseas suppliers increased by a further 48 million metric tons in 2008 to 840 million tons. Expansions to iron ore production were not sufficient to avoid bottlenecks. In this situation, the Brazilian mining company Vale was able to push through price increases of around 66% for fine ores in 2008. On the back of strong demand, the price of pellets rose by as much as 87%. Average ocean shipping rates for ore shipments remained very high in 2008 and fluctuated sharply.

In the reporting period, the Steel segment purchased 17.1 million tons of iron ore, of which almost 10 million tons in Brazil, followed by Canada (3.3 million tons) and Africa (2.4 million tons). Smaller volumes were purchased in Australia and Sweden.

On the very tight market for coking coal, production losses in Australia caused by bad weather at the beginning of 2008 led to a further significant reduction in supply. As a result, coking coal prices tripled for deliveries in contract year 2008/2009 (April – March). There were similar surcharges for PCI coal. High ocean shipping rates further impacted coal shipments.

The price of internationally traded blast furnace coke has risen continuously since the end of 2006. At the end of the reporting period, the price of blast furnace coke from China was around 670 us dollars per ton fob port of loading in China, an increase of 130% in the space of a year. The extreme price rises for supplies from China were partly attributable to strong demand and partly to the raising of local export taxes on coke and other fuels.

#### **Mixed trends for alloying metals**

As in previous years, trends on the procurement markets for alloys and metals were extremely mixed. While the price of ferromolybdenum, which had fluctuated sharply in prior years, stabilized at a high level of 80 us dollars per kilogram in 2007/2008, the price of ferrosilicon rose steeply in two stages. A 17% price increase in February was followed by a further climb of 32% in June to €1,630 per ton. These jumps were mainly attributable to anti-dumping measures introduced for Chinese ferrosilicon, which resulted in a shortage on the world market.

The price of zinc, which is traded on the London Metal Exchange (LME), slipped continuously over the course of the fiscal year and in mid-2008 was 40% lower than at the start of the fiscal year. After trading higher earlier, copper and aluminum were slightly above the level at the start of the fiscal year but were trending downward toward the end of the fiscal year.



Alloying metals are important for the manufacture of stainless steels: whereas the price of chromium increased, nickel was almost 50% cheaper.

The LME price of nickel, which is important for the Stainless segment, started the fiscal year at just under 30,000 us dollars per ton, rose to over 33,600 us dollars in mid-November, fell to below 26,000 us dollars at year end, then climbed back to 33,300 us dollars by the beginning of March 2008. Prices then slumped to just under 17,500 us dollars in early August, recovered slightly to 21,100 us dollars and then decreased further to 15,755 us dollars on September 30, 2008. Overall, the price of nickel almost halved in the course of the reporting period.

By contrast, there were massive price increases for chromium, another key alloying metal for stainless producers. Starting from an all-time high at the end of the last fiscal year, there were increases of 21% in the 1st calendar quarter 2008, 59% in the 2nd calendar quarter and a further 7% in the 3rd calendar quarter. Production cutbacks due to energy shortages in South Africa, an important supplier country, and increased demand from China played a major part in this trend.

The strong worldwide steel market resulted in new record prices for steel scrap. In the course of the reporting year, the price of grade 2 scrap in Germany rose by 71% to as high as €426 per ton in June. Steel scrap prices then decreased continuously through to September, falling to €301 per ton. The availability of alloyed scrap was generally good. This is attributable on the one hand to the historically still high nickel price and the high prices of chromium and iron, and on the other hand to subdued demand from stainless producers.

These rising prices for raw materials in the course of the fiscal year also led to higher prices for the products made from them, for example steel sheet, flat-rolled products, tubes and bar steel for forging. There were also supply bottlenecks and delivery delays for some starting products. By contrast, declining raw material prices, e.g. for nickel, resulted in lower starting material prices. Alongside raw material prices, higher energy and labor costs led to higher prices for supplies, spare parts, services and capital goods. Only through early planning were we able to avoid delivery bottlenecks and prevent production losses.

Although competition increased in individual areas (e.g. chemical processing plant and large-scale compressors) due to underutilization of capacities, suppliers still have very good workloads. There were long delivery times in particular for castings and forgings. In part the markets were also very tight for heavy machinery and businesses supplying power plant construction companies. These included manufacturers of electrical equipment, turbines, pumps, boilers and high-pressure equipment. The same was true of air and gas separation systems. In some cases excessive delivery times resulted in the postponement of planned start-ups.

In the services sector, our cross-segment product group management, standardized contract conditions and a focus on preferred suppliers enabled us to reduce prices and simplify the procurement processes.

#### **Purchasing initiative – important value generator in the Group**

As part of our value-enhancement program ThyssenKrupp best, the purchasing initiative once again delivered a significant contribution. Part of this came from the projects of the now more than 700 employees in Europe, North America, Brazil and Asia who have been trained in the use of our central methods and tools.

 Group subsidiaries can now order around 3.8 million items online – made possible by “Catalog Ordering”. In 2007/2008 our Group companies used the catalog ordering module to handle purchases worth over €100 million, a more than 12% increase over the prior fiscal year. The number of participating companies worldwide increased substantially. They can now purchase around 3.8 million articles online; the lower process costs for online purchasing deliver significant benefits to both us and our suppliers.

In the past fiscal year our global supplier management tool was used to assess over 500 important suppliers. Cumulative purchases of over €1.5 billion have been processed since the tool was introduced. 90 Group companies from Europe, the NAFTA region and Asia use these strategic supplier assessments, made on the basis of standardized methods and criteria. Cross-functional teams assess the suppliers and jointly define development measures. All suppliers and their assessments are saved in a database which can be accessed online by our Group companies.

### Surcharges push up freight costs

In parallel with rising material prices, freight costs also increased. The freight price index rose by 4.6% from the 1st calendar quarter 2007 to the 1st quarter 2008. Fuel surcharges, new regulations on driver working hours and a shortage of qualified personnel increased the costs of truck haulage. We kept cost increases for general cargo within limits by consolidating requirements under framework agreements. In the area of rail freight, prices were kept largely stable thanks to long-term agreements, although special cars for steel transportation were in short supply. In some cases – also to counter bottlenecks in road freight – we used a combination of rail and truck transportation.

Ocean freight costs varied depending on the port of destination. Whereas container freights from Asia to Europe were up to 12% more expensive in some cases, costs for container freights to the USA remained unchanged. Prices for some freights from Europe, specifically to the Far East and North America, actually decreased. Bulk carriers such as those used to transport iron ore represent a special market, and prices here increased. There were massive increases for all ship types due to bunker surcharges, but also due to higher costs for customs clearance. Air freight rates were kept constant by consolidating orders under framework agreements. However, prices nonetheless rose due to kerosene surcharges.

Our fleet management system achieved further synergies by integrating suppliers more closely, pooling orders, coordinating processes more efficiently and expanding the international roll-out of the system in the Group. We also automated processes to a greater degree. Interfaces for electronic data transfer and integration of our suppliers into the fleet management system were important elements here. All these optimizations helped counter rising fuel costs.

### Energy: Prices at an all-time high

Energy was more expensive than ever in the year under review. Despite this, we succeeded in securing energy supplies to ThyssenKrupp's international plants while keeping cost increases within limits. The synergies available in a major group played an important part in this.



The oil price reached an all-time high of 145.55 US dollars per barrel on July 15, 2008.

Worldwide the price of oil rose more sharply than in preceding years, in particular from April 2008. On July 15, 2008, a barrel of Brent crude cost a record 145.55 US dollars. At the same time, heavy oil prices in Germany climbed to over €530 per ton. As natural gas prices are generally linked to the oil price, they also increased. After reaching their peak, oil prices stabilized at a high level toward the end of the reporting period. The situation with gas was exacerbated by the fact that there is still a lack of competition on the German market. Although European market liberalization has now opened up the municipal distribution grids in Germany, there are still not enough suppliers offering low-cost alternatives for large industrial users such as our Company.

### Gas supply to us plant secured

One reason the Steel and Stainless segments selected Mobile in the US state of Alabama as the site for their new steel mill and processing complex was its proximity to gas supply lines. The site is in the direct vicinity of the intersection of three major pipelines and an important gas storage facility. This unique location secures the long-term uninterrupted supply of gas – even in the event of severe weather such as hurricanes on the Gulf coast. This central location also enabled us to agree favorable gas transportation costs.

### Soaring electricity prices

In the course of the past fiscal year, the rise in the price of electricity from wholesalers and on electricity exchanges gathered pace, driven by the sharp increases for crude oil, natural gas and power plant coal. In the case of coal, higher producer prices and transportation costs combined to make electricity more expensive.

The surcharges to subsidize renewable energies increased further in the reporting period and caused high additional costs. In addition, the electricity tax and the subsidization of combined heat and power plants made electricity more expensive. Although the German Federal Network Agency significantly reduced some network charges in the reporting year which lowered network costs substantially, these charges account for only around 10% of ThyssenKrupp's electricity procurement costs, so the effect was limited.

Outside Germany, too, we were able to secure electricity purchases at relatively low cost. Our subsidiaries in the UK and Spain generally concluded pooling agreements which provided synergies for procurement and allowed them to pursue a longer-term strategy to secure prices. In France, our larger companies used the new tariffs introduced by the government with more favorable terms than the wholesale market.

The Steel and Stainless segments have concluded a long-term contract with the local electricity utility for their plant complex in Mobile which guarantees low-cost, reliable supplies. The contract takes into account the power-intensive operation of the electric furnace melt shop. It also contains flexible clauses for long-term cost optimization. This low-cost electricity is essential to allow the profitable production of industrial gases such as oxygen, nitrogen and argon in an air separation plant.



Our steelmaking and processing plant in Alabama will benefit from a long-term supply of low-cost electricity.

### Higher energy costs due to emissions trading

Given the high level of steel production, the CO<sub>2</sub> emission allowances allocated to us by the German government for the second EU emissions trading period (2008 - 2012) now underway are inadequate: As a result we will have to purchase emission allowances or comparable certificates. Through Groupwide energy savings, participation in CO<sub>2</sub> funds and an efficient procurement strategy, we have been able to limit expense to date. Our expenditure for energy is also increased by the fact that the costs for CO<sub>2</sub> emission allowances are fully included in electricity prices. As prices for emission allowances rise in the second trading period, the costs of electricity procurement will increase accordingly.

## Summarized assessment by the Executive Board of business performance and target achievement

ThyssenKrupp can look back on a record of success since the merger: In the first year of its existence – 1998/1999 – our Group had 185,000 employees and generated sales of €32 billion and earnings before taxes of €0.6 billion; in 2007/2008 we had almost 200,000 employees, sales of over €53 billion and earnings before taxes of €3.1 billion.

2007/2008 was a good year for the Group. In many areas our performance was better than expected, even though the market environment was increasingly difficult. Earnings before taxes and major nonrecurring items amounted to €3.5 billion, exceeding our raised forecast of August 2008 of over €3.2 billion.

### ThyssenKrupp better than expected in 2007/2008

- **Order intake:** increased as expected to €55.2 billion
- **Sales:** higher than forecast at €53.4 billion
- **Earnings before taxes:** better than expected at €3.1 billion
- **Workforce:** higher than planned at 199,000
- **EVA:** €304 million higher than budgeted



The long-term business success of ThyssenKrupp will not be affected by the impact of the current financial crisis.

### Planning reviewed

In the uncertain environment of the financial crisis, ThyssenKrupp has reviewed its plans for fiscal year 2008/2009 and its targets. As a result of the economic downturn, we face a significant decline in business in 2008/2009, the extent of which cannot yet be reliably predicted. However, if – as currently forecast – the global economy emerges from the recession and gathers momentum again in 2010, ThyssenKrupp will also return to its long-term growth path.

We are firmly convinced that the growth strategy we initiated in 2005 is right. Adverse effects, such as those caused by the current financial crisis, may create delays, but the long-term success of the Company will remain unaffected. We are pursuing a successful, long-term portfolio optimization program, developing innovative products and processes and positioning ourselves strongly on the world's strategic growth markets. This will secure the future success of the Company.

# Segment review

Our five Group segments – Steel, Stainless, Technologies, Elevator and Services – take global challenges and turn them into opportunities. Our high-tech materials, plants, components and systems offer answers to many economic and technical questions of the future.

## Steel

### STEEL IN FIGURES

		2006/2007	2007/2008
Order intake	million €	12,718	14,199
Sales	million €	13,209	14,358
Corporate	million €	60	58
Steelmaking	million €	1,354	1,531
Industry	million €	6,390	6,976
Auto	million €	4,800	5,106
Processing	million €	2,695	2,906
Consolidation	million €	(2,090)	(2,219)
Earnings before taxes (EBT)	million €	1,662	1,540
Employees (Sept. 30)		39,559	41,311

### Cost increases not fully offset

The Steel segment is focused on premium carbon steel flat products and holds an outstanding position in its core market of Europe. Its capabilities include intelligent material solutions, custom processing and comprehensive services right through to finished parts.

The Steel segment performed successfully in a more difficult economic environment. Demand for premium carbon steel flat products increased further and could not be met in full. Order intake in the reporting year rose by 12% to €14.2 billion, and sales by 9% to €14.4 billion. These increases were primarily due to rising prices, although shipments were also higher than a year earlier. In the final quarter of the reporting year sales volumes were slightly more subdued.

At ThyssenKrupp Steel AG, average net prices were around 8% up year-on-year, but could not compensate in full for the substantial cost increases for raw materials and energy. Due to the high share of annual contracts, most of which were previously based on the calendar year, there will be a lag before the positive effect of higher steel prices is reflected in average revenues. In negotiations

with our customers in the final quarter of the reporting year we were able to adapt most of the annual contracts to the increased raw material costs by means of higher prices. The periods of these contracts have also been matched to those of our contracts with raw material suppliers, which will allow us to respond quickly to changes in raw material prices in the future.

At €1,540 million, earnings before taxes were €122 million lower than a year earlier but higher than our expectations thanks to the positive performance of high-value special products. Efficiency gains and additional cost reduction programs in all business units only partially offset the cost increases for raw materials and energy. In addition, the pre-operating costs of the new plants in Brazil and the USA, and the restructuring charges at Metal Forming weighed significantly on earnings.

### Corporate

The administrative functions of ThyssenKrupp Steel AG and the strategic investment projects in Brazil and the USA were combined in the new business unit Corporate at the beginning of fiscal 2007/2008. They previously belonged to the Steelmaking business unit. Due to the increase in pre-operating costs, particularly for the new steel mill in Brazil, the loss was higher than the comparable prior-year amount.

### 1

The new blast furnace 8 in the Duisburg iron and steel mill began operation after a construction period of only 28 months.

### Steelmaking

The Steelmaking business unit comprises the metallurgical operations in Duisburg and all logistics activities. It primarily supplies the market-facing business units with high-quality starting material. Including the share of production of investee company Hüttenwerke Krupp Mannesmann, crude steel production reached 14.2 million metric tons, 2% down from the prior year. This decrease was mainly due to the slight delay in relining blast furnace Schwelgern 1 in Duisburg. In response to high demand, slabs were again bought-in externally in the reporting year. In December 2007 the new blast furnace 8 went into operation after a construction period of only 28 months. It has a capacity of 5,600 tons per day and replaces blast furnace 4, which now serves as a standby unit.

Compared with the prior year, sales of the business unit increased strongly as sharp rises in raw material costs were charged on to customers. Price-driven sales increases were also achieved in the marketing of byproducts. Most of the logistics companies also recorded higher sales, partly due to volumes and partly due to increased freight rates. Profits at Steelmaking were significantly higher than the comparable prior-year figure.

### Industry

The Industry business unit serves all steel-using industries with the exception of the auto sector. Order intake from these customer groups increased from the prior year. Sales were 9% higher at €7.0 billion. Shipments also increased as our customers continued to enjoy good activity levels. The business unit's profits were lower than the high prior-year level.

The Industry/Distribution/Services profit center achieved sales growth especially with hot-rolled coil and sheet. Higher prices were realized in the quarterly and half-yearly deals, and most annual contracts were switched prematurely to new terms from July 01, 2008 in response to the extreme rise in raw material costs. However, earnings were lower than in the prior year as it was not possible to fully offset the cost increase.

The Heavy Plate profit center profited from continuing strong demand for premium-quality material, which we were unable to meet in full in the second fiscal half. Shipments were virtually unchanged. Cost increases were offset at least partially by higher prices in some product areas. Profits declined slightly.

At the beginning of fiscal 2007/2008 our organic coated sheet and construction elements operations were combined in the new competence center Color/Construction. Although demand for coil-coated products from the appliance industry was weaker, shipments were higher than a year earlier. However it was difficult to pass on increased costs in the very competitive market for color-coated products. Thanks mainly to higher volumes, the Construction Group increased its sales in Germany and the whole of Western Europe but business in the Central and Eastern European markets was more difficult. Profits at Color/Construction were down from the prior year.

#### 1

The new company in Poland pushed up sales in our European steel service business.

The European steel service business also achieved higher sales and shipments, largely due to the successful ramp-up of a new company in Poland. After a difficult 1st fiscal quarter the business was able to pass on significantly increased starting material prices to customers in the further course of the year. Despite this, earnings were unable to reach the high level of the prior year.

#### Auto

The Auto business unit is a partner and supplier to global auto manufacturers. Sales increased by 6% to €5.1 billion; with shipments down, this was due to higher prices in contract business. Against the background of rising raw material costs, contracts with most of the Auto division's customers were renewed early from July 01, 2008 with modified contract periods and higher prices. We took additional measures to increase efficiency to counter the substantial cost increases. This had a positive effect on the business unit's profits.

Tailored Blanks again increased its sales and earnings. A major factor in this was the full inclusion of the TWB group in the USA from March 01, 2008. Sales in the rest of the business also increased as a result of higher prices.

The steel service operations in North America recorded a large drop in sales due to lower volumes and exchange rate effects. Drastic production cutbacks in the North American auto industry resulted in a sharp fall in orders and hence sales. Positive price effects were unable to compensate for this. Profits were nevertheless up from the prior year, when earnings were impacted by asset impairment charges.

At Metal Forming, sales and shipments increased significantly. Operating earnings were positive. However the unit again posted a large loss due to restructuring costs of €134 million in the reporting period.

#### Processing

The Processing business unit combines our tinplate, narrow strip and grain-oriented electrical steel activities. These operations were also impacted by significant price increases for starting materials. Altogether, sales rose by 8% to €2.9 billion. We improved on our already strong prior-year profits thanks to the positive trend in grain-oriented electrical steel. Tinplate also recorded higher earnings, while narrow strip generated a slightly lower profit.

Tinplate equaled its record shipments of the prior year. Deliveries outside the EU were reduced in favor of higher shipments to the European market, where supply was tight. Measures to increase efficiency and reduce costs were implemented successfully.

Strong demand for narrow strip again resulted in higher production and shipment volumes, and sales also increased. From the 4th fiscal quarter the unit was able to bring forward price increases in half-yearly and yearly contracts. However the substantial cost increases for starting material could not be passed on to customers to the extent necessary.

The grain-oriented electrical steel business continued to benefit from rising demand for electricity generation and transmission equipment. Shipments and revenues were up from the prior year.

### Significant events

The integration of the Metal Forming business offers high potential for expanding our technological capabilities along the process chain from material to finished part. However as the earnings situation has so far been unsatisfactory an extensive restructuring program was introduced. In France it is planned to reduce the number of sites of ThyssenKrupp Sofedit from nine to five. In addition, the head office and the development center are to be relocated to the largest production site in Le Theil. Sales negotiations are being conducted with investors for two plants. A framework agreement on personnel adjustments has been concluded with the employee representatives. A restructuring plan has also been drawn up for the German sites and for the UK company ThyssenKrupp Tallent. In parallel with this, Metal Forming will strengthen its European plants through investments and expand its activities in the BRIC states. The construction of a second plant in Turkey was approved in September 2008.



The worldwide tailored blanks network was further strengthened in the reporting year.

Effective March 01, 2008 the Steel segment transferred its tailored blanks operations in Mexico to the US-based TWB Company, thereby increasing its shareholding in this company to 55%. With the takeover of control we will integrate TWB into the worldwide Tailored Blanks network and meet the demands of the auto industry for a global supplier. ThyssenKrupp Tailored Blanks successfully ramped up production in Turkey in the reporting period. A new plant in the Czech Republic began trial operation in June 2008.

The shareholding in Bertrandt AG was sold to a subsidiary of Landesbank Baden-Württemberg at the beginning of September 2008 as it no longer fitted in strategically with our automotive capabilities.

### Capital expenditures

The capital expenditures of the Steel segment reached €2,596 million in the reporting year, with depreciation at €639 million.

The expenditures were dominated by the two major strategic projects in Brazil and the USA. The construction of the new steel mill in the Brazilian state of Rio de Janeiro accounted for asset additions of €1.7 billion. Around €210 million was spent on the construction of the processing plant near Mobile in Alabama. More details on the progress of the projects can be found in the section "Business management – goals and strategy" on pages 59–61.

In Germany, investment continued to focus on the modernization of the ironmaking facilities in Duisburg. The new blast furnace 8 was blown-in in December 2007 and the large blast furnace in Schwelgern resumed operation in April 2008 after a 70-day shutdown for relining. A large part of the investment funds went into the expansion of the hot-rolled lines, mainly at the Bochum site, where a new walking-beam furnace began operation in March 2008. In the heavy plate area, funds were invested in the further expansion of water quenching capacity for high-strength wear-resistant steels.

Major spending was also carried out in the electrical steel, narrow strip and European steel service operations. In electrical steel, we further expanded capacity for higher-value grades at the plants in Gelsenkirchen and Isbergues, France. The aim for narrow strip is to increase capacity to 1.1 million tons per year. Steel Service Europe is currently building a new service center in Krefeld to concentrate the production of smaller sites in North Rhine-Westphalia. This will significantly improve productivity and capacity and thus create competitive advantages.

## Stainless

### STAINLESS IN FIGURES

	2006/2007	2007/2008
Order intake	million €	7,684
Sales	million €	8,748
ThyssenKrupp Nirosta	million €	3,839
ThyssenKrupp Acciai Speciali Terni	million €	3,244
ThyssenKrupp Mexinox	million €	707
Shanghai Krupp Stainless	million €	454
ThyssenKrupp Stainless International	million €	1,570
ThyssenKrupp VDM	million €	1,463
Corporate/Consolidation	million €	(2,529)
Earnings before taxes (EBT)	million €	777
Employees (Sept. 30)		12,182
		12,212



The Stainless segment is one of the world's leading manufacturers of stainless steel, nickel alloys and titanium.

### Large profit drop

The Stainless segment is focused on stainless steel flat products and the high-performance materials nickel alloys and titanium. We hold leading positions in both areas.

The volume of orders received by the Stainless segment improved significantly, increasing by 28% to 2.3 million tons. The prior-year period was marked by a pronounced reluctance to buy on the part of distributors and users. This was caused by extremely high imports from Asia, high inventory levels at distributors and service centers, and drastic fluctuations in the nickel price. The value of orders received decreased by 3% to €7.5 billion due to low base and nickel prices. The value of new orders for nickel alloys also fell as a result of the low nickel price. The value of orders for titanium mill products likewise decreased.

At 2.3 million tons, total Stainless deliveries in the reporting year were 3% up from the prior year. Shipments of nickel alloys were down slightly, while deliveries of titanium increased. Sales decreased by 15% to €7.4 billion, mainly as a result of lower selling prices.

Following the record earnings of the prior year, the Stainless segment saw its profits slump by €651 million to €126 million. The main reasons for this were significantly lower average base prices and partial underutilization of capacity in the 1st and 4th fiscal quarters. Thanks to the slight market recovery at the end of 2007 earnings improved initially but this improvement came to a halt at the end of the 3rd fiscal quarter, mainly as a result of weaker demand from distributors. This led to falling base prices and corresponding production cutbacks through to the end of the fiscal year.

Due to the dramatic price falls for nickel and alloyed scrap and the above-mentioned price developments on the selling markets, earnings were down significantly from the previous year. The drop in earnings was mitigated by successful inventory management and income from the fair value measurement of derivatives used to hedge against commodity price risks from outstanding purchasing transactions and inventories. In addition, the continuing strength of the euro weakened the competitiveness of our exports to the US dollar region. Higher electricity costs, particularly in Italy and Germany, also weighed on earnings.

#### **ThyssenKrupp Nirosta**

The ThyssenKrupp Nirosta business unit benefited in Europe from improved demand from distributors and still relatively stable sales to end customers. This generally positive trend was reflected in a strong increase in the volume of orders received. However, at €3.2 billion the sales of the business unit were down from the prior year due to lower prices. The significant decline in earnings was mainly caused by a much weaker price level.



Falling demand for stainless steel products led to a decline in sales and shipments at ThyssenKrupp Acciai Speciali Terni.

#### **ThyssenKrupp Acciai Speciali Terni**

At ThyssenKrupp Acciai Speciali Terni, too, the weakening of demand for stainless steel products over the year, above all from service centers and distributors, was reflected in order intake. This demand weakness was caused among other things by high volumes of imports coming into Europe, which impacted the Italian stainless market in particular. The sales of the Italian business unit slipped to €2.7 billion due to lower shipments and decreased transaction prices. In addition there were production losses at the Turin plant after the accident in December 2007.

ThyssenKrupp Acciai Speciali Terni posted a loss for 2007/2008. The drastic decline in earnings was mainly due to a weaker Italian stainless steel market. Earnings were additionally impacted by the extra costs associated with the decision by the EU Commission not to extend energy compensation payments. In addition, costs were incurred by the commenced relocation of production from Turin to Terni and by the fire in Turin in December 2007. The forging operations exceeded their prior-year earnings thanks to a stable market environment.

At ThyssenKrupp Titanium the volume of new orders increased strongly. Shipments were also higher, while sales fell slightly.

#### **ThyssenKrupp Mexinox**

ThyssenKrupp Mexinox held its own in a difficult market environment in the NAFTA region. Orders were up slightly from the prior year in terms of volume but decreased in value terms due to lower prices. Sales fell to €591 million.

The substantial drop in profits was due to the weak state of the US market. However the stable situation on the Mexican market weakened these negative effects.

#### **Shanghai Krupp Stainless**

At Shanghai Krupp Stainless order volumes were down from the prior year.

Sales were lower at €284 million, and profits also fell significantly. The deterioration was due to a continuing weak and difficult market environment in China – caused by increasing overcapacities – and the loss of contract work.

#### **ThyssenKrupp Stainless International**

The ThyssenKrupp Stainless International business unit recorded a fall in the volume and value of new orders due to the difficult market environment and low transaction prices. Sales decreased to €1.2 billion.

Following a profit in the prior year the business unit made a loss. The significant drop in earnings resulted from the generally weak state of the international stainless steel markets, which led to a decrease in margins and shipments.



ThyssenKrupp VDM expanded its range of products for the aerospace industry with a new forge for nickel alloys.

#### **ThyssenKrupp VDM**

In the nickel alloy business of ThyssenKrupp VDM order intake and sales were lower than a year earlier. Wire production was successfully relocated from Bärenstein to Werdohl. With the construction of the new forge, which began operation in May 2008, ThyssenKrupp VDM widened its range of products in particular for the aerospace industry.

The business unit was unable to maintain its prior-year profit level. On the European markets, increased exports by US suppliers – favored by the weak US dollar – resulted in high price pressure. In addition, the strong euro meant that prices for exports to the US dollar region were no longer competitive.

#### **Significant events**

In December 2007 a fire occurred in the Turin plant.

The plant in Turin was closed early as part of the strategic realignment of the Terni site.

### Capital expenditures

Stainless invested a total of €387 million in property, plant and equipment and intangible assets in the reporting year, with depreciation amounting to €157 million.

In the stainless flat products area the investment program centered on securing and expanding our existing market position in Europe and North America. This includes the construction of the new steelmaking and processing plant near Mobile in Alabama/USA, on which around €103 million was spent in the reporting year. The work is on schedule: Piling work and the construction of the foundations for the cold rolling mill have been completed. Erection of the first buildings began in late August 2008. Most of the orders for production equipment have been placed. A more detailed progress report is provided in the section "Business management – goals and strategy" on pages 60–61.

Capital expenditure at ThyssenKrupp Nirosta focused on expansion of the EBOR service center operations to increase end-customer business, the construction of an acid regeneration plant at the Krefeld site, and measures to maintain existing operations and modernize individual units. With the expansion of EBOR we continued the path of enhancing our processing capacities and thus increasing value-added in the area of high-quality stainless steel finishes. The new plant in Krefeld to regenerate spent acid is designed to further reduce the nitrate content of the wastewater. In the Krefeld and Bochum steelmaking shops the extensive modernization of the AOD furnaces will be continued in the coming years.



The plant in Terni/Italy is being expanded into the one of the most modern and efficient stainless steel production sites in the world.

ThyssenKrupp Acciai Speciali Terni with its investments aims to gradually expand the Terni plant into one of the most modern and efficient production sites in the world. Some of the individual projects began in 2006/2007 but will not be completed until fiscal 2008/2009. After the closure of the plant in Turin a start has been made on moving individual units to Terni. An additional investment program will increase hot- and cold-rolled capacities while widening the product portfolio. This will improve the balance between steelmaking and hot/cold rolling capacities and make it possible to meet long-term rising European demand. The investment program mainly involves replacing the thin-slab caster with a conventional continuous caster to enhance hot-rolled quality and better utilize existing steelmaking capacity. In addition, the installation of two inline roll stands in the recently built hot strip anneal and pickle line will create the conditions for higher cold-rolled capacity. The investment package also includes the creation of further capacity in the anneal/pickle area and the expansion of the finishing and shipping departments. To allow the production of ferritic grades with high chromium and low carbon contents and to optimize operating procedures, a VOD furnace was installed in the melt shop of ThyssenKrupp Acciai Speciali Terni which began regular operation in spring 2008. This VOD furnace will also help improve the quality of the cast forging ingots and create the necessary conditions for increasing ingot weights to 500 t.

A key factor in the expansion of Società delle Fucine was the investment in a manipulator to facilitate faster forging with reduced manpower and energy requirements. This will increase the efficiency of the forge while shifting the product mix towards higher-quality products and larger unit weights, above all for the energy sector.

An existing Sendzimir mill in the plant of ThyssenKrupp Mexinox is being modernized step by step. The project will continue over the next two fiscal years.

In China, Shanghai Krupp Stainless has expanded its processing capacities with a circle cutting machine enabling it to offer its customers circular stampings for further processing.

ThyssenKrupp Stainless International expanded its international distribution and service center network with further service centers. In the growing Turkish market a new service center is being built in the greater Istanbul area which will combine our existing operations there. The new service center will begin operation in the 1st quarter 2009. As at Shanghai Krupp Stainless, a circle stamping machine is being built in the service center in Poland which will meet the rising requirements of customers in the white goods industry.

To allow us to share in market growth, particularly in the high-end segments, we optimized existing production structures and further expanded our capacities for high-performance materials. The biggest single project at ThyssenKrupp VDM is the construction of a complete open-die forge at the Unna plant. In addition, service capabilities have been significantly expanded. In response to fast-growing demand for titanium products, ingot capacity at the Essen plant has been more than doubled in two steps. The key investment here was a modern electron beam furnace which has the advantage of being able to process both titanium sponge and titanium scrap.

## Technologies

### TECHNOLOGIES IN FIGURES

		2006/2007	2007/2008
Order intake	million €	14,844	13,490
Sales	million €	11,523	12,412
Plant Technology	million €	2,624	3,217
Marine Systems	million €	2,021	2,007
Mechanical Components	million €	3,793	3,924
Automotive Solutions	million €	3,182	3,247
Transrapid	million €	49	41
Corporate/Consolidation	million €	(146)	(24)
Earnings before taxes (EBT)	million €	544	741
Employees (Sept. 30)		54,762	54,043

### Most successful fiscal year

The Technologies segment is a high-tech engineering contractor and component manufacturer which also provides tailored services. With its innovative system and engineering capabilities, Technologies holds outstanding world market positions.

The segment's extremely positive performance continued unabated in the reporting year. Order intake was again pleasingly high at €13.5 billion, though below the exceptionally high level of the prior year, which was boosted by the frigate project for the German Navy. The project situation in the plant technology sector remained very good, with numerous infrastructure and exploration projects. Orders in hand increased again to around €16 billion at September 30, 2008, securing more than a year's sales. Based on the good order situation, sales in the reporting year also improved, rising by 8% to €12.4 billion despite negative US dollar exchange rate effects and disposals.



Numerous infrastructure and exploration projects in the raw materials area resulted in a large number of orders for the Technologies segment.

**i**

At Technologies, the highest earnings were again achieved by the Mechanical Components and Plant Technology business units.

Fiscal 2007/2008 was the most profitable year in the history of the segment. Profits improved from the prior year by €197 million to €741 million. The segment's active portfolio management with a focus on profitable business areas is having an increasing effect and confirming the sustainability of the Technologies strategy. The segment also benefited from the good order situation at Plant Technology, higher profits at Mechanical Components and lower costs and higher investment income at the segment holding company. All business units in the segment are now returning good - and in some cases excellent - profits, with the greatest earnings contributions again coming from the Mechanical Components and Plant Technology business units.

### **Plant Technology**

The very good order and project situation at Plant Technology was driven by high raw material and energy prices and by high global demand for cement, which pushed order intake from its high prior-year level to a new record of €5.1 billion. Among other things, customers ordered propylene and polypropylene plants, fertilizer complexes, coal gasification plants, coke oven plants, bulk handling systems, oil sands mining equipment and cement plants. In the chemical plant sector we won a major contract for a mega fertilizer plant in Algeria.

At €3.2 billion, sales were up strongly from the prior year thanks to the good order situation in all sectors. Plant Technology achieved outstanding earnings in 2007/2008. The large increase was due to higher sales on high-margin orders, a good workload and significantly improved order results.

### **Marine Systems**

At Marine Systems, order intake was well down from the prior year, which was boosted by major orders in connection with the German Navy frigate program. While demand in the repair and service business remained high, the surface vessel unit in particular fell short of the prior year's figures.

At €2 billion, sales were almost level with the prior year. The business unit's profit was lower than a year earlier. Worthy of particular mention is the very good performance of the repair and service business. Negative earnings impacts arose from complex mega yacht orders.

### **Mechanical Components**

Demand from machinery manufacturers for the high-tech products of the Mechanical Components business unit was generally positive in fiscal 2007/2008. Despite the disposal of the precision forging operation, order intake was unchanged from the high prior-year level.

Sales increased year-on-year to €3.9 billion. Gains in slewing bearings and rings, particularly due to unabated growth in the wind turbine sector, more than offset the fall in demand on the US markets and a strongly negative US dollar/euro exchange rate effect. Mechanical Components achieved a high three-digit million euro profit. Positive factors in this were the strong performance in slewing bearings and rings, and the income from a business disposal. Negative factors were declining demand in the USA, increased starting material prices at the North American foundries and, for exports, the continued depreciation of the US dollar against the euro.

### **Automotive Solutions**

Order intake at Automotive Solutions increased year-on-year. All operating groups played a part in this, with particular contributions coming from the body shop equipment and assembly systems group and the axle module assembly business.

At €3.2 billion, sales were slightly higher than a year earlier. Earnings also improved, with the business unit achieving a two-digit million euro profit. The restructuring programs carried out are therefore starting to bear fruit.

### **Transrapid**

Transrapid achieved sales of €41 million, mainly due to billings under the Chinese license agreement; the earnings contribution was positive.

### **Significant events**

The Technologies segment rigorously continued its portfolio optimization in 2007/2008. The main events were the disposals of ThyssenKrupp Präzisionsschmiede to the Indian Sona Group, the ThyssenKrupp Drauz Nothelfer plant in Ravensburg to EBZ Systec, and the Nobiskrug shipyard in Rendsburg to Eagle River Capital.

Plant Technology strengthened its market position in the engineering and construction sector by purchasing the remaining 50% of Uhde Shadden with sites in Australia and Thailand. The company is active in the engineering sector, particularly in the oil, gas, chemical and petrochemical industries, and serves the Australian and Southeast Asian regions.

Marine Systems has repositioned itself. The restructuring will strengthen and expand the Hamburg site for civil shipbuilding and repairs. The same applies to the Emden site in the naval shipbuilding sector. In the USA the operations of Gray EOT were purchased. Gray produces and markets oil production equipment.

Mechanical Components has established its own plant for slewing bearings in the fast growing Indian market, the first manufacturer to do so. The operations of the Italian company Forteq were acquired effective October 01, 2007. This acquisition strengthens the business unit's market position in undercarriages and undercarriage components for earthmoving machinery. In mid-2008 Berco Undercarriage Trading began operations in Shanghai.

By combining the engineering specialists ThyssenKrupp Krause and ThyssenKrupp Drauz Nothelfer we improved our engineering and project capabilities for tooling and systems in the auto manufacturing sector. The minority shareholding in Bertrandt AG, an auto industry engineering service provider which is no longer part of our core business, was sold.

Following the ending of the Transrapid project in Munich, ThyssenKrupp and Siemens restructured their Transrapid operations. Due to the reduction in marketing and planning activities the Berlin office of the Transrapid International joint venture was closed as of October 01, 2008. The core capabilities of the Transrapid technology will be retained. Both companies continue to stand by the Transrapid system and are carrying on negotiations with potential customers for example in the USA and China.

### **Capital expenditures**

Capital expenditures in the Technologies segment reached €763 million in the reporting year, with depreciation totaling €347 million.



We concentrated our engineering and project capabilities for tooling and equipment in the auto sector.

More than half the funds were used to expand manufacturing capacities for existing and new products. Other major uses included measures to maintain existing operations and strengthen efficiency. Most of the investment was carried out in Germany, North and South America, China and India.

Plant Technology expanded its worldwide engineering network at sites offering cost advantages. One strategic focus was to intensify the service business. In the future, service centers located close to customers will repair and manufacture core components for plants supplied by us.

Capital spending at Mechanical Components focused on expanding production capacities and increasing efficiency. Investment was made into making final assembly of assembled camshafts more flexible. In the crankshaft area, the efficiency of forging particularly for low-cost car crankshafts was significantly increased.



Demand for slewing bearings and seamless rings continues to grow strongly worldwide.

In response to continuing strong demand for slewing bearings and seamless rings we launched a special investment program to significantly expand worldwide manufacturing capacities in these highly profitable businesses. The investment strategy is focused on the expansion of existing plants in America, Europe and above all Asia.

The investment projects carried out at Automotive Solutions served the purpose of strategic optimization. New assembly lines for the production of mechanically adjustable steering columns were purchased and existing lines were modernized. The assembly of DampTronic shock absorbers was optimized. Investments in new automated lines will increase both production capacity and process reliability.

## Elevator

### ELEVATOR IN FIGURES

	2006/2007	2007/2008
Order intake	million €	5,281
Sales	million €	4,712
Central/Eastern/Northern Europe	million €	1,389
Southern Europe/Africa/Middle East	million €	774
Americas	million €	1,821
Asia/Pacific	million €	505
Escalators/Passenger Boarding Bridges	million €	347
Accessibility	million €	190
Corporate/Consolidation	million €	(314)
Earnings before taxes (EBT)	million €	(113)
Employees (Sept. 30)		39,501
		42,992

### Expansion continued

The Elevator segment is one of the world's leading manufacturers and service providers in the area of elevators, escalators, moving walks, passenger boarding bridges, stair and platform lifts. The segment guarantees the high quality of its specialist services throughout the world through its tight-knit network of branches and service operations.



The Elevator segment increased its orders, sales and pre-tax earnings significantly in part.

Elevator continued its expansion in 2007/2008. Despite very negative exchange rate effects, in particular the performance of the US dollar against the euro, and continuing price and margin pressure, the business volume was again expanded. Order intake increased by 5% to €5.5 billion and sales by 5% to €4.9 billion.

The segment returned a profit of €434 million in the reporting year. Excluding the EU antitrust fine of €480 million in the previous year, this represents a year-on-year increase of 18%. Operating improvements outweighed the negative exchange-rate effects and costs from the plant closures in Austria and Spain.

#### **Central/Eastern/Northern Europe**

In the Central/Eastern/Northern Europe business unit, order intake showed a slight improvement and sales rose to €1.5 billion. The activities in Eastern Europe in particular contributed to the strong performance, reporting significantly higher order intake and sales in the new installations business. In Germany orders and sales showed a further slight increase from an already high level. The high level of orders received in France was not quite maintained, though sales grew significantly as a result of strong modernization business.

Excluding the EU antitrust fine from the previous year, the business unit's profits remained stable. Operating improvements offset costs from the resolved plant closure in Gratkorn, Austria.

#### **Southern Europe/Africa/Middle East**

The Southern Europe/Africa/Middle East business unit exceeded its prior-year order intake and sales levels. In Spain, orders for new installations and services were significantly higher. However, sales on the Spanish market were down slightly from the high year-earlier level. A decline in business with new installations was virtually offset by growth in services. The volume of business in Italy expanded appreciably compared with the previous year thanks to further acquisitions. The operations in Turkey and the Gulf region also reported very pleasing growth.

The business unit achieved a substantial year-on-year increase in profits, with the Spanish operations in particular playing a major part in this. However, earnings were impacted by the closure of a production plant in Spain.

#### **Americas**

Due to very negative exchange rate effects, order intake in the Americas business unit was slightly down from the high level of the previous year. However, at €1.9 billion, sales were even higher than the year before. Excluding exchange rate effects, the North American operations achieved a marked improvement on their high prior-year order intake and sales levels in both new installations and services. Business in South America, especially Brazil, was generally very encouraging.

Despite the negative US dollar/euro exchange rate trend, the business unit's profits once again showed a significant year-on-year increase. This was attributable to further efficiency gains, most of all in North America, and a higher volume of business in South America, especially Brazil.

### **Asia/Pacific**

The Asia/Pacific business unit reported increased orders and steady sales despite negative exchange rate effects. Strong growth in China, India and Australia offset the decline in South Korea. Order intake in Southeast Asia increased but sales were down slightly from the previous year.

As in the previous year, the business unit reported a loss due to the restructuring of the Korean operations. Earnings at all the Asia/Pacific business unit's other operations were level with or slightly higher than the previous year.

### **Escalators/Passenger Boarding Bridges**

Orders and sales at the Escalators/Passenger Boarding Bridges business unit were slightly lower year on year. While the escalator business achieved a strong improvement in orders and a slight increase in sales, passenger boarding bridges could not maintain the previous year's high level of business.

The business unit made a loss. The pleasing earnings achieved in the escalator business could not offset the loss in passenger boarding bridges.

### **Accessibility**

The Accessibility business unit continued its steady growth and reported a substantial increase in orders and sales. The activities in both Europe and North America contributed to this. The decline in the US housing market was reflected in the business volume, but this was offset by the acquisition of the operations of National-Wheel-O-Vator.

The business unit achieved further growth in profits year on year. The operations in both Europe and North America reported higher earnings, in the case of the latter this was due to acquisitions.



Elevator further expanded its sales and service business internationally with numerous regional acquisitions.

### **Significant events**

The Elevator segment pressed ahead with the continuous expansion of its sales and services business in the past fiscal year and acquired numerous small regional companies. In Italy, several minor acquisitions strengthened growth above all in the services area. In established markets – such as the USA, Germany, Spain and Portugal – local companies were acquired to bolster the existing customer services activities. Elevator also expanded in Denmark with a small but strategically important acquisition.

The expansion strategy in the Accessibility business with products such as stair and platform lifts and home elevators was continued.

### **Capital expenditures**

Capital expenditures in the Elevator segment in the reporting year amounted to €136 million, with depreciation at €57 million. The investment again served the segment's sustainable growth strategy and the strengthening of market positions in 2007/2008.

The capital spending related mainly to replacement investment. Financial investment focused on the acquisition of selected small servicing enterprises, particularly with a view to further developing the Italian market. An additional key investment objective was to strengthen the Accessibility unit. In the USA, the acquisition of the operations of National-Wheel-O-Vator consolidated our position in the market for home elevators and vertical platform lifts. With a further acquisition in the United Kingdom, the business unit strengthened its capabilities in the area of stair lifts for straight staircases to reinforce its position in this key European market.

## Services

### SERVICES IN FIGURES

		2006/2007	2007/2008
Order intake	million €	16,823	17,453
Sales	million €	16,711	17,336
Materials Services International	million €	7,926	8,539
Materials Services North America	million €	2,340	1,833
Industrial Services	million €	1,899	2,086
Special Products	million €	4,600	4,929
Discontinued operations/Consolidation	million €	(54)	(51)
Earnings before taxes (EBT)	million €	704	750
Employees (Sept. 30)		43,012	46,486

### Another record year for sales and earnings

The Services segment is focused on material and industrial services and on the supply of raw materials to the production and manufacturing sectors. The segment's main markets are Europe and the NAFTA region. Services sees particularly good growth opportunities in Eastern Europe and Asia.



The Services segment increased its pre-tax earnings by 7% to €750 million.

Fiscal 2007/2008 was the third record year in succession for Services. Both sales and earnings hit new highs. Sales climbed 4% to €17.3 billion and earnings 7% to €750 million. In addition to the strength of the materials markets, these outstanding figures were the result of efficient portfolio optimization and performance enhancement programs. Added to this were growth initiatives in all business units.

### Materials Services International

Benefiting from the positive situation on the materials markets, the Materials Services International business unit reported sales of €8.5 billion – a further improvement on the very good prior-year level. Despite price increases, demand for rolled steel and tubes was high. The sales growth was also partly attributable to the newly acquired companies – including Ferostav and the Apollo Metals Group – which were included in the reporting for the first time.

In Germany the upward business trend continued. Demand for rolled steel increased. The service center operations reported a pleasing workload. By contrast, prices for stainless steel were unsatisfactory. The picture was different for nonferrous metals, where strong global demand kept prices stable at a high level. It was only towards the end of the fiscal year that business began to slacken noticeably. Sales of plastics in Germany decreased on account of the weakness of the private construction sector.

Sales outside Germany increased mainly due to new activities in the Netherlands, Italy and Denmark. Demand and prices in the Eastern European market improved in the course of the fiscal year. Russia, Bulgaria, the Czech Republic and Poland reported stronger growth. The business unit systematically continued its concentration on the mechanical engineering, construction and aerospace sectors.

Materials Services International again exceeded its outstanding prior-year profits and remained the segment's highest earner.

### **Materials Services North America**

At €1.8 billion, sales in the Materials Services North America business unit fell short of the year-earlier level due to strongly negative exchange-rate effects and the weakness of the North American materials market. Increasing inflation rates, driven in particular by high energy costs, and the continued financial crisis dampened private demand. In particular the US automobile industry and the private housing sector suffered as a result. By contrast, demand for materials from the aerospace and energy sectors remained satisfactory.



Competition and margin pressure increased on all major markets for Materials Services North America.

Generally all the relevant markets registered increased competitive and margin pressure. Demand for flat-rolled steel products and stainless steel was weak and business with nonferrous metals also slackened. The signing of a new ten-year contract with Boeing Commercial Airplane in June 2008 provided an additional boost to the aerospace service business. The contract for integrated supply chain management covers global purchasing coordination, deadline tracking, inventory management, the processing of all aluminum and titanium products, the optimization of in-plant material flows and the coordination of 700 production plants and subcontractors.

Overall the business unit reinforced its outstanding position in the North American materials market and maintained its market share despite shrinking demand, though it was unable to match the previous year's profit level.

### **Industrial Services**

The Industrial Services business unit increased its sales to €2.1 billion. There were several reasons for this pleasing growth: the good situation in Germany – especially in the engineering and energy sectors – disproportionate growth in Brazil, and an encouraging performance in the USA, where sales increased despite the euro/US dollar exchange rate.

The trend among customers towards outsourcing non-core processes in the production chain continued. A key issue on the German market was the increasing margin pressure caused by minimum wages. However, labor cost advantages alone were not the main reason for outsourcing among our customers. Quality and expertise advantages played a more important role. Industrial Services responded to this trend by offering customers integrated system solutions and innovative operator models. As a result, business continued to grow evenly across all services, regions and sectors. In the reporting year the business unit continued to focus on its target industries, the auto, chemicals/petrochemicals, energy, construction and metal-producing sectors.

Overall the business unit further improved its operating performance in all areas and comfortably exceeded the record earnings of the year before.

### Special Products

At €4.9 billion, sales of the Special Products business unit showed a further improvement on the high prior-year level. In the international rolled steel business, Chinese export tariffs and at times extremely high freight rates meant that procurement prices ex China were not always competitive in Europe. However, this development was almost offset by increased business within Asia. In the tube/pipe business, some major projects were deferred until the new fiscal year. Demand and prices for metallurgical raw materials, coke and minerals remained high.

Energy trading, trading with industrial minerals and the industrial gases activities again gave a very encouraging performance. The ferroalloys business also significantly improved on its prior-year sales level and prices for the most part remained at a very high level. However, the metals business could not quite match the exceptionally good figures of the year before. Sales of technical systems increased further, profiting from increasing demand for infrastructure projects in numerous European and non-European regions. In particular there was a strong increase in public-sector orders in Germany and other countries.

Thanks in particular to the performance of the raw materials business and technical systems, the business unit surpassed its record prior-year earnings.

### Significant events

Services continued its growth strategy in strategically attractive regions and markets. At the beginning of the reporting year, the segment acquired an 80% shareholding in Ferostav, the third largest steel distributor in Slovakia. As a result we further strengthened our already very good market position in Eastern Europe.

At the beginning of 2008 the segment also acquired a 100% stake in the UK-based Apollo Metals Group. Apollo supplies high-quality products such as aluminum, stainless steel and nonferrous metals in conjunction with value-adding processing services - mainly for the aerospace industry. In the course of the fiscal year Apollo was combined with Services' other aerospace activities to form ThyssenKrupp Aerospace. With 30 locations in 13 countries, the new unit is the largest supplier of supply chain management solutions in this specialist sector worldwide.



The aerospace activities of Services were combined in ThyssenKrupp Aerospace – with 30 sites in 13 countries.

Services reinforced its position in the plastics services market with targeted acquisitions in Scandinavia, the Benelux countries and Italy. In Spain the segment acquired a majority shareholding in the materials service provider Lamincer. The acquisition further strengthened the segment's service activities in hot-rolled, narrow and cold-rolled strip. In Australia the segment acquired 100% of Steelcom, a regional market leader in the sale and hire of sheet piling and accessories plus the related equipment.

#### 1

Services invested €369 million in the reporting year and expanded its operations significantly.

#### **Capital expenditures**

Capital expenditures in the Services segment amounted to €369 million, with depreciation at €154 million. The main investment went into business expansion. In Germany, the materials services activities at various locations were expanded. In North America the focus was on harmonizing the IT infrastructure and further expanding the supply chain management business. Various properties were acquired in Central and Eastern Europe, for example in Poland, Bulgaria and Serbia. The remaining investment served to maintain existing operations, develop new distribution channels and optimize processing capacities.

## **Corporate**

Corporate comprises the Group's head office including corporate services as well as non-operating companies not assignable to individual segments. Also included here is non-operating real estate, which is managed and utilized centrally. The retained assets and liabilities of ThyssenKrupp Budd were also assigned to Corporate. As this company's operations have now been sold, Corporate sales decreased from €288 million to €124 million.

Expenditure at Corporate amounted to €417 million, €212 million more than the year before. While income in the prior year was boosted by sales of real estate in the amount of €115 million, in the year under review expenses were incurred for litigation and guarantees in connection with business disposals. Net interest deteriorated mainly as a result of increased capital requirements.

# Financial position

Our financial position improved again in the reporting year. ThyssenKrupp's total equity increased, and our business success is reflected in our cash flow and balance sheet. This good performance was also due to the central financing system we use to optimize capital procurement and investment.

## Central financing and maintenance of liquidity

The aim of our financing policy is to ensure that we have sufficient liquidity reserves at all times to meet the Group's payment commitments.

The financing of the Group is managed centrally by ThyssenKrupp AG, which maintains the liquidity of the Group subsidiaries mainly by making available funds within the Group financing system, negotiating and guaranteeing loans or providing financing support in the form of letters of comfort. Liquidity is maintained on the basis of a multi-year financial planning system and a liquidity planning system on a rolling monthly basis, each with a planning period of five months. All consolidated Group subsidiaries are included in this planning.

The operating activities of our Group subsidiaries and the resultant cash inflows are the Group's main source of liquidity. Our cash management systems take advantage of the surplus funds of individual Group subsidiaries to cover the financial requirements of others. By settling intercompany sales via intercompany financial accounts, we can reduce cost-incurring bank account transactions and external financing requirements. This also has a positive effect on our net interest.

Any external financing required is covered by committed credit facilities. These funds can be obtained in various currencies and over various terms. In addition, money and equity market instruments are used as well as other selected off-balance financing instruments such as factoring programs and operating leases. Information on the available credit facilities is provided in Note 25 on page 198.

Our centralized financing system strengthens the Group's negotiating position vis-à-vis banks and other market participants and enables us to procure and invest capital on optimum terms.



The cash management system uses the surplus cash of individual subsidiaries to meet the capital requirements of others.

### Issuer ratings since 2001

Issuer ratings facilitate access to international capital markets. ThyssenKrupp has been rated by Moody's and Standard & Poor's (S&P) since 2001 and by Fitch since 2003. ThyssenKrupp is currently rated by the agencies as follows:

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BBB	A2	stable
Moody's	Baa2	Prime-2	positive
Fitch	BBB+	F2	stable

Ratings upgrades would lead to lower refinancing costs. Conversely, downgrades would have a negative effect on the Group's capital costs.

### Analysis of statements of cash flows

The amounts taken into consideration in the statements of cash flows correspond to the balance sheet item "Cash and cash equivalents".



Operating cash flow improved significantly by €1,459 million in 2007/2008.

Operating activities provided €3,679 million in the reporting year compared with €2,220 million in the previous year. The significant improvement in operating cash flows by €1,459 million mainly resulted from the greatly reduced increase in working capital and here in particular the strong improvement in net working capital in the Stainless segment due to a reduction in inventories in fiscal year 2007/2008 compared with a considerable increase the year before.

Cash flows from investing activities increased by €1,547 million to €3,898 million. This was mainly the result of cash outflows for the purchase of property, plant and equipment, which increased by €1,074 million to €3,774 million, mostly in connection with the construction of the steelmaking and processing plants in Brazil and the USA, and the €122 million increase in cash outflows for the purchase of consolidated companies. At the same time cash inflows from the sale of property, plant and equipment and intangible assets decreased by altogether €298 million. This was mainly due to the sale in the previous year of real estate in connection with the concentration of ThyssenKrupp's administrative locations in Germany.

As in the previous year, the free cash flow, i.e. the sum of operating cash flows and cash flows from investing activities, was negative. Compared with the year before it decreased by €115 million to €(219) million. The significant rise in operating cash flows was therefore not enough to offset the cash outflows from investing activities, which were likewise considerably higher.

At €705 million, cash flows from financing activities were €35 million up from the year before. Compared with the previous year, higher cash inflows from net borrowings in the amount of €987 million were set against a €1,049 million rise in cash outflows for the purchase of treasury stock and for dividends.

## CHANGE IN CASH AND CASH EQUIVALENTS in million €

Cash and cash equivalents 09/30/2007	Operating cash flows	Cash flows from investing activities	Cash flows from financing activities	Exchange rate changes	Cash and cash equivalents 09/30/2008
	3,679	(3,898)			
3,658			(705)	(9)	2,725

## Analysis of balance sheet structure

Compared with September 30, 2007, the balance sheet total increased by €3,568 million to €41,642 million. Included in this increase is an exchange-rate-related reduction in the amount of €225 million.

Non-current assets increased by €2,923 million to €18,308 million. Currency translation-related reductions of €54 million were set against significant additions in particular to property, plant and equipment mainly in the Steel and Stainless segments as a result of progress made in the construction of the steelmaking and processing facilities in Brazil and the USA.

Taking into account an exchange-rate-related reduction of €41 million, inventories increased by a total of €630 million to €9,494 million. In the Stainless segment inventories were €477 million lower, mainly due to a price- and volume-related decline in nickel. As a result of the positive business performance, inventories increased in the Steel (€380 million), Technologies (€240 million), Elevator (€53 million) and Services (€450 million) segments. The rise in inventories in the Services segment also reflects the first-time consolidation of the Apollo group.

At €7,885 million after an exchange-rate-related reduction of €77 million, trade accounts receivable were €308 million up from September 30, 2007. Increases resulting from the business expansion mainly in the Steel (€109 million), Elevator (€145 million) and Services (€270 million) segments were set against a €177 million rise in payments from customers in the Technologies segments in connection with production orders for plant construction and shipbuilding. Trade accounts payable increased by €771 million. The Services segment reported an increase of €396 million, mainly relating to the Materials Services International (€251 million) and Special Products (€132 million) business units as a result of the above-mentioned business expansion. In addition, trade accounts payable were affected by changed maturity structures. Of the rise in other current non-financial assets by €434 million to €1,953 million, €293 million related to increased advance payments, mainly for the procurement of starting materials.

Cash and cash equivalents decreased by a total of €933 million to €2,725 million. This reduction reflects the cash outflows for dividends (€690 million), the purchase of treasury stock (€880 million), and a negative free cash flow due to high cash outflows for investing activities (€219 million). These outflows were set against inflows from net borrowings of €837 million.



Trade accounts receivable increased slightly in the reporting year.

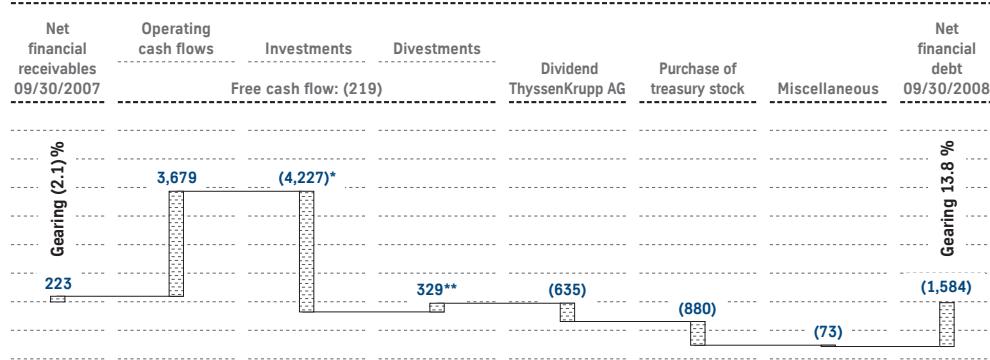
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Equity increased by €1,042 million to €11,489 million at September 30, 2008.

At the end of the fiscal year, total equity was €1,042 million up from a year earlier at €11,489 million. An increase in the amount of the net income achieved during the fiscal year of €2,276 million plus actuarial gains associated with the valuation of pensions recognized directly in equity of €394 million was set against dividend payments of €690 million, cash outflows for the purchase of treasury stock of €880 million and pre-tax expenditures recognized directly in equity in connection with currency translation (€80 million). Further changes in total equity related to the direct recognition of unrealized losses from derivative financial instruments, tax effects, and changes in minority interests.

The €589 million reduction in accrued pension and similar obligations resulted in the amount of €804 million from the increase in the discount rate and other changed assumptions. Running counter to this was a downward adjustment in the value of the pension plan assets. The €196 million rise in other non-current financial liabilities related to agreements under company law at a Brazilian subsidiary. Current and non-current financial debt increased by a total of €778 million in connection with the financing of the negative free cash flow, the dividend payments in the reporting year and the purchase of treasury stock. Other current financial liabilities were €698 million higher, mainly due to a €315 million rise in liabilities under existing payment terms in connection with the purchase of property, plant and equipment, in particular for the construction of the steel mill in Brazil, and a €212 million increase in liabilities in connection with the recognition of derivatives owing to a higher level of negative fair values. The rise in other current non-financial liabilities by €397 million to €7,501 million was mainly attributable to increased customer advance payments (€239 million) and higher liabilities in connection with manufacturing orders (€144 million).

#### NET FINANCIAL RECEIVABLES/NET FINANCIAL DEBT in million €



\* incl. cash and cash equivalents acquired in the amount of €55 million

\*\* incl. cash and cash equivalents disposed of in the amount of €68 million

## Assets not recognized and off-balance financing instruments

Various major assets of the Group are not recognized in the balance sheet. These mainly concern specific leased or rented assets (operating leases). More details on this are presented under Note 29 on page 201.

The main off-balance financing instruments we use are factoring programs. More details can be found under Note 18 on page 185.



The ThyssenKrupp brand is one of the Group's important intangible assets.

A major intangible asset is the ThyssenKrupp brand. It was continually further developed in the reporting year. Our new corporate film, TV commercials, press advertisements, publications and outdoor advertising, for example at Düsseldorf Airport, strengthened our brand and its recognition value. This advertising presence supports the business activities of our subsidiaries and their position in the markets.

Our long and well-established relations with suppliers and customers are also of significant value. They bring stability to our business activities and make us less sensitive to sudden market fluctuations. Our trusting cooperation with partners – often over periods of many years – provides us with a concrete advantage over competitors. These intensive collaborations facilitate numerous joint research and development projects which benefit from the expertise and development capacities of the companies involved. Together with our customers and suppliers we can develop future-oriented products and services which set new standards in economic and technical efficiency.

One example of our cross-segment network of capabilities is our cooperation with the automotive industry. Our engineers work together with the vehicle designers to develop new materials, high-performance tailored blanks, and optimized components.

In plant construction we develop industrial solutions throughout the world to meet our customers' need for cost-efficiency and at the same time protect the environment. With numerous reference facilities we have earned a reputation for outstanding projects. Here, too, the focus is on cooperation with customers, many of whom have been our partners for many years.

Long-term customer relations also lie behind the strength of our elevator business. When it comes to servicing our systems, reliability, delivery performance and technical competence are the key to success. For many of our partners, this was their reason for choosing products and services from ThyssenKrupp.

# Commitment, sustainability and environmental protection

At ThyssenKrupp, we regard taking responsibility for society, the environment and the climate as the natural duty of a successful business enterprise. We sponsor art and culture, promote a better understanding of technology among the general public and offer our customers innovative products and our employees attractive jobs. Our eco-friendly achievements on the world market contribute to sustainable climate protection. All of this also supports the concrete business of our Group.

## Commitment to society

ThyssenKrupp is involved in a wide range of projects – be it in culture, education and sport or in social, charitable and humanitarian activities. In this, we are guided by criteria based on the Group's understanding of value and responsibility. We sponsor humanitarian projects, support the philharmonic orchestras in Essen and Duisburg and are involved in selected sporting competitions such as the annual Rhine-Ruhr Marathon.

## Innovation for the future

Alongside wide-ranging cooperation with research institutes and universities in Germany and abroad, we collaborate intensively with seven partner universities in Germany. At several universities – including Tongji University in Shanghai – we finance individual chairs. All contacts and collaborations promote the dialogue between education, research and industry, to the benefit of both the scientific community and the Group's applications-oriented development projects.



Spending on research and development totaled €841 million in 2007/2008.

In the past fiscal year, ThyssenKrupp spent €841 million on research and development. We had more than 3,500 scientists and technicians at 85 development centers and departments working on new and improved products and processes. More information on our projects is provided on pages 116–124.

### Ideas Park attracts 280,000 visitors

In 2007/2008, our initiative “Discovering future technology” continued to promote dialogue on technology across all areas of society and all age groups. Young people – the engineers of the future – are a key target group of the initiative, and our Ideas Park technology experience, staged in May 2008 in Stuttgart, was aimed particularly at them. With free admission, more than 280,000 people took the

opportunity to find out about fascinating technology, put questions to experts or even carry out their own small projects. Some 500 engineers, researchers and students presented their ideas. The aim of these activities is to increase acceptance of technology among young people, on whom our society and we as a technology group are so dependent.

## Employees are the key to success

The talent, creativity and commitment of our employees and executives are key to ThyssenKrupp's business success. That's why we provide a wide range of apprenticeship training opportunities and look to attract promising young talent from universities and colleges. We also provide numerous training and education programs for our skilled staff and executives. Further information on our workforce is provided in the "Employees" section on pages 125–132.

On September 30, 2008, around 57% of our employees were working outside Germany. For a global group like ThyssenKrupp, internationally oriented training measures and employee contacts are therefore of particular importance. These measures are tailored to specific job-related and personal circumstances and are therefore mainly carried out in our operating segments.

One outstanding example is the global "SEED Campus" in the Elevator segment, comprising training centers in Europe and Asia to prepare experienced employees and new recruits from all areas of the company for their future duties. From February 2008, the first eleven participants from various countries of Asia took part in the fast-track program of the newly established SEED Campus Asia Pacific. The entry-level programs offered by the SEED Campus Europe in the past fiscal year were attended by 44 participants from 21 countries, including Spain, Italy, Germany, Kazakhstan, India, China, Brazil and the USA.

The Technologies segment also promotes international exchanges. In Russia, for example, a strategic cooperation agreement has been concluded with the technical state university of Nizhny Novgorod. Technologies also has an international trainee program aimed at young management staff from eight countries and providing 80 possibilities for rotation across companies. This approach is systematically followed up in the international Development Center, which prepares them for the move to the upper management levels.

Gaining a global insight into operations at other companies in the segment is an important part of the employee development process at Stainless. National and international job rotation strengthens intercultural skills and is also available to young participants as part of their trainee program, tailored to their individual stage of development.

The Steel segment also aims to sensitize employees to the increasing internationality of its operations at an early stage and offers young high-potentials interesting and attractive trainee placements at foreign companies.

### Social standards in labor relations

ThyssenKrupp accepts social responsibility for its employees around the world. We comply with all national labor law standards and are committed to the principle of equal opportunity and the diversity of people and cultures all over the world. A preventive health policy, safety at the workplace and good working conditions are key elements of our management responsibility. These aspects are set out as guidelines in Group works framework agreements.

The Executive Board of ThyssenKrupp AG has concluded a global agreement with the Group Works Council and the European Works Council in which discrimination against members of the workforce is strictly rejected. The guidelines communicated in this Code of Conduct are one of the reasons why cooperation among employees at our locations around the world is shaped by tolerance and mutual respect.

## Sustainable environmental protection

### 1

Ongoing environmental protection expenditures totaled around €511 million in 2007/2008; on top of this came environmental investment of €71 million.

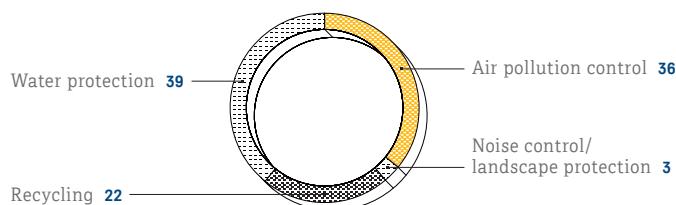
### Greater resource and energy efficiency

Conserving natural resources and making the most efficient use of energy helps protect the environment and at the same time makes our Group more cost-efficient. Sustainability and climate protection are therefore in the long-term interests of ThyssenKrupp. In the reporting period we once again made significant progress in the areas of air pollution control, water protection, noise control and landscape protection. At €511 million, our expenditure for the operation of pollution control equipment was almost exactly the same as in the prior year. Investment in environmental protection was up 15% at €71 million. This increase mainly relates to the new blast furnace 8 in Duisburg, which is equipped with state-of-the-art pollution control equipment.

#### ONGOING EXPENDITURE FOR ENVIRONMENTAL PROTECTION in million €

	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
Air pollution control	124	141	141	183	182
Water protection	177	165	168	204	201
Noise control/landscape protection	12	15	16	24	16
Recycling	64	81	87	109	112
<b>Total</b>	<b>377</b>	<b>402</b>	<b>412</b>	<b>520</b>	<b>511</b>

#### ONGOING EXPENDITURE ON ENVIRONMENTAL PROTECTION 2007/2008 in %



During the construction of the new blast furnace in Duisburg, the Steel segment spent around €80 million on environmental protection equipment, almost a third of the overall investment. All emissions are below the thresholds set out in the relevant environmental guidelines. Dust emissions are more than 20% lower than previous levels. A unique dust collection system was installed to capture emissions during unloading of our raw materials from rail cars. In developing this system, our environmental engineers advanced the state of the art. Measurements carried out together with the responsible environmental agency have proven that the new blast furnace produces virtually no uncontrolled dust emissions. Noise emissions have also been drastically reduced.

The new steel mill and processing plant being built by Steel and Stainless in Alabama will have an advanced acid regeneration unit which will greatly reduce nitrate levels in waste water. Acids from the annealing and pickling lines will be processed extremely effectively. This is the best technology currently available in terms of both economy and ecology.

As part of the construction of our new steel mill in Brazil, we have launched three projects under the UN's "Clean Development Mechanism". They will be used to generate electricity in a highly efficient combined cycle power plant using blast furnace gas and heat recovered from the coke plant. Utilizing efficient gas and steam turbine technology, the power plant combines the principles of a gas turbine power plant with those of a steam power plant and achieves a very high level of efficiency. It will be the first power plant of its kind on the entire American continent.

The projects are currently undergoing the prescribed processes for UN recognition and are expected to reduce CO<sub>2</sub> emissions by 4.7 million tons during the ten-year operating period. Tradable emission credits can be issued for these reductions.

Our Steel segment used the new "Direct Flame Impingement (DFI) Oxyfuel" furnace technology for the first time on a hot-dip coating line and on a coil galvanizing and aluminizing line. The process delivered outstanding results from the outset: It boosted performance, product quality and energy efficiency and reduced direct CO<sub>2</sub> emissions by 5%.

The Stainless segment started operation of a new waste air purification plant at its cold strip mill in Krefeld to reduce nitrogen oxide emissions. We also started construction of an acid regeneration plant to recover the acids used in production and reduce the levels of hazardous substances in waste water.

Since 2007 ThyssenKrupp Waupaca has been using a new iron melting furnace with heat recovery, which has lowered emissions and reduced the overall operating costs of the foundry. With this new system, Waupaca is regarded by the US foundry industry as a technology leader in waste gas purification and heat recovery.

In Dortmund, the 37 hectare surface of a former landfill site is currently being sealed for subsequent recultivation. We are investing €11 million in this project, which began in 2006 and is scheduled for completion by mid-2010.

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Particular emphasis is being placed on eco-friendly energy utilization in the construction of the new steel mill in Brazil.

### Attractive solutions and innovations to protect the environment

Our commitment to environmental protection and sustainability is also reflected in products and processes that allow our customers to be more eco-friendly. Steel and high-performance alloys in particular make cost-effective climate protection possible in many areas.

- Improving efficiency and reducing  $\text{CO}_2$  emissions are the challenges facing the coal-fired power plants of the future. One way of achieving this is to use extremely high steam temperatures which offer greater efficiency but necessitate new boiler and turbine materials. In collaboration with power plant operators and manufacturers of power plant boilers, the Stainless segment has developed an alloy variant which has already demonstrated its suitability in a pilot 700 degree power plant.
- A research project being conducted jointly by ThyssenKrupp, RWE Power and the Fraunhofer Society is aimed at further reducing development times for new materials. Laboratory experiments on high-grade materials allow their behavior under load to be predicted by simulations. The advantage: Researchers can identify possibly weaknesses in advance and develop alternative solutions; in this way, for example, more environmentally friendly power plants can also be built more quickly.
- Our innovative high-performance titanium alloys reduce weight and fuel costs in aircraft construction.



High-quality electrical steel reduces energy losses by up to 19% in transformers, for example.

- We use our innovative casting and rolling technologies to produce high-quality electrical steel which reduces energy losses (e.g. in transformers and generators) by up to 19%.
- Nickel w14 is a new material for high-temperature superconductors used in generators for wind turbines. These superconductors allow wind turbines to operate in the 10 MW to 12 MW range and thus make the electricity they generate more economical.
- The world's first industrial-scale plant to produce propylene oxide using the innovative HPO process has gone into operation in Korea. The plant has an annual capacity of 100,000 metric tons. Propylene oxide is used for example in the production of coolants and disinfectants. The new process – developed and licensed by Evonik Industries and our subsidiary Uhde – is extremely eco-friendly: It offers a high yield, and the only by-product is water. By contrast, conventional production plants severely pollute the waste water. With environmental regulations being tightened all the time, this innovative, by-product-free process has a very bright future.
- Uhde, a plant engineering company from the Technologies segment, is building three diesel and gasoline desulfurization plants which will allow the customers to switch to low-sulfur fuel production. In the past seven years, Uhde has now designed and built plants of this kind with a total capacity of 33 million tons.

## Climate protection as a corporate responsibility

Climate protection is an important challenge, including for ThyssenKrupp. We respond to this challenge by using environmentally friendly production processes and by producing materials, components and plants which avoid greenhouse gas emissions or render them harmless.

### ULCOS: Research to minimize $\text{CO}_2$ emissions

Because iron production by the blast furnace route requires among other things large amounts of coke as a reducing agent, producing one ton of steel currently generates 1.5 tons of  $\text{CO}_2$ . Since we have almost reached the theoretical minimum for the use of reducing agents of 414 kg carbon per ton of pig iron, the scope for reducing  $\text{CO}_2$  emissions is also largely exhausted.

Our Steel segment has therefore joined forces with 47 other companies and institutions from 15 European countries in the research project ULCOS (Ultra Low  $\text{CO}_2$  Steelmaking), which aims to develop new steel production technologies that will reduce  $\text{CO}_2$  emissions by half. The program is financed by the participating companies and from European Union funds. In a first project phase, the consortium identified suitable concepts. Demonstration lines are now to be built in a second phase to test the extent to which the technologies can be developed for industrial-scale use. This will take time: It could be another 15 to 20 years before the technology can be applied on a commercial scale.



Initial test vehicles in our car fleets can switch between gasoline and natural gas.

### Conversion to gas power

In response to dwindling oil reserves and high  $\text{CO}_2$  emissions, we have launched initial tests on converting our vehicle fleets to dual-fuel systems. The engines of these vehicles can be switched simply to run on gasoline or natural gas.

### Laughing gas as a climate killer

Eleven EnviNOX® plants developed by our Technologies segment are currently under construction or in operation to convert laughing gas, which is damaging to the climate, into nitrogen, oxygen and water. In the future they will reduce greenhouse gas emissions by the equivalent of 8.5 million tons of  $\text{CO}_2$  per year. For example, the production of one ton of nitric acid generates around 7 kg of laughing gas, which to date has been emitted into the atmosphere with the tail gases from the plant. If all the more than 300 nitric acid plants installed around the world were fitted with the EnviNOX® system, this would reduce greenhouse gas emissions equivalent to 120 million tons of  $\text{CO}_2$ .

Although the concentration of laughing gas in the atmosphere to date is around a thousand times lower than carbon dioxide, it is roughly 300 times more harmful to the environment. It rises constantly into the atmosphere – mainly as a decomposition product of nitrogen fertilizers, from the combustion of biomass and as emissions from nitric acid production plants – where it is enriched. To make matters worse, the laughing gas is then split by the sun's rays into molecules which attack the ozone layer. That makes the protection provided by our EnviNOX® process all the more important.

For more information on products and processes which help protect the environment and the climate, turn to the Innovations section on pages 116–124.

# Innovations

Our scientists and engineers are always a few steps ahead of the market on the road to the future. With their innovations, they constantly improve our products and processes, developing new solutions to the problems of our customers. Never being satisfied with past accomplishments is part of their job. Behind every idea lies a clever mind helping make the new possible and the existing even better.

## Major innovation efforts

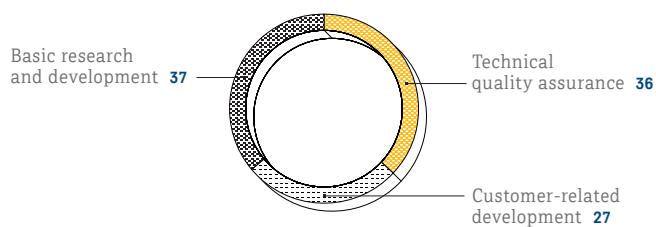
The enormous efforts which ThyssenKrupp undertakes to continually innovate its products and processes resulted in an increase in expenditure for research and development. In the fiscal year 2007/2008, total innovation spending came to €841 million, an increase of 3% compared with the prior year. Of this, we spent €316 million on basic research and development including capitalized development costs. The costs of customer-related development work amounted to €224 million, and €301 million was spent on technical quality assurance.

### INNOVATION SPENDING in million €

	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
Basic research and development	191	186	241	257	316
Customer-related development *	182	266	230	294	224
Technical quality assurance	275	281	272	264	301
<b>Total</b>	<b>648</b>	<b>733</b>	<b>743</b>	<b>815</b>	<b>841</b>

\* including outside R&D funds and public funding

### INNOVATION SPENDING 2007/2008 in %



## Employees, customers and cooperation partners – Basis for successful innovations

Highly trained employees form the basis for our strong innovation capabilities. This is why we recruited numerous new and highly trained experts, particularly from the area of science and engineering, in the past fiscal year. Our innovation projects are now being driven forward by 3,500 employees in 85 development centers and departments; the figure in the prior year was around 3,300. The capabilities of the Group's different research and development areas are complementary: Synergies between the individual segments are identified and exploited in a targeted way. ThyssenKrupp AG made a large R&D budget available for such cross-segment research and development projects in 2007/2008, creating an additional incentive to exploit synergistic opportunities and promote strategic new developments. We initiated numerous new development projects in this way in the past fiscal year.

To develop our product spectrum in line with market and customer requirements, our development teams work closely with our customers. A broad network, based in part on longstanding partnerships with university institutes and non-university research establishments, also incorporates the latest scientific findings. ThyssenKrupp cooperates with numerous renowned universities, colleges and academic institutions in Germany and abroad. In 2008, for example, we launched a strategic partnership with the Massachusetts Institute of Technology (MIT) in the USA, which is highly regarded for its high-level research. Increasingly, we are focusing on long-term strategic partnerships in our links with the academic world.



ICAMS, the development center for high-tech materials at Ruhr University Bochum, is researching new materials through computer simulation.

### Engaged in advanced materials research

One current example of a long-term strategic partnership is the establishment of the Interdisciplinary Center for Advanced Materials Simulation (ICAMS) at the Ruhr University Bochum. The institute began work in June 2008. ICAMS is a unique European development center for new high-tech materials. It is financed in a public-private partnership by leading German materials producers and users and the state of North Rhine-Westphalia. The lead industrial partner is ThyssenKrupp.

The "Advanced Materials Simulation" used in Bochum is a new key technology in materials development. The aim of ICAMS is to model new materials primarily on the computer and predict their properties through simulation. All the dimensions relevant for materials – from atomic structure to microstructure to macroscopic properties – are included in the multiscale simulation. In conjunction with the ICAMS researchers we will be able to bring even better materials to the market even faster in the future and meet customer requirements even more precisely.

## Innovative work in the segments

The Group's five segments are important centers of our extensive research and development efforts. ThyssenKrupp has outstanding capabilities in particular in the areas of materials and surfaces, lightweight construction, automotive supply, plant construction, marine systems, elevators and services. Numerous innovations also promote the efficient use of resources and climate protection.

### 1

The InCar project offers auto manufacturers complete solutions for body, powertrain and chassis products.

#### **InCar: Solutions pool for the auto industry**

The InCar project, linking the automotive capabilities of the Steel and Technologies segments, represents a new stage in our research and development activities for innovations in auto manufacturing. Under this project, customer workshops were held in the reporting year with vehicle developers and engineers from the auto industry in order to coordinate technical developments. Another focus was on the design and validation of modular solutions such as an innovative twist beam axle and a roof module made from lightweight sheet.

The project is conceived as a solution and ideas pool for the body, powertrain and chassis areas. Newly developed solutions are assessed and validated in terms of structural mechanics and manufacturability. One of the tools used in this is a manufacturer-independent benchmark structure representing the latest state of the art. All innovations are manufactured and tested as prototypes under realistic production conditions.

#### **Steel: Improvements to materials for the auto industry**

In response to growing demand from auto manufacturers for high-strength and ultrahigh-strength steels, the Steel segment developed the new dual-phase steel DP-K 60/98. This material displays a strength of 980 megapascals, twice as high as the steels used to date. Following the successful completion of laboratory development, the material is now being tested in operating trials.

Because low weight and greater safety are becoming more and more important, auto manufacturers are increasingly turning to the technology of hot stamping. Hot-stamped parts made from alloyed steel sheet can achieve significantly higher strength levels than cold-stamped components made from high-strength materials. Following the successful introduction of the first hot-stamped tailored blanks, ThyssenKrupp Steel is currently working to develop the materials as well as the process technology further. To improve the ratio of strength to formability in hot-stamped parts, new dies are necessary in which the material cools at different rates in different places. This makes it possible to produce tailored parts which display specified strength and elongation properties in precisely defined areas.

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A new production process for hot-dip galvanized multiphase steels opens up new opportunities for weight reduction in the auto industry.

#### Further quality improvements in hot-dip galvanized multiphase steels

An innovative process for the hot-dip galvanizing of multiphase steels was developed in close cooperation between developers and production experts at our **DOC®** surface engineering center. The **DOC®** is one of the world's most advanced development centers for steel surfaces. The so-called oxidation/reduction technology creates the conditions for applying high-quality coatings to the surfaces of high-strength multiphase steels in a continuous coil coating process. Other steel materials can also be coated with zinc using this technology.

The multiphase steels coated by the new process have major market potential in lowering automobile weight and reducing  $\text{CO}_2$  emissions. The newly developed process won third prize in this year's ThyssenKrupp Innovation Contest.

#### Materials know-how and forming expertise

A newly developed front underride guard for trucks is over 40% lighter and at the same time safer than systems commonly used so far. The core components of the Front Underride Protection System are a bumper made from a boron-alloyed heat-treatable steel and two crash boxes mounted behind the bumper. The high-strength heat-treatable steel has a yield strength of 1,600 megapascals, while the dual-phase steel for the crash boxes displays high residual elongation allowing impact energy to be absorbed in a controlled way.

#### Low-noise electrical steel for quieter transformers

A new material designed to reduce the typical humming noise generated by transformers has come through initial operating tests successfully. The cores of transformers consist of a series of laminations made from grain-oriented electrical steel, whose special electromagnetic properties allow efficiencies of around 99%. When alternating current is applied, these laminations start to vibrate and cause noise. Transformers made with our low-noise material operate much more quietly.

#### Successful combination of carbon and stainless steel

Crash safety and weight reduction are at the center of a cross-segment project by Steel and Stainless. Our developers have succeeded in combining stainless steel and carbon steel and exploiting the benefits of both in one tailored strip. Austenitic stainless steels can be hardened to strength levels of over 1,400 megapascals by cold rolling and therefore offer major potential for weight reduction. To make them more cost-efficient, they are now being combined with a less-expensive high-strength dual-phase steel. Products like these are laser-welded together from steels of different grade, thickness and coating to produce tailored strips, blanks or tubes whose structure exactly matches the stresses prevailing in the finished part.

### **Stainless: Cost-effective material alternatives with reduced nickel contents**

Increasing raw material costs, higher customer requirements and extended applications are among the challenges facing the Stainless segment. Various material innovations in the areas of stainless steel, nickel and titanium alloys are providing successful solutions and strengthening our position in the global marketplace. Stainless is exploring new paths to increase the performance potential of the materials and at the same time optimize their use. The increasing importance of this was reflected at ThyssenKrupp Nirosta by the establishment of a new executive board directorate for strategic product development which coordinates these activities across the segment.

To make us less dependent on the nickel price and allow us to offer a broader range of low-cost materials, we have developed various materials which are either nickel-free or have a much smaller nickel content.

In times of high nickel prices, Nirosta 1.4640 is a low-cost alternative to the standard material 1.4301 offering equally good properties in terms of corrosion resistance, formability, weldability and aesthetics. Thanks to a new combination of copper, nitrogen and manganese as alloying additions, the developers were able to reduce the nickel content of the stainless steel without impairing material properties. The similarity of properties to material 1.4301 means that customers – applications lie in the domestic appliance, kitchen equipment and capital goods industries – can continue using the same processing technologies when they change to the new material. The team responsible for this development won second prize in the 2008 Innovation Contest.



Drinking water pipes can now be made from a nickel-free stainless steel which is readily formable, does not corrode and costs less.

That existing materials can find new applications through modification was proved by ThyssenKrupp Nirosta with the nickel-free stainless steel 1.4521. Up to now, expensive nickel-containing steels have been used for drinking water pipes. Working closely with customers, our specialists improved this steel such that it can be readily formed and does not corrode even under unfavorable conditions. The material is already being successfully used for drinking water pipes in Switzerland and has now also been approved for use in Germany. At the same time we have optimized the manufacturing technology in order to handle the increasing volume of orders.

Another new material with reduced nickel content is the austenitic stainless steel Nirosta 1.4618, whose properties make it particularly suitable for domestic appliances, commercial kitchens, sinks and interior architecture. Nirosta 1.4607, a material designed especially for auto exhaust systems, is completely nickel- and molybdenum-free. It is very resistant to high temperatures and is therefore suitable for new generations of engines in which it minimizes  $\text{NO}_x$  emissions.

### **New high-performance nickel and titanium alloys contribute to climate protection**

Innovations in materials increasingly hold the key to efficient climate protection and resource conservation. New generations of fossil-fired steam power plants are being introduced which can achieve higher efficiencies as a result of higher temperatures and pressures of the steam. Together with power plant operators and manufacturers of power plant boilers we have developed a material – Nicrofer 5520 Co B – which meets the increased thermal and corrosive requirements of these power plants; suitability for operating temperatures of 700°C has already been successfully demonstrated. Our engineers are now working on using this alloy for the manufacture of longitudinal-welded thick-wall pipes and large forgings.

The use of new nickel alloys is also paying dividends in wind turbines. Turbines with so-called high-temperature superconductors operate with much higher efficiency than conventional systems. Together with a development partner, ThyssenKrupp vdm has developed a production route for nickel w14, which can be used in superconductors, e.g. in generators, and provides mechanical stability and long service life. The findings gained in the laboratory were successfully transferred to large-scale production; a patent has already been filed. This development opens up a new opportunity to participate in the growth of the wind power market.

Our scientists and technicians have made further progress in developing an existing material for use in fuel cells. The new material Crofer 22 H – developed jointly with the Jülich Research Center – was produced for the first time on a commercial scale. Crofer 22 H is a material with much greater elevated-temperature strength than the existing material. This is achieved by additions of niobium, tungsten and silicon. This new material can be used in the next generation of high-temperature fuel cells.

The titanium alloy Ti-x containing the relatively inexpensive main constituents of iron and silicon was developed especially for use in auto exhaust systems. In contrast to pure titanium, which cannot be used at high temperatures, the new material is a high-temperature alloy which is oxidation-resistant and can be used at temperatures up to 750°C. In order to enable the material to be used at even higher temperatures up to 1,000°C, we developed a special protective coating in the form of a thin aluminum cladding applied to the alloy. The advantage of volume use of this in-development material in auto manufacturing lies in its significantly lower weight which reduces CO<sub>2</sub> emissions in vehicle operation.



We developed a new titanium alloy for auto exhaust systems which can withstand temperatures of up to 1,000°C.

#### Efficient and cost-effective products for the aerospace industry

Aluminum seat rails in aircraft are exposed to particularly heavy wear. In addition, the mechanically stressed rails are subject to corrosion damage. The solution: a low-weight composite material consisting of titanium and aluminum developed by our engineers in a cross-segment project. The DAVEX roll-joining technology developed by ThyssenKrupp allows the manufacture of material combinations which cannot be produced conventionally or only at very high cost. In the new seat rails made in this way, only those parts which are directly exposed to corrosion are made from the extremely resistant titanium.

#### Technologies: Eco-friendly plant construction

Efficiency and environmental friendliness are key criteria in new and improved products in the various areas of our plant construction activities, part of our Technologies segment.

In view of the current world market situation, the supply situation for fossil fuels and the efforts to reduce carbon dioxide emissions in energy generation, more and more customers are expressing an interest in plants which gasify coal, produce petroleum coke from refinery residues or utilize biomass. We have many years of experience in gasification and coal chemistry and can offer numerous technologies for this such as the industrially proven PRENFIOTM process. This process has now been further improved with the newly developed "Direct Quench" technology: The raw gas is saturated for the subsequent conversion of the carbon monoxide by the injection of water (quenching). This offers significant advantages in process control in many applications; in addition the capital costs are lower.

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We designed a large-scale production plant for the biodegradable plastic polylactic acid.

Polylactic acid (PLA) is a biodegradable plastic whose properties are comparable with those of polyethylene terephthalate (PET) and polystyrene (PS). It is mainly used for packaging, bottles and fibers. The starting material is lactic acid which is recovered from the starch of renewable raw materials. Compared with plastics made from petrochemical feedstocks, the production of each kilogram of this biodegradable plastic saves more than 20 megajoules of energy; at the same time it eliminates over 1 kilogram of carbon dioxide equivalent greenhouse gases. This plastic is therefore a sustainable alternative to other plastics made from petrochemicals.

Our process engineers have developed a new low-cost plant technology for polylactic acid production. Based on the findings from the operation of a company-owned pilot plant they have already designed a cost-efficient large-scale plant. A first large-scale commercial plant is to be built and operated on this basis for a customer in Guben, Germany.

In the past fiscal year we succeeded in implementing various new developments for the lime industry. With the aim of making existing lime burning systems more cost-efficient and environmentally compatible, our engineering specialists added a new modular shaft heat exchanger to a rotary kiln. Compared with the original kiln, the heat exchanger significantly reduces energy requirements and hence also fuel-related  $\text{CO}_2$  emissions.

#### **Innovative equipment for oil sands mining**

The development and construction of a fully mobile crusher plant has been completed. The new crusher plant travels on crawlers; the material it produces is then carried away on conveyor belts, eliminating the huge trucks previously used to transport material in large open-pit mines. A first plant of this type capable of handling 3,500 tons per hour has been proving its capabilities under extreme production conditions in a Chinese coal mine since 2007. The elimination of truck haulage reduces operating costs by around a third. At the same time,  $\text{CO}_2$  emissions are substantially lowered, contributing to climate protection. Market potential for this fully mobile crusher plant exists in open-pit mines throughout the world wherever large masses have to be crushed and transported, e.g. in oil sands mining in Canada. The development of a fully mobile crusher was honored with first prize in this year's ThyssenKrupp Innovation Contest. Our developers are currently working on more powerful plants capable of handling the entire process chain in oil sands mining.

#### **Innovative propulsion technologies at Marine Systems**

Shipbuilding engineers and technicians at our shipyards are working to improve fuel cell technology and the various systems for producing the hydrogen required on board underwater vehicles. They are looking into ways to produce it from both methanol and diesel fuel. As this technology is also important for other areas of the Group, our researchers are working together across segment boundaries. We have also made further progress in battery technology for submarine use. Successful tests using lithium polymer batteries show them to be promising for underwater travel. Compared with fuel cells, which allow long underwater operations at relatively low speeds, lithium polymer batteries can provide higher power for short periods, making this battery technology the ideal complement to fuel cell technology.

### Innovations for fuel-saving automobiles

Increasing calls by car buyers for reduced fuel consumption and lower  $\text{CO}_2$  emissions have significantly increased the pressure on the auto industry. Systematic weight reduction is required, as are improvements in the engine and powertrain areas. Our development engineers have therefore set themselves the goal of providing a tailored range of weight-reduction solutions for all chassis components. They include the TTS® spring, which has been significantly improved in terms of strength and toughness by thermomechanical forming, a new tubular stabilizer, the weight-optimized lightweight McPherson strut and various add-on parts. In this way functions have been improved and weight significantly reduced. Taking into account all the savings made possible by intelligent weight reduction using high-strength steels for chassis components, the chassis of a midsize car could weigh up to 25% less in the future.

The environment also benefits from our newly developed bushing-less connecting rod, which permits further progress in truck engines. The high peak pressures occurring in modern engines place great demands on engine components. Innovative piston pins, a special coating and laser texturing of the steel surface of the connecting rod bore form the basis for the new bushing-less connecting rod which meets these mechanical requirements. The surface of the connecting rod bore is laser machined for optimum friction, which reduces the fuel consumption of the engine, causes fewer  $\text{CO}_2$  emissions and reduces wear.



The UK's first TWIN elevator system went into operation in London in 2007/2008.

### Elevator: New era in elevator technology

Our Elevator segment launched a new era in elevator technology with the TWIN elevator. More and more building owners and architects are turning to the innovative concept for passenger transportation in tall buildings in which two cabs travel independently of one another in the same shaft. This permits optimum capacity utilization: In existing buildings, transportation capacity is significantly increased with the same number of shafts. In the new installations area, one third of shafts can be eliminated and useful space increased compared with conventional elevators – an increasingly important argument against the background of high rents. A single installation can provide a noticeable gain in efficiency and convenience in tall buildings.

Thanks to this innovative technology, which is offered exclusively by Elevator, we have won several new contracts in both established and new markets. For example, in the past fiscal year the first TWIN installation in the UK began operation in the building of the Financial Services Authority in London. Further major orders were received from the Netherlands, Russia, South Korea and the Middle East.

### Energy-saving lighting concept

The need to use energy efficiently also affects elevators, escalators and moving walks. We have developed various measures to reduce the energy used in standby mode – which accounts on average for 60% of total elevator energy requirements. For example, modern LED lamps reduce energy consumption by up to 40% compared with conventional lighting. These energy-saving systems can be installed in new installations or retrofitted in existing installations to meet increasing demands for energy efficiency.

### **Services: Innovative service for the steel industry**

Innovation projects in the Services segment last year again focused on developing new and tailored service offerings for our customers.

One important area was the steel industry, where we successfully implemented various innovative ideas. In a cross-segment project, a team of engineers developed an innovative mobile sludge dewatering system for a coke plant. With this new concept, residual wastes which previously had to be disposed of can now be recycled at low cost. Following successful trials and commencement of regular operation, the system can now also be used in other areas of industry.

Under another cross-segment project we developed a new load lifting system using electro-permanent magnets for slab handling. A pilot system was tested in the port of Walsum in Duisburg. The new system is also to be used soon to move steel slabs weighing up to 36 tons at the Steel segment's new mill in Brazil.

### **New roads for rail traffic**

The NFF New Slab Track System from Services is an innovative alternative for building new rail tracks on difficult ground. Unlike conventional slab tracks where the concrete or asphalt slabs lie flat on the sub-base, the New Slab Track rests on a bridge-like substructure in which pairs of concrete piles are driven into the ground and connected by cross members. The concrete slabs are laid on this, and on them the rails. The loads from train operation are transferred directly into deep and stable ground layers. The innovative profiles for the slabs are made by the DAVEX roll joining process.

### **Improved equipment for offshore construction services**

Our engineers have developed new and improved vibratory pile driving equipment for port expansion projects, e.g. container terminal construction, and in the offshore area for anchoring drilling rigs or offshore wind parks. New bearings for the rotating masses increase the performance and extend the lifetime of the vibratory hammers.

## **Innovation contest 2008 highlights successful projects**



61 projects from all segments of the Group were entered in the 2008 Innovation Contest.

Our Groupwide innovation contest is instrumental in further improving the investment climate by helping turn good ideas into marketable products and services. 61 projects of consistently high quality from all segments were entered in the 2008 contest. The criteria on which judging was based were customer value, customer retention, cost savings in in-house production, degree of innovation and market potential. Three project teams including a total of 18 employees were honored for their outstanding innovations.

The contest has been held each year since 2000, underlining the importance of continuous innovation efforts. In the contests held to date, 414 projects have been entered and 36 of them have won awards. Around a quarter of all projects stem from outside Germany. The innovation contest is being staged again in 2009, the tenth year in succession.

# Employees

Our 199,374 employees contributed to ThyssenKrupp's success with their ideas, expertise and passion for their work. Challenging training and education programs, performance-related pay, employee shares and above-average commitment are the basis of this performance strength. The wide range of cultures at Group locations worldwide fosters the intercultural capabilities of our skilled and executive staff.

## EMPLOYEES BY REGION

	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2008
Germany	94,009	87,141	84,052	84,999	85,097
Other EU	37,655	40,009	39,688	41,522	42,503
Americas	42,050	44,346	46,240	44,228	47,561
Asia/Pacific	8,628	10,369	11,956	14,890	17,881
Other countries	4,694	4,067	5,650	5,711	6,332
<b>World</b>	<b>187,036</b>	<b>185,932</b>	<b>187,586</b>	<b>191,350</b>	<b>199,374</b>

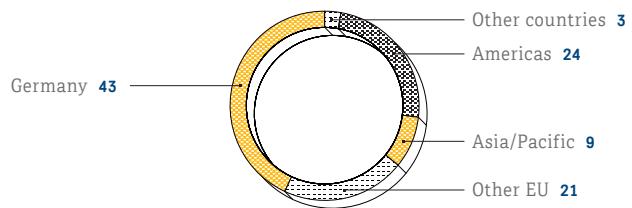
## Workforce development: significant rise in employee numbers

 The Group's workforce grew by 4% to 199,374 employees worldwide in the reporting year.

The number of employees rose significantly in fiscal year 2007/2008. On September 30, 2008, ThyssenKrupp had 199,374 employees worldwide, an increase of 4% from the end of the previous fiscal year. The biggest growth was in the service-related segments Elevator and Services. Steel created new jobs above all with the construction of new plants in Brazil and the USA. Employee numbers in the Technologies segment showed a slight decline, while the headcount at Stainless remained virtually unchanged.

In Germany the number of employees remained unchanged at 85,097. Outside Germany, the employee roll increased by 7% to 114,277, as a result of which the foreign share of the workforce rose to 57%. At the end of September 2008, 43% of employees were based in Germany, 12% in the USA, 7% in Brazil, and 5% in France.

## EMPLOYEES BY REGION on September 30, 2008 in %



Personnel expense increased by 4% to €9.5 billion in the reporting period. The following graphic shows the development of personnel expense over the past five years.

## PERSONNEL EXPENSE in million €

2003/2004 .....	9,465
2004/2005 .....	8,975
2005/2006 .....	9,306
2006/2007 .....	9,169
2007/2008 .....	9,519

## Shaping the future with ideas

Ideas management has a long and successful tradition at ThyssenKrupp. It is aimed at encouraging all employees to contribute their knowledge and experience in areas outside their own immediate duties by making suggestions for improvements.

In the past fiscal year employees in Germany submitted just under 38,000 suggestions. The participation rate was therefore 496 suggestions per 1,000 employees, 6% higher than in 2006/2007. The economic benefits are also pleasing: The new ideas will allow annual savings of €30 million, 14% more than the year before.

The most valuable suggestion in the Company's recent history was submitted by an employee of ThyssenKrupp Steel AG. His idea for enhancing continuous furnaces on the casting-rolling line in Duisburg will save annual maintenance and energy costs amounting to millions.

Many Group subsidiaries outside Germany also have active ideas management programs. Outstanding examples are ThyssenKrupp Metalúrgica Campo Limpo in Brazil, ThyssenKrupp Acciai Speciali Terni in Italy and ThyssenKrupp Sofedit in France.

### 75 winners in the ThyssenKrupp best Ideas Competition

A particular highlight in 2007/2008 was the Ideas Competition run in association with our value enhancement program ThyssenKrupp best. All the Group's employees worldwide were invited to enter suggestions with the chance of winning attractive prizes. Over 25,000 entries were submitted by individual employees and 12,000 by teams. The 75 winners from ten countries were invited to the award-giving ceremony at the Ideas Park in Stuttgart, among them employees from China, Brazil and the USA.



In 2007/2008 our employees submitted just under 38,000 improvement suggestions resulting in annual cost savings of €30 million.

## Strong commitment to health and safety

Health and safety has become an increasingly important aspect of the Group's personnel policy in recent years. For this reason the Executive Board of ThyssenKrupp AG in association with the Group Works Council has issued a clear statement on health and safety in a code of conduct which is binding for all employees. For ThyssenKrupp, health and safety is a key corporate objective ranking equally alongside product quality and business success.

However, the many successful health and safety activities have been overshadowed by a number of tragic accidents, as a result of which 14 employees lost their lives in the reporting year. The most serious accident happened on December 6, 2007 at the Turin plant of ThyssenKrupp Acciai Speciali Terni. As the result of a fire, ten employees were injured, seven of them fatally. A further five employees from other Group subsidiaries suffered fatal accidents on their way to or from work. The Executive Board and Supervisory Board of ThyssenKrupp AG and all employees mourn the loss of these colleagues. Our deepest sympathies go to the victims' families.

Despite these isolated tragic accidents, the accident rate overall decreased further. In fiscal year 2007/2008 1,240 accidents were reported in Germany, which means that there were 10.4 accidents per 1 million hours worked – an improvement of 7% from the year before.

This reduction was repeated in the international statistics. Here, too, we can report a positive trend.

To achieve a further significant improvement in health and safety, we have combined all efforts and measures in the Groupwide initiative "Zero Accidents". The initiative focuses mainly on the responsibility of the Executive Board - accidents are discussed at every Executive Board meeting – and executives at all levels, an international exchange of information, and targeted health and safety training at the plants. These measures are directed at all employees and special modules have been developed for executives.



The Groupwide "Zero Accidents" initiative is aimed at increasing the health and safety of employees.

## Over 4,400 young people undergoing training

By tradition ThyssenKrupp attaches great importance to training the skilled workers of tomorrow. Around 180 full-time trainers and numerous training officers are helping to give 4,431 apprentices a successful start to their careers.

Our subsidiaries have pursued intensive apprenticeship training activities for many decades. As well as training beyond their own needs, our companies ensure the high quality and practical value of the knowledge taught. At 5.8%, our already high apprenticeship training rate, i.e. the ratio of the number of apprentices to the overall workforce in Germany, was increased further in the past fiscal year.

90% of apprentices were offered a job with a ThyssenKrupp company on successfully completing their training. This very high retention rate reflects in particular "Program Future" in the Steel segment which aims to offer young people a lasting chance of employment.

### **Shortened apprenticeships as a first step on the career ladder**

The shortened apprenticeship courses for practically minded young people introduced a few years ago have successfully reduced the number of people dropping out of training. Group subsidiaries first introduced these apprenticeships back in 2005/2006. In view of the good response, numerous Group subsidiaries now feature these special occupations in their apprenticeship programs. On completing a shortened apprenticeship, young people who have performed well can if they wish move directly onto a more challenging apprenticeship in the same occupation; their previous training will then count towards this.

### **Participation in the training pact**

ThyssenKrupp continues to participate in the training pact between government and industry. In fiscal year 2007/2008 alone, we created 75 additional apprenticeship places and offered 46 initial training placements. Over 60% of the young people who have so far completed an initial training placement subsequently signed an apprenticeship contract. This success is due primarily to the intensive specialist and educational support provided by ThyssenKrupp trainers.

## **Advanced training promotes motivation and skills**

In the reporting year, nearly every employee in Germany took part in advanced training measures. Key areas included quality management, data systems and information processing, health and safety, and management training. Added to this were intensive training programs at our foreign branches and operations. The courses, seminars and other events offer significant advantages to companies and employees alike. Our employees gain new perspectives for the future and are better motivated and qualified for their work in the Company.

## **Universities and graduates**



ThyssenKrupp is regarded as an attractive employer among young engineers and business students.

In the increasing competition for the best young graduates, ThyssenKrupp has established a strong starting position. Both engineering and economics students see us as a highly attractive employer.

In view of future requirements, we have further stepped up our university marketing activities and launched the "ThyssenKrupp Recruiting Initiative". Our aim is to make potential young executives more aware of the career opportunities offered by our Group, attract them to ThyssenKrupp at an early stage, and provide efficient and sustained support throughout the recruitment process. A new careers portal on the internet provides this target group with a clear overview of the size and diversity of our Group and the attractive jobs and entry schemes available. In addition, two new graduate entry programs have been created directed at both interns and postgraduate students.

### **“Next Generation” internship program**

In the reporting year ThyssenKrupp employed 1,200 interns in Germany alone. In fiscal 2008/2009, the 100 best interns, selected on the basis of their commitment and performance during their internship, will join a new two-year program for interns in which they will receive extensive support through to the start of their professional careers. Under the ThyssenKrupp “Next Generation” program, interns will gain a better knowledge of our Group and also of themselves and their own strengths and development areas. Since good students most commonly find their future employer through attractive internships with systematic support programs, “Next Generation” will benefit not only the students but also our Group.

### **“Your Innovation” - the ThyssenKrupp program for doctoral students**

Engineering graduates in particular are increasingly keen to gain higher qualifications in doctoral programs with a strong practical focus. In our new-look ThyssenKrupp program for doctoral students “Your Innovation”, highly qualified young academics develop innovations and contribute their input to the latest technologies in the Group. By communicating with other postgraduates and experienced employees via our knowledge network and taking part in tailored seminars, they can identify and develop new aspects of their own potential. Targeted mainly at engineering graduates, the program provides participants with interdisciplinary support in their doctoral studies.

## **Partial retirement and company pension plan**



Almost all of the 3,730 employees in partial retirement are using the so-called block release model.

### **Block model of partial retirement popular**

The partial retirement scheme allows employees a smooth transition into retirement and thus also speeds up the process of change in the age and skill structure of the workforce. In the Group 3,730 employees were in partial retirement at the end of September 2008. Almost all of them opted for the so-called block release model – with a full-time work phase followed by a release phase. The table below shows the number of employees in partial retirement in the individual segments:

**EMPLOYEES TAKING PARTIAL RETIREMENT BY SEGMENT on Sept. 30, 2008**

	Working phase	Release phase	Total
Steel	853	942	1,795
Stainless	239	91	330
Technologies	696	454	1,150
Elevator	89	67	156
Services	128	99	227
Corporate	29	43	72
<b>Group</b>	<b>2,034</b>	<b>1,696</b>	<b>3,730</b>

### Modern company pension plan

The company pension plan at ThyssenKrupp has been a key element of compensation policy for decades. It was reorganized in the Group many years ago and today represents a combination of employer- and employee-contribution pension benefits, with the employee contributions qualifying for additional rewards from the employer. Employees receive regular information on the status of their personal pension benefits in the form of "account statements". As well as creating transparency, this makes employees aware of the considerable value of their own company pension benefits.

The employee-contribution pension plans available cover the entire spectrum of tax-deductible options. The Group's own deferred compensation plans are particularly popular. The continuation of the rules exempting deferred compensation from social security contributions beyond 2009 has placed the employee-contribution pension plan on a solid basis and allows employees to reliably plan their benefits.

### ThyssenKrupp PerspActive successful



The new management development concept "ThyssenKrupp PerspActive" has already proven its value in practice.

For efficient and integrated management development, managers must be assessed on the basis of uniform standards and criteria. For this reason a newly developed assessment process was introduced in the past fiscal year – as part of the "ThyssenKrupp PerspActive" management development concept. Under the new process, the Group's top managers were assessed by their supervisors on a standardized basis according to performance, potential and management competencies. The results were then discussed by the management bodies of the business units and segments. Finally, the Group Executive Board considered the assessments in a closed-door "Management Development" meeting. The new transparency enables a better assessment of the Group's management portfolio and supports the Executive Board with decisions on strategic management planning.

To promote Groupwide networking and improve the personal development opportunities of each individual manager, we have developed a so-called "career rule" in the framework of "ThyssenKrupp PerspActive". This states that executives can only be considered as candidates for positions in the segment executive board if they have experience in at least two countries, two functions and two companies. Generally each of these stages takes at least two years. In the first 18 months after the phased implementation of this rule, an increase in mobility at executive level has already been observed: Among the potential candidates for top executive positions, both international and cross-segment rotations have doubled.

### Cross-segment career prospects

“ThyssenKrupp PerspActive” supports and promotes the development prospects of each and every manager and helps the company select the best candidate for each position. A key instrument for this is the newly defined appointment process, under which appointments at the level below the segment executive board are subject to the approval of the Group Executive Board. We aim to open up further prospects across the segments for as many executives as possible and ensure that each vacancy is filled by the most suitable candidate.

The “ThyssenKrupp PerspActive” processes are supported by a new internet-based executive information system. Executives can use it to assess their employees online and plan and follow up development measures.

To improve the transparency and comparability of positions, ThyssenKrupp has introduced a Groupwide grading system for all top management posts worldwide. This allows these positions to be compared for the first time across organizational and national borders – a key prerequisite for promoting job rotation and planning individual careers. It will also make it easier to develop ThyssenKrupp Academy programs for specific target groups.

For the grading system, we conducted an initial screening of the top management levels before categorizing around 2,000 positions – 1% of the total workforce – in a management structure specially developed for ThyssenKrupp. The managements of the segments, business units and operating groups were closely involved in this development process. In summer 2008 the incumbents of the positions worldwide were informed about the system used and the project results.

### Number of participants at the Academy more than doubled

The ThyssenKrupp Academy was founded two years ago as an independent subsidiary of ThyssenKrupp AG. It is an essential element for shaping the future of our Group. With its wide-ranging programs, the Academy supports and promotes learning and development opportunities for our executives.

In the reporting year the number of participants in the Academy’s tailored and challenging programs more than doubled to 1,700 executives. A total of 4,800 participant days were utilized for the targeted development of competencies and for networking with prominent experts and learning partners from renowned business schools and international universities. Most of the programs are conducted in English to allow an exchange of experience and knowledge across the segments and in global networks.

With its four learning platforms – Management School, Competence Forum, Impact Workouts and Horizon Sessions – the Academy aims to challenge and expand established management knowledge using innovative learning architectures. It introduces new models of thinking, takes on board new ideas, passes these ideas on and in so doing intensifies the exchange of knowledge in the Group. A particularly important aspect of the program content is that it is application-oriented. Programs comprising numerous modules give participants the opportunity to try out what they have learned in practice.



The ThyssenKrupp Academy promotes the development opportunities of participants with four learning platforms and diverse programs.

In 2007/2008 the ThyssenKrupp Academy focused on leadership training. Other key areas were value growth, strategic fitness, quality, health and safety, and transformation and change in the global competitive arena.

## Tailored and performance-related compensation systems

Attractive compensation is a key factor in winning and motivating employees and executives. In addition to a fixed salary, which is subject to the provisions of collective or individual employment contracts, there are a number of other performance-related compensation components tailored to specific target groups at ThyssenKrupp. Employees under the collective agreement in Germany receive additional company-related annual bonuses to reflect outstanding business results. For employees under individual employment contracts, the fixed salary is supplemented by bonus systems, with the bonus amount linked to the Company's performance indicators and the employee's personal performance. ThyssenKrupp companies outside Germany also have attractive compensation systems based on local regulations.



In spring 2008, employees in Germany were able to buy ThyssenKrupp shares for the sixth time with an employer contribution of 50%.

In addition, we work to increase the share of the Company's capital held by the workforce. In early 2008 some 80,000 employees at Group companies in Germany had the opportunity to buy ThyssenKrupp shares up to a total value of €270, with 50% being paid for by their employer, under the sixth ThyssenKrupp employee share program. Programs were also carried out again in the reporting year in other European countries – France, Spain and the United Kingdom. In the employee share program in France, which took place for the fourth time in spring 2008, roughly one in two of the 6,400 eligible employees took part.

Our executive compensation policy is characterized by earnings- and share price-oriented instruments which are systematically applied and have proven their worth. The Mid Term Incentive plan (MTI) launched in 2003 was issued for the sixth time in the reporting year. As in the previous year, the members of the Executive Board of ThyssenKrupp AG and the segment executive boards together with selected directors and executives from major Group subsidiaries were eligible for the plan. The development of the stock rights issued under this plan is based on the share price and ThyssenKrupp Value Added (TKVA).

The discounted share purchase program for a specific target group of executives was issued for the third time in the reporting year. This, too, again met with a good response. Under this model, selected executives who are not eligible for the MTI can purchase ThyssenKrupp shares at a discount, the amount of which depends on the development of ThyssenKrupp Value Added.

# Risk Report

Our systematic risk management system increases the value of the Company and safeguards its existence by ensuring the appropriate management and transparent communication of individual risks. In the reporting year, all risks were contained and manageable. The future existence of the company is secured. In the event that all the risks we know about but cannot yet fully judge are realized, the financial crisis will have a major impact on the Group's earnings situation.

## Risk management organization has proven its worth

### Risk policy as part of corporate strategy

As part of corporate strategy, our risk policy is directed at safeguarding the existence of the Company and systematically and continuously increasing its value.

The risk strategy is based on an evaluation of the risks and the opportunities associated with them. In the Group's core competency areas we consciously take on reasonable, manageable and controllable risks if they are expected to deliver an appropriate reward. Risks in support processes are transferred where appropriate to other risk carriers. Other risks not connected with core and/or support processes are avoided to ensure that the aggregate risk volume does not exceed the risk coverage potential available at ThyssenKrupp AG.

ThyssenKrupp has set out the framework conditions for orderly and forward-looking risk management in its risk management policies. The "Risk Management" manual specifies the processes for risk management. The Group has issued binding principles for dealing with risks. For example, speculative transactions or other measures of a speculative nature are inadmissible. Conduct towards suppliers, customers and other business partners must be fair and responsible at all times. Regular training programs and control measures help ensure that these principles are observed.



The risks for the Group and the opportunities associated with them are assessed as part of our risk management system.

### **Risk management system has proven its worth Groupwide**

The risk management system installed by the Executive Board of ThyssenKrupp AG has proven itself to be efficient. All employees of the Group - regardless of their position in the hierarchy - are required to be aware of the risks in their area of responsibility. Direct responsibility for early identification and management of risks lies with the operating managers. The next organization level up in each case is responsible for risk control.



The Executive Board is kept regularly informed about the overall risk situation of the Group.

Within the framework of risk inventories (risk maps) the Group companies report on the status of major risks to their segment holding companies using tiered threshold values. The risks are evaluated and classified according to probability of occurrence and loss amounts, and the risk reduction measures and early warning indicators are regularly updated. The segment holding companies provide the Executive Board of ThyssenKrupp AG with a summary of the current risk situation under a fixed agenda item in the bi-weekly Executive Board reports. In urgent cases, ad hoc risks are communicated directly outside the normal reporting channels.

Once again in 2007/2008 we examined whether the rules of the risk management system are being observed in Germany and abroad. The findings from these internal audits helped further improve the early identification and management of risks. In addition, we have continuously enhanced the tools for identifying and managing risks in the Group. Cross-segment software is currently being developed with which we will be able to manage risks in the Group on a standardized and structured basis, reduce the number of manual activities in the risk management process, and further enhance the quality of the information generated.

### **Opportunities and risks in balance**

All risks taken by us are balanced by appropriate opportunities which we systematically identify, evaluate, manage and control. More details can be found in our opportunities report on pages 144–150.

### **Risk transfer by central service provider**

As central service provider, ThyssenKrupp Risk and Insurance Services handled the transfer of risks to insurers through the conclusion of Group insurance policies in 2007/2008, as in previous years. Regular loss analyses are carried out to evaluate the potential risks and the insurance cover is determined on this basis. Under property and business interruption policies significant deductibles exist for some production units of the Steel and Stainless segments, so that there is a risk that one or more claims on these policies could materially impair the Group's assets, liabilities, financial position and results of operations. The transfer of risk to insurers could be negatively impacted by the current financial crisis if insurers collapse. This risk is considerably reduced because ThyssenKrupp Risk and Insurance Services spreads the risk over numerous insurers and only selects insurers with a rating of at least A-.

Several working groups have developed joint binding standards for risk prevention. Compliance with the standards as part of a property insurance risk management system was monitored regularly by internal and external audits. In addition, a new Group policy requires that a business recovery plan be drawn up in case of business interruptions for risks from property and business interruption insurance.

## Central risk areas

### Financial risks are contained

Central responsibilities of ThyssenKrupp AG include the coordination and management of financial requirements within the Group and securing the financial independence of the Group. In this connection, Group financing is optimized and financial risks controlled. Risks in the individual financial risk areas are minimized through an ongoing process of monitoring and intensive controls.

**Credit risk (default risk):** Financial instrument transactions in the financing area are only concluded with counterparties of very high credit standing. Outstanding receivables and default risks are constantly monitored by the Group subsidiaries; in some cases they are additionally insured under commercial credit policies. The credit standing of key account customers is monitored particularly closely.

**Liquidity risk:** To secure the solvency and financial flexibility of the Group at all times, we maintain long-term credit facilities and cash funds on the basis of a multi-year financial planning system and a liquidity planning system on a rolling monthly basis. The cash pooling system and external financings are concentrated mainly on ThyssenKrupp AG and specific financing companies. We use the cash pooling system to allocate resources to Group subsidiaries internally according to requirements.

**Market risk:** Various measures are used to mitigate or eliminate the risk of fluctuations in the fair values or future cash flows from non-derivative or derivative financial instruments due to market changes. These measures are mainly traded outside the stock exchange and include foreign currency forward contracts, interest rate/foreign currency derivatives and commodity forward contracts with banks and commercial partners. To hedge against commodity price risks we also use futures traded on the stock exchange. The use of derivative financial instruments is extensively monitored, with checks being carried out on the basis of policies in the framework of regular reporting.



Standard Group policies exist to minimize risks in currency management.

**Currency risk:** To contain the risks of the numerous payment flows in different currencies – in particular in US dollars – we have developed Groupwide policies for foreign currency management. All companies of our Group are required to hedge foreign currency positions at the time of their inception; companies based in the EMU are required to hedge via our central clearing office. Translation risks arising from the conversion of foreign currency positions are generally not hedged.

**Interest rate risk:** As in previous years, we procured funds in 2007/2008 on the international money and capital markets in different currencies – predominantly in euros and US dollars – and with various maturities. The resulting financial liabilities and our financial investments are partially exposed to risks from changing interest rates. To manage these risks, regular interest rate risk analyses are prepared. The regular communication of the results of the interest rate analyses is part of our risk management system.

**Commodity price risk:** Depending on the market situation, purchasing prices for raw materials and energy can fluctuate significantly. We minimize this price risk firstly through long-term supply contracts – e.g. for ore, coal and coke. Secondly, some Group companies use derivative financial instruments to hedge against the risk of commodity price fluctuations, in particular for nickel and copper. Hedging via such financial instruments is subject to strict guidelines. Commodity forward contracts and options are used.

Details of these risk areas are provided under Note 30.

The financial crisis and its potential impact on the real economy will result in a global economic slowdown which could have a negative impact on the Group's operating cash flow. The financial crisis has generally hindered access to the money and capital markets. Against this background, ThyssenKrupp has made sufficient provision to maintain liquidity.

#### **Risks associated with acquisitions, disposals and restructurings**

Risks may arise from the disposal or acquisition of real estate, companies or other business activities and from restructuring programs in the Group. Where the occurrence of a risk is probable, adequate provision has been made in the balance sheet.

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The security of the IT we use in the Group is of central importance.

#### **Risks associated with information security**

The information technologies used in the Group are continually reviewed to assess whether they guarantee secure handling of IT-supported business processes; if necessary they are updated. We continually update our systems because information security is one of our key priorities. We have set up a cross-segment Information Security Forum to serve as a coordination platform. At some companies business processes and data centers have security certification. The IT-based integration of business processes is subject to the condition that the risks involved for our Group companies and also for our customers, suppliers and other business partners are minimized.

#### **Risks associated with pensions and healthcare obligations**

The fund assets used to finance pension liabilities are exposed to capital market risks. To minimize these risks, the individual investment forms are selected and weighted on the basis of asset liability studies by independent experts. The aim is to adjust the investments to ensure that the associated pension liabilities are permanently fulfilled in respect of the current and future income from the investments. Pension obligations are subject to risks from increased life expectancies of beneficiaries and from obligations to adjust pension amounts on a regular basis. In addition, the cost of healthcare obligations in the USA and Canada may increase. Furthermore, in some countries there is a risk of significantly higher payments having to be made to finance pension plans in the future due to stricter statutory requirements. In individual cases, the premature cancellation of a pension plan may necessitate an additional allocation.

More details are provided in the Notes on pages 190–195.

### Legal risks associated with third-party claims

Legal risks result from claims made against ThyssenKrupp or individual Group companies. These can relate to antitrust law, environmental law or claims for damages under product liability law.

In addition, customers, consortium partners and subcontractors have lodged claims against ThyssenKrupp under plant construction, supply and service contracts. Where it is probable that individual claims will lead to payment obligations, we have made provision.

A report on pending litigation and claims for damages can be found in Note 29.

### Regulatory risks

Changes to the legal framework can have an unfavorable effect on our business. Tighter liability or environmental legislation could increase our costs and reduce our sales volumes. Changes to competition rules could bring disadvantages for us. In addition, higher social insurance contributions and other mandatory non-wage labor costs would mean cost increases for us. We endeavor to reduce the costs through close working relations with the institutions responsible for developing the statutory framework.



More and more Group subsidiaries are having their environmental management systems certified, which reduces environmental risks considerably.

### Environmental risks

Process-related risks of air and water pollution exist in some of our production operations. We therefore take extensive measures to minimize environmental impact and conserve resources. This includes the use of modern facilities which are environmentally friendly and also reduce charges and energy costs. The increasing number of Group companies with certified environmental management systems has reduced the risk of environmental risks occurring. We consistently comply with all statutory environmental requirements. More details on environmental protection at ThyssenKrupp are provided on pages 112–114.

Some of our real estate is subject to risks from past pollution and mining subsidence. These risks are managed and reduced by preventive measures and scheduled remediation work. Landfills on our real estate are monitored and secured on an ongoing basis. Once again in 2007/2008, adequate liabilities were recognized.

### Emission allowance risks from EU proposals

The plans of the European Commission to cease free allocation and introduce auctioning of all co<sub>2</sub> emission allowances from 2013 pose significant risks specifically for our production costs. As an energy-intensive industrial and services group operating in a competitive international market, we would likely be unable to pass on all or any of the additional costs from auctioning to our customers. This would have a corresponding negative impact on the earnings situation.

### Procurement risks

On the procurement side, ThyssenKrupp is mainly affected by the possibility of rising prices. We counter the associated risks in the procurement of raw materials, in particular ore and coal, by passing on the higher prices in our product prices as far as possible. In addition, we are constantly searching for alternative low-cost suppliers worldwide. In purchasing energy, we limit the risks with a structured procurement policy on the electricity market and long-term natural gas contracts.

To limit the risks of supply failures, we select our suppliers carefully. The geographical distribution of orders in our segments makes us independent of regional supply bottlenecks and helps us find alternative sources in the event of local supply problems. More details on our procurement management can be found on pages 81–85.

### Sales risks from global activities

As a globally active group, ThyssenKrupp is particularly exposed to risks associated with the global economy. We closely monitor the economic trend in individual countries and trade flows in order to minimize sales risks. Our international presence also makes us largely independent of regional crises. Furthermore, our widely differentiated product and customer structure reduces our sales risks.



The decline in the auto industry also holds risks for ThyssenKrupp in terms of possible bad debts.

The weakening of the automotive industry being observed worldwide also affects our Group and is being closely monitored. The reduced credit rating of key account customers harbors the risk of bad debt, which we are countering with effective receivables management. The sales risks of our segments are described in detail on pages 139–143.

We minimize quality and delivery schedule risks by continuously optimizing our value chains. Preventive maintenance and modernization counters the risk of an unscheduled shutdown of production units.

### Personnel risks and personnel policy

Committed and competent staff and managers are a central factor in the success of ThyssenKrupp. There is therefore a risk that key personnel cannot be found to fill vacancies in our Group or that they cannot be retained. That is why we position ourselves as an attractive employer and promote the long-term retention of employees in the Group. Systematic management development includes offering executives career prospects and attractive incentive systems. It also includes targeted mentoring to promote identification with the Company at all levels.

We secure the young talent we need for our workforces by addressing potential employees at an early stage and providing a high-quality training system. In intensive cooperation with key universities, we establish contact with talented students. The 2008 Ideas Park in Stuttgart also played a major role in promoting ThyssenKrupp as an attractive employer for young engineers. We pay special attention to women with children who wish to work: Wherever possible, we help them balance career and family.

More information on these matters is provided in the section entitled “Employees” on pages 125–132.

## General economic risks

Global economic growth will slow. We forecast growth of 3.7% in 2008 and less than 3% in 2009. The world economy is therefore in recession. These forecasts are based on a series of assumptions. It is assumed that the geopolitical situation will remain largely stable. The assessment is also based on the uncertain assumption that the problems triggered by the international financial crisis will not dramatically escalate.

The international financial crisis precipitated by the problems on the US mortgage market has already impacted the economy in particular in the USA and other industrialized countries. In 2009, too, the financial crisis is expected to have negative knock-on effects on the market for goods and services. If the economic and financial measures introduced by governments fail to help gradually restore confidence in the financial market, this will increase the risk of an even deeper and longer recession. Liquidity problems at the banks will then further restrict lending, investment will decrease further, and economic prospects - also in emerging economies - will be dampened by higher unemployment and falling consumption.

The expected global recession should help ease the price situation for energy and raw materials. For companies in the euro zone, however, these effects may be offset by a stronger dollar. In addition to this exchange rate risk, there is a risk that supplies of raw materials in particular will be further restricted by government intervention or other anticompetitive measures. Prices are affected by taxes on raw material exports and other export restrictions as well as any further limiting of competitive structures as a result of takeovers.

## Decentralized management of segment-specific risks

### Steel: Innovation strategy reduces market risks

Risks in the Steel segment include in particular risks on the sales and procurement markets, risks from exchange rate fluctuations and emissions trading as well as production losses and increased maintenance expenditures due to plant stoppages. In addition, the major investment projects in Brazil and the USA will increase capacity, which can also lead to risks on the sales and procurement markets.

From the viewpoint of the global steel market there is a general risk that overcapacities will be created, especially in China, which will lead to an imbalance on the world markets and could negatively impact the profitability of the Steel segment.

The segment counters the risks associated with steel industry cycles through cost optimization, prompt production adjustments and a concentration on high-end market segments subject to less cyclicity. To reduce the risk of limited traditional markets, Steel is globalizing its production – among other things by building production capacities in Brazil and the USA – and increasing its international sales. To contain the sales risks associated with the major projects, we began work on establishing and expanding a customer base from an early stage. However, we see only minor market and competitive risks with regard to the NAFTA market entry by the new plant in Alabama/USA. Extensive and successful customer relations work is already being carried out to support this process.



The creation of production capacities in Brazil and the USA reduces the risks inherent in limited traditional markets for Steel.

The segment successfully counters the high competitive intensity on the market for carbon steel flat-rolled products with an innovation strategy which allows competitive advantages to be achieved at least temporarily.

Major risks exist on the sales side in connection with implementing price increases. Disproportionate rises in raw material and energy prices represent risks on the cost side for Steel. For this reason we constantly monitor developments and key factors to ensure we can introduce any necessary changes at an early stage. To mitigate these risks, Steel is adjusting contracts with customers so that they more closely match the periods agreed in the purchasing contracts for raw materials.

Risks continue to exist in connection with possible losses within the deductibles agreed with insurers. To alleviate these, organizational and technical measures are carried out and optimized on an ongoing basis. For example, the Steel segment has integrated a business and technical risk controlling system into its risk management process and further optimized its fire prevention program by implementing best practice guidelines for the entire segment.

In close cooperation with its suppliers, Steel is trying to minimize the risks from managing the major projects in Brazil and the USA. These include in particular construction delays, equipment supplier delivery problems and exchange rate changes. In cooperation with project teams and external advisers, a complete system has therefore been set up encompassing the analysis of weaknesses, development of countermeasures and systematic risk management.

Despite the Groupwide emissions trading strategy, the segment may face volume and price risks in connection with emission allowances in the second trading period from 2008 to 2012.



The future development of China represents a risk which Stainless for example is countering by extending the value chain.

#### **Stainless: Extensive measures to counter market risks**

In addition to the usual cyclical risks the Stainless segment faces risks associated with the way the markets respond to existing or anticipated overcapacities at stainless producers in Asia. The supply and demand situation in China in particular represents a risk.

Numerous measures are in place to counter these risks. We have extended our value chain towards the higher-margin end-customer business, further intensified customer relationships, expanded our custom services, and improved our quality and delivery performance. We are also countering increasing competitive pressure by developing new applications for stainless steels and nickel alloys, by developing innovative products made from these materials and by using modern, cost-saving process technologies.

In the construction of the stainless steelmaking and processing plant in Alabama, USA, the costs are being strictly controlled to prevent further schedule delays and budget overruns. The implementation of this project will also help increase our market penetration in the USA.

The risks associated with the availability and prices of raw materials, particularly nickel, chromium and alloyed scrap, are minimized by corresponding contracts and hedging mechanisms. The Stainless group is preparing for the risk of substitution of stainless flat-rolled products in response to high alloying element prices by developing alternative material concepts. In addition, the continuous development and introduction of technical and organizational measures ensures that potential sources of risks in the production process are eliminated or reduced.

In view of the risk of fire and natural phenomena such as storms, hail and flooding, the segment significantly expanded its risk management activities in the area of property insurance. In cooperation with the insurance companies, joint, binding risk provision standards were drawn up, compliance with which is reviewed in regular audits. We developed measures to minimize the risk of fire in cooperation with the insurance companies and external experts. The implementation of these measures is under way.

On November 20, 2007, the EU Commission ruled that a law adopted by the Republic of Italy in 2005 granting ThyssenKrupp Acciai Speciali Terni among other companies certain benefits in the purchase of electricity was inadmissible state aid. Together with the Republic of Italy we filed a complaint against this decision with the court of first instance. It is not yet possible to judge whether and in what amount possible repayment demands may be made by the Italian state or claims by ThyssenKrupp Acciai Speciali Terni settled by Italy.

#### **Technologies: Close project controls**

With its global activities, the Technologies segment is exposed to risks in various business areas. In addition to the global economic downturn, these include above all political imponderables and order deferrals in the project business, for example due to the situation in the Middle East.



Technologies has thorough project controls allowing it to contain the risks involved in major long-term projects.

The specific risks associated with large long-term contracts and technically complex orders are contained through close project controls and increased use of project management measures. In addition, further individual measures are in place to enhance efficiency including controlling and to optimize processes. In the civilian shipbuilding sector competitive disadvantages versus Asian competitors are offset by intensive programs to improve performance and reduce costs.

The ruling by the EU Commission in the Hellenic Shipyards state aid case that some undertakings of the Greek government do not comply with the requirements of EU state aid law has given rise to a risk in the Marine Systems business unit. The state aid was granted until 2002 partly in connection with the privatization of the formerly nationalized shipyard before Hellenic Shipyards belonged to the ThyssenKrupp Group through Howaldtswerke-Deutsche Werft. It is not yet possible to assess whether and in what amount costs from this will be incurred by Hellenic Shipyards. More details can be found under Note 29 on page 201.

Our automotive operations continue to face a variety of market risks. Rising prices for steel and other starting materials, which experience shows cannot be passed onto customers in full or without some delay, represent a major risk to earnings. Extensive cost reduction programs are being implemented to offset rising cost pressure on the procurement side and increasing price pressure from auto manufacturers on the selling side. To counter the risk associated with falling demand in its traditional markets, the Mechanical Components business unit is building or expanding production capacities in growth regions such as India and China. We are currently planning the construction of a crankshaft factory in China. Following the ending of the Transrapid project in Munich, the existing operations were restructured and adjusted in line with the reduced marketing and planning activities. In addition, the deferral of the planned airport link project in Shanghai may lead to restructuring expenditures.

#### **Elevator: Regional risks largely balanced**

In the Elevator segment, the risks vary significantly between the different regions and market segments. However, as an international company Elevator succeeds in largely balancing the regional market risks as the individual markets are in different cyclical phases.

The new installations business is strongly influenced by activity in the building industry and can therefore be subject to volatility. The targeted use of project management measures helps contain risks in the processing of major orders. Since rising material prices cannot always be passed onto customers, it is especially important to continuously improve efficiency in production and optimize purchasing on an ongoing basis.

By contrast, the service and modernization business is comparatively unaffected by cyclical risks in the industry. Instead, customer retention is particularly important here. Continuous efficiency improvements help counteract cost increases such as higher fuel prices.

Due to the segment's global presence, the management of exchange rate changes is a key priority. Suitable financial hedges are in place in the Group to limit the influence of currency risks. In addition, exchange rate risks are minimized by the fact that sales and costs in Elevator's various markets are largely in the same currency.



The service and modernization business of Elevator is less exposed to economic risks.

#### **Services: Package of measures to counter price risks**

The Services segment is mainly engaged in materials trading and services. In the reporting year it encountered the associated price risks on the procurement and selling side with an extensive action program. Logistics and management tools were systematically improved. This included in particular the expansion of the central warehouse concept to optimize inventories. At the same time, expanding the service business, which is independent of material prices, makes the segment less sensitive to cyclical price movements.

The significant general economic risks and risks in various market segments are reduced by the segment's worldwide presence, broad customer base and high degree of diversification. The resultant wide spread of risks also applies to the bad debt risk, which is additionally limited by the use of hedging instruments.

1

Services limits the possibility of bad debts by risk spreading.

The Industrial Services business unit faces risks from significant competition and price pressure. We counter these by means of continuous capacity adjustments and new sector- and customer-specific service offerings and sales initiatives.

#### **Corporate: Risk management through project controls and compliance**

In addition to risks from the past industrial use of real estate, Corporate also faces risks from the construction of the new ThyssenKrupp Quarter in Essen. We systematically and continuously observe and analyze potential risks from building cost increases and schedule delays in a project control and compliance system. Potential savings are identified and implemented as quickly as possible.

### **No threat to existence of Company**

Overall, the risk situation at ThyssenKrupp continues to be manageable. There is no threat to the existence of the Company. Alongside the general economic risks from the global economic downturn triggered by the financial crisis, the main individual risks relate to the handling of major projects. In addition, procurement and sales risks are important. However, since an efficient risk management system is in place in all areas, the risks in the Group are contained and manageable overall.

# Subsequent events, opportunities and outlook

At present, the impact of the international financial crisis on the real economy cannot be adequately forecast. A substantial economic downturn is expected in 2009 which will also affect the previous growth markets and our customer sectors. Our systematic portfolio optimization strategy is designed for the long term, enabling us to overcome periods of economic weakness and maintain our long-term goals.

## Subsequent events

There were no events requiring disclosure.

## Economic outlook



An expected increase in world GDP by less than 3% would represent a recession for the world economy in 2009.

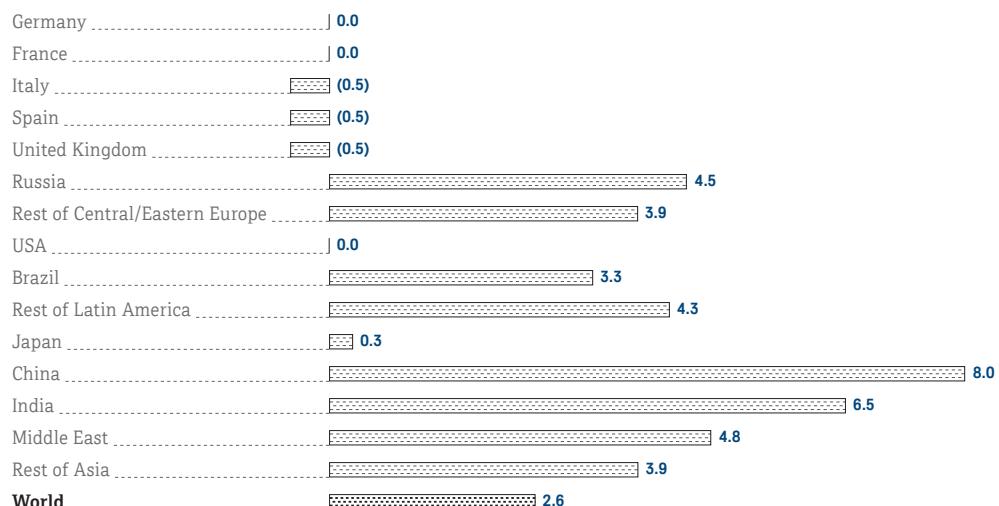
### Global economy in recession

The markets for goods and services will be hit hard by the international financial crisis in 2009. Following growth of 3.7% in 2008, world GDP is expected to expand by less than 3% in 2009, resulting in a recession in the global economy. At present it is not possible to assess the extent to which the bail-out packages introduced by the US and European governments in October 2008 will shore up the financial markets. Global GDP growth could accelerate again modestly in 2010.

In the USA, domestic demand is expected to remain weak in 2009. The financial and real estate crisis and the slowing labor market will impact private consumption. Exports, to date a mainstay of the economy, will also slow as a result of the global economic situation and the stronger US dollar. As a consequence, companies will reduce their spending.

In the euro zone, the economic outlook for 2009 has deteriorated significantly. The financial crisis is having a negative effect on consumer and business spending. Consumer uncertainty and a slower labor market are impacting private consumption. Growth in exports will be moderate at best in 2009. In Germany, capital expenditure will fall against the background of weaker industrial activity.

## GROSS DOMESTIC PRODUCT 2009\* change compared to previous year in %



\* Forecast

The emerging markets of Asia and Central and Eastern Europe will also be unable to escape the consequences of the financial crisis, and growth there will be significantly weaker in 2009. In China and India, the pace of growth in private consumption and capital expenditure will slow perceptibly. Demand will also soften in most countries of Central and Eastern Europe. In Russia, the reluctance of banks to grant loans is increasingly affecting businesses.

### Prospects on important sales markets

As a result of the international financial crisis, the prospects for business on important sales markets have become much more uncertain. The problems in the financial sector are having a noticeable impact on the real economy.

We expect the following developments for ThyssenKrupp on the relevant customer markets:

The previous strong growth of the global steel market will slow. Given the worsening prospects for the economy as a whole in the coming year, demand for steel will drop particularly in Europe, North America and Japan. Raw material prices started to ease recently, but it is not yet possible to say whether this will be a lasting development. In Europe, the recent significant increases in third-country imports pose a further risk.

In the stainless steel market, the high inventories at distributors and service centers are being gradually reduced at the start of the 2008/2009 fiscal year. As prices for alloying metals fall, especially nickel, and the fear of a recession grows, customers are holding back on orders. The sharp rise in imports from Asia is exacerbating the situation. Against this background, falling raw material prices will have a negative impact.



Previous strong growth on the world steel market is expected to slow in 2009.

**i**

With 10 million vehicles, China is expected to become the world's second-largest auto manufacturer after Japan in 2009.

At present it is not possible to predict developments on the international vehicle market. Any production growth will only take place in the emerging markets of Asia and Central and Eastern Europe, while output will fall again in Western Europe and the NAFTA region. China is expected to produce almost 10 million vehicles and replace the USA as the world's second-biggest producer after Japan. In 2009, output from Western European auto manufacturers will fall short of the prior-year figure; in Germany, production is expected to drop by at least 2% to less than 6 million cars and trucks.

The global weakening of demand for capital goods will impact the mechanical engineering sector in many countries in 2009. With no impetus from the domestic markets, activity in the USA and Japan is expected to stagnate. In Germany, demand is expected to decline after years of boom. China is likely to report further high growth rates, though here again the pace of growth has slowed significantly.

Global construction output in 2009 will be driven only by the emerging markets of Asia and Central and Eastern Europe. In the USA, building activity will decline further due to falling real estate prices and weak housing demand. In the euro zone and in Germany, stagnation is the best that can be hoped for.

## Opportunities: Quality as a success factor

ThyssenKrupp's strategy of positioning itself as a premium supplier on the world market means that once the economic slump is over, the Group will once again have opportunities to achieve long-term, solid and profitable growth. Through high productivity, product quality and innovation, we intend to further improve our earning strength. Rising customer requirements could provide us with additional orders, as we are rated highly in terms of quality. Our products meet very high standards in all areas – from low-noise submarines to high performance materials such as stainless steel alloys to low-pollution industrial facilities.

### **Detailed opportunity management system**

We operate a comprehensive management system at all levels of the Group to identify and exploit the opportunities that present themselves to ThyssenKrupp. Central to this system are the segments, whose operating business units observe trends on their markets and analyze them for possible opportunities. When lucrative projects emerge, and the potential reward justifies the associated risks, the segments decide whether and how best to proceed. They have recourse to the Group's strategic framework, which secures financing and liquidity as well as offering key services for the operating companies.

Opportunity management means teamwork at ThyssenKrupp: Project officers and management boards decide how best to utilize strategic opportunities. In the event of cross-segment projects or projects of outstanding importance for ThyssenKrupp as a whole, the Group's Executive Board takes responsibility.

More information on our business planning, expected development lines and goals are provided on pages 59–63. Details about risks for the Group are presented in the Risk Report on pages 133–143.

### Opportunities in the segments

**Steel:** Our Steel segment is focused on the market for premium flat-rolled carbon steel and holds a strong position in its European core market. Intelligent materials solutions, product-specific processing and extensive services through to finished parts shape our market opportunities. Continuous advancements in our steel materials give us an important competitive advantage. Our transatlantic growth strategy will strengthen our position in the major steel consuming markets of Europe and North America. We are undertaking intensive marketing activities, including direct contact with many existing and new customers, to ensure that our extended and improved capacities are taken up by the market.

By changing the terms of contracts with our customers, we aim to pass on increases in raw material and energy prices more quickly in the future. In the past we had a large share of annual contracts which were mostly based on the calendar year. This meant that if raw material costs rose dramatically, there was a time lag before the effect of higher steel prices was reflected in average revenues. Following discussions with our customers, however, in the final quarter of 2007/2008 we were able to conclude annual contracts with changed terms and higher prices which took account of the increases in raw material costs. The terms of these contracts have been matched to the terms of the contracts we conclude with raw material suppliers, which will allow us to respond more quickly to changes in raw material prices in the future.

**Stainless:** The Stainless segment has established a reputation as a specialist for high-performance materials. With its stainless steel, nickel alloy and titanium products, it exploits opportunities on the market for high-quality materials. In conjunction with the existing cold rolling mill in Mexico, the construction of a new plant complex in the US state of Alabama will strengthen the segment's position on the North American stainless market.

Ever greater importance is being attached to services which permit customers to concentrate on their core business and outsource other functions to Stainless. To this end we are expanding our range of global services and tightening our network of sales and service centers. Delivering customized solutions, offering product-related services and maintaining a presence close to customers should generate significant opportunities. This service offensive will increase our added value.



So-called megatrends such as environment, energy and food open up new business opportunities for Technologies.

**Technologies:** There are major opportunities for the Technologies segment in the megatrends raw materials, environment, energy, security, infrastructure, food and in the growing regions of the emerging markets. In these areas the segment can leverage its strengths in technology, design and innovation. We aim to assume market leadership in high-performance business areas through efficient, cost-optimized products, play a key role in defining technological progress and develop innovative products offering high customer benefit.

In geographical terms, we see opportunities in the entire Asia/Pacific region. To this end Technologies is expanding its capacities in India and China. One particular focus is the Middle East including North Africa. Thanks to its major oil and gas reserves, this region can afford to invest heavily in industry and is using the expertise of our plant engineers for this. To serve this market more intensively, we have opened the ThyssenKrupp Technologies TechCenter Middle East in Dubai. More than five billion people can be reached within a five-hour flight radius from this location.

Our specialized service business also holds long-term opportunities. Technologies is looking to increase sales in this area by around 30%.

**Elevator:** Our Elevator segment is one of the world's leading manufacturers and service providers for elevators, escalators, moving walks, passenger boarding bridges, and stair and platform lifts. We have a wide range of high-performance products – from standard systems to customized solutions to service, maintenance and modernization packages. In particular, new product developments such as the TWIN elevator create good opportunities for the segment in the field of mobility. The TurboTrack is an innovative product developed by Elevator for horizontal passenger transportation. This high-speed system has three speed zones and moves people significantly more quickly than conventional walkways. Elevator anticipates strategic opportunities from the further optimization of its worldwide branch and service network and through additional maintenance orders for existing passenger transportation systems. We also intend to strengthen our activities in the international growth regions. Through effective marketing and the provision of detailed information to clients and architects, we aim to highlight the specific strengths of our products in terms of cost-efficiency, technology and design.



The Services segment will further expand its core material services business in the future.

**Services:** The Services segment is pursuing a focused strategy aimed at strengthening its core material services business. Its target group are international customers who wish to utilize the specialized skills of our experts. Our offering ranges from straightforward material supplies to complex supply chain management, where we take responsibility for all aspects from ordering and quality control to logistics and just-in-time delivery to the customer's production lines. For our Special Products unit we see particular growth opportunities in Asia and Eastern Europe. The strength of our product range lies in its diversity, taking in construction products for flood protection, metallurgical products, nonferrous metals, minerals and industrial gases.

#### **Important performance-related opportunities**

We see important opportunities in procurement, production and improved marketing to profitably expand ThyssenKrupp's business. New electronic procurement platforms make handling purchases easier both for us and our suppliers. Methods such as online requests for bids, auctions or catalog ordering have already proven successful. Now we need to convince as many business partners as possible worldwide of the benefits they offer.

In production, the process improvements introduced in recent years will increase product quality while maintaining or lowering costs. New processes added in the area of steel processing include innovative hot-dip galvanizing methods for multiphase steels and the joining of stainless and carbon steels in tailored products.

In the area of plant engineering, our new technology for the production of polylactic acid should open new market opportunities. Polylactic acid is the starting material for a biodegradable plastic which is of such high quality that it can be used for packaging and bottles.

For our elevators, escalators and moving walks we are aiming to achieve greater standardization of individual technical components. At the same time we want to design our products more closely in line with the specific wishes of our customers. Today's elevators and escalators should both accentuate the architectural character of the building and offer extremely cost-efficient operation. That's why many customers are turning to high-tech products such as our TWIN elevator, or are deciding in favor of our energy-saving lighting concept.

At Services, particular performance-related opportunities can be achieved by taking our marketing activities for materials services even closer to customers. For offshore applications, our engineers have expanded the range of construction services to include a highly efficient vibratory pile driving technology which could result in additional orders.

#### 1

We take diverse measures to secure motivated and highly qualified young talent for the Group.

#### Opportunities from young talent

Given the expected shortage of skilled and managerial employees in the future, we take every opportunity to inform qualified school and university graduates of the career opportunities available in the Group. One proven method is inviting students of various disciplines to trade shows at which ThyssenKrupp is exhibiting its products and processes. In addition to providing a good introduction to our range, students can also gain a personal insight into the daily working life of, for example, an engineer.

We also give well-qualified and motivated university graduates the chance to contact skilled and managerial employees as well as numerous trainees in the Group to find out about career opportunities. For example, more than 270 university graduates applied for one of the 24 places available at the 1st ThyssenKrupp Career Day, which was held last fiscal year. We will be continuing with these events.

Equally promising was "do-camp-ing", a one-week vacation program for senior high school students aimed at providing an introduction to engineering studies. It involved active project work as well as discussions and Q&A sessions with students and professional engineers, including some from ThyssenKrupp, with the objective of getting the young participants interested in technical issues. A total of 80 students from all over Germany attended. We believe that in the long term measures such as these will attract qualified and motivated young talents to the area of technology and our Group.

#### Tax opportunities from tax legislation

The 2008 corporate tax reform had a positive impact on ThyssenKrupp AG's taxation in the reporting period. In conjunction with changes to the structure of trade tax, the reduction of the corporate tax rate lowered the nominal tax burden in the corporate and trade tax group of ThyssenKrupp AG from 39.4% to around 31% of domestic profits. The newly introduced limitation of interest deduction did not apply owing to the good level of earnings achieved in Germany in 2007/2008. Tax rate reductions have also been resolved in other European and non-European countries in which the Group generates pleasing levels of income, including Spain, Italy and Canada.

### Value-enhancement potential through new initiative

The Groupwide value-enhancement program ThyssenKrupp best offers additional opportunities. The start of the 2008/2009 fiscal year sees the launch of the new Net Working Capital initiative, which will support the positive performance of the projects running under ThyssenKrupp best. Whereas in the past the focus was on earnings, the aim now is to optimize the working capital tied up in accounts receivable, accounts payable and inventories. As with previous initiatives we are providing methodological tools and training employees in their use. ThyssenKrupp best will also be expanded in the subsequent fiscal year.

### Expected earnings situation

In the 2008/2009 fiscal year we expect the international financial crisis to impact heavily on economic performance. According to our estimates, world GDP will grow by less than 3%. As a result, the global economy will go through a phase of recession. At present, it is difficult to estimate what effect the distortions caused by the financial crisis will have. Our planning for the coming fiscal year takes account of these restrictions. Despite the high level of uncertainty and the reduced predictability of the situation, we believe that with our business portfolio we are well positioned even in times of economic downturn.



Group sales are currently expected to decline significantly in fiscal 2008/2009.

**Sales and earnings:** We anticipate a substantial decrease in sales in fiscal 2008/2009. This will have a corresponding effect on earnings. The increasing uncertainties on the financial and real markets make it impossible to provide a quantifiable forecast at this time. We will supply more concrete information on the current fiscal year in our quarterly reporting. Price and volume risks will be limited by declining material prices and an additional wide-ranging package of measures to increase efficiency. This will also significantly reduce working capital requirements. The forecast for the individual segments is as follows:

- Steel – substantial price and volume risks, cushioned by long-term contract structures, the focus on numerous premium segments and declining material prices.
- Stainless – lower demand, revenues stabilizing.
- Technologies – relatively high level of planning certainty for revenues and earnings from project business due to high order backlog with good earnings quality.
- Elevator – comparatively immune to fluctuations in revenues and earnings due to high service share and high order backlog.
- Services – price and volume risks cushioned by broad product portfolio with high service share, global presence and further optimization of logistics.

In 2009/2010 we expect the global economy to come out of recession and growth to accelerate moderately. Assuming our business is not impacted by lasting economic weakness, in 2009/2010 we aim to return to our long-term growth path and expect a renewed improvement in sales and earnings.

In the longer term, particularly after the completion of the major investment projects by Steel and Stainless in North and South America and by the other segments in other regions, we expect earnings before taxes and major nonrecurring items of €4.5 to 5.0 billion and sales in the region of €65 billion.

**Dividend:** In line with our policy of dividend continuity, we will once again pay an appropriate dividend.

**Employees:** Based on our planning, on September 30, 2009 we will have over 200,000 employees. The headcount could rise further in the following year. The increase in the workforce is mainly due to the major investment projects in Brazil and the USA. Our planned figures do not take into account any future portfolio measures.

Apprenticeship training remains very important to us. In the coming years we therefore intend to intensify our apprenticeship programs where possible and continue to train beyond our own requirements.

**Research and development:** Innovation and technology are of central importance to ThyssenKrupp, which is why we are continuously strengthening our efforts in this area. In fiscal 2008/2009 we will spend in the region of €800 million on innovations, and a similar amount is planned for the year after.

In order to further expand and strengthen our innovative capabilities, the Groupwide innovation program launched in the reporting period will be continued in 2008/2009. The best practices emerging from this program will be implemented in our day-to-day work to further boost our innovativeness. We aim to provide a framework for research and development that enables our employees to translate their talents and creative ideas even more quickly into innovative products and processes. In 2008/2009 we will again recruit new scientists and engineers to work in our research and development activities.



Supply bottlenecks in raw materials, other products and services are not expected.

**Procurement:** Against a background of weak global growth, falling raw material prices and an expected drop in sales, materials expense in fiscal 2008/2009 will be significantly lower than a year earlier. But it will continue to amount to more than half our sales, and that will also be the case in fiscal 2009/2010. In view of our long-term, international supply relationships, we do not anticipate any bottlenecks in supplies of raw materials, components, operating materials or services in 2008/2009 and 2009/2010. Security of supplies will also be enhanced by our successful purchasing initiative, which will be expanded further in the coming years.

**Energy:** Due to the weakness of the economy, we expect oil and gas prices to fall temporarily. We will respond to changes in demand by adjusting volumes and will continue in the future to pursue a long-term, flexible energy procurement policy in order to exploit favorable market situations and, for example, keep electricity prices as low as possible.

At the same time, ThyssenKrupp as an intensive energy consumer must expect to have to purchase more CO<sub>2</sub> emission allowances than in the past. In the event of bottlenecks in power plant capacities – a so-called “power plant gap” – electricity prices will be driven even higher, as expensive, inefficient fossil-fueled power plants will have to remain in use longer.

**Environmental protection:** On the basis of our current planning, spending on ongoing environmental protection will be in the region €500 million in both fiscal 2008/2009 and 2009/2010. The greater part of our future pollution control investments will be accounted for by our new plant projects in Brazil and the USA. Increasing resource and energy efficiency and reducing greenhouse gas emissions will remain priorities.

## Expected financial and liquidity situation



Due to the major projects at Steel and Stainless, the level of investment is above the average of previous years.

In 2005, ThyssenKrupp launched a program of sustainable and profitable growth. Investments of up to €20 billion are planned for this over a five-year period, of which roughly half has been spent so far. Due to major projects such as the new steel mill in Brazil, the new production and sales location in the USA and capacity optimization at the Duisburg site, capital expenditure is currently significantly higher than the average of the previous years. Despite the more difficult conditions resulting from the global financial crisis, our financing is on a solid basis.

# 03

## Consolidated financial statements

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statements

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ONE OF US. CREATES ATTRACTIVE DEVELOPMENT OPPORTUNITIES FOR  
TRAINEES. AND IN SO DOING SECURES THE BEST YOUNG TALENT FOR US.

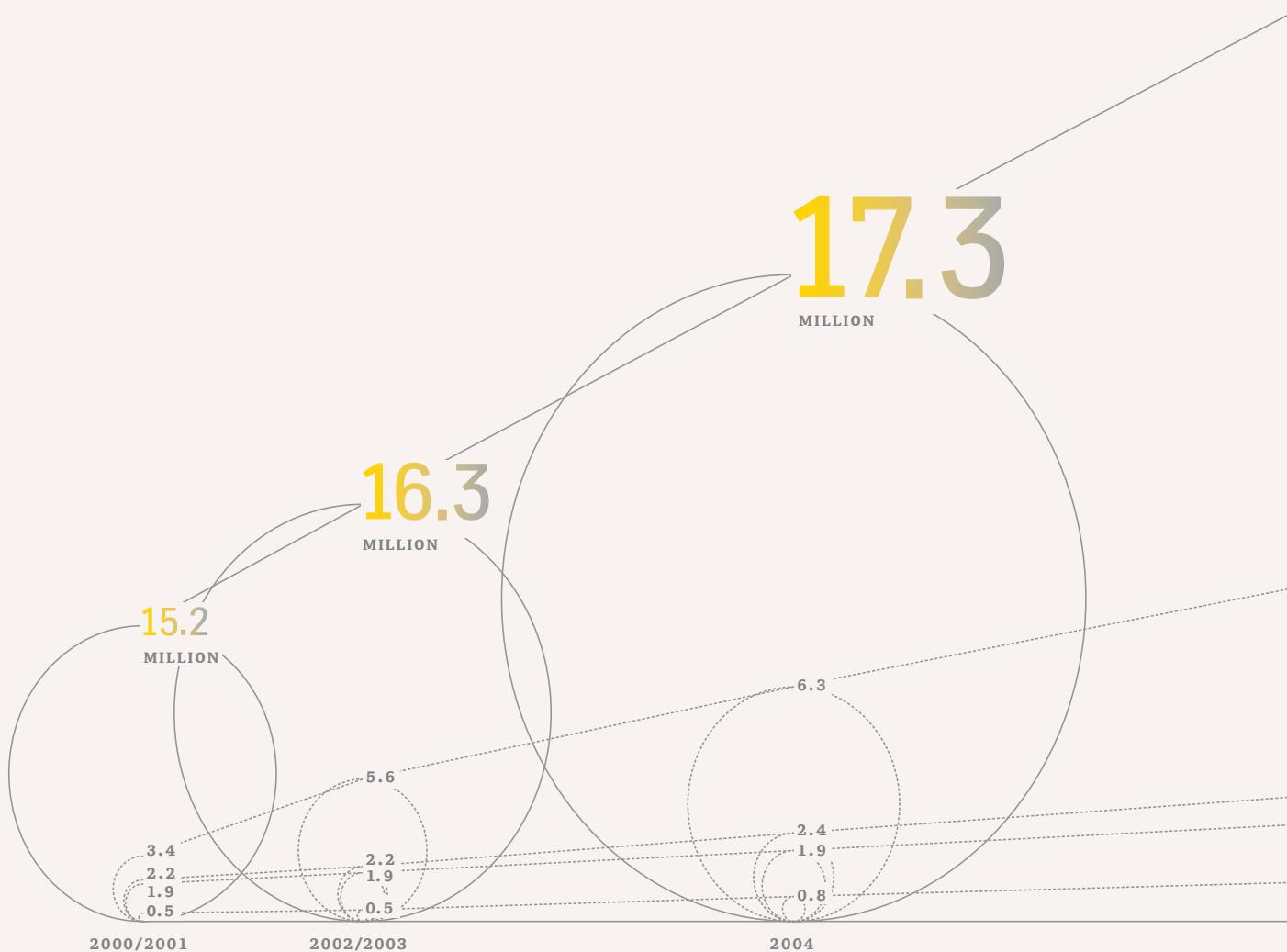
Dr. Kathrin Elmerich, employee in the Corporate Human Resources department  
at ThyssenKrupp in Düsseldorf

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## Education as capital. Growing all the time.

Excellent training is a key requirement for global competitiveness. Which is why education is on the increase worldwide. Anyone wishing to keep pace needs to invest permanently in their own education. And thus in our joint progress.

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### PEOPLE WITH UNIVERSITY DEGREES WORLDWIDE. ABSOLUTE FIGURES FROM 2000/2001 TO 2005.

Compared with 2000, the level of education has risen sharply in almost all countries.

Source: Global Education Digest 2003, 2005, 2006, 2007 Comparing Education Statistics around the World, UNESCO Institute for Statistics

# 18.1

MILLION WORLDWIDE

6.7 --- MILLION IN EUROPE

2.6 --- MILLION IN THE USA

1.9 --- MILLION IN CHINA

0.8 --- MILLION IN AFRICA

2005

# 03

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## Consolidated financial statements

Accounting in the Group has been based on International Financial Reporting Standards (IFRS) since fiscal 2005/2006. The auditors examined the consolidated financial statements and the management report for the 2007/2008 fiscal year and awarded an unqualified audit opinion. The following figures and the detailed Notes document and explain the performance of the Group and its segments in the past fiscal year as well as the financial and earnings position.



# ThyssenKrupp AG

## Consolidated Statement of Income

million €, earnings per share in €

	Note	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Net sales	04, 32	51,723	53,426
Cost of sales	12, 13	(42,291)	(44,150)
<b>Gross margin</b>		<b>9,432</b>	<b>9,276</b>
Selling expenses		(2,852)	(2,854)
General and administrative expenses		(2,489)	(2,734)
Other operating income	05	637	342
Other operating expenses	06, 12	(1,076)	(725)
Gain/(loss) on the disposal of subsidiaries, net		9	73
<b>Income from operations</b>		<b>3,681</b>	<b>3,378</b>
Income from companies accounted for using the equity method		51	100
Interest income		279	281
Interest expense		(677)	(725)
Other financial income/(expense), net		(4)	94
<b>Financial income/(expense), net</b>	08	<b>(351)</b>	<b>(250)</b>
<b>Income before income taxes</b>		<b>3,330</b>	<b>3,128</b>
Income tax expense	09	(1,140)	(852)
<b>Net income</b>		<b>2,190</b>	<b>2,276</b>
<b>Thereof:</b>			
ThyssenKrupp AG's stockholders		2,102	2,195
Minority interest		88	81
<b>Net income</b>		<b>2,190</b>	<b>2,276</b>
<b>Basic and diluted earnings per share based on</b>	10		
Net income (attributable to ThyssenKrupp AG's stockholders)		<b>4.30</b>	<b>4.59</b>

See accompanying notes to consolidated financial statements.



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

# ThyssenKrupp AG

## Consolidated Balance Sheet

### ASSETS million €

	Note	Sept. 30, 2007	Sept. 30, 2008
Intangible assets, net	12	4,581	4,723
Property, plant and equipment, net	07, 13	9,436	12,128
Investment property	14	389	357
Investments accounted for using the equity method	15	461	515
Other financial assets	19	133	118
Deferred tax assets	09	385	467
<b>Total non-current assets</b>		<b>15,385</b>	<b>18,308</b>
Inventories, net	17	8,864	9,494
Trade accounts receivable, net	18	7,577	7,885
Other financial assets	19	712	881
Other non-financial assets	20	1,519	1,953
Current income tax assets		359	381
Cash and cash equivalents		3,658	2,725
Assets held for sale	03	0	15
<b>Total current assets</b>		<b>22,689</b>	<b>23,334</b>
<b>Total assets</b>		<b>38,074</b>	<b>41,642</b>

### EQUITY AND LIABILITIES million €

	Note	Sept. 30, 2007	Sept. 30, 2008
Capital stock		1,317	1,317
Additional paid in capital		4,684	4,684
Retained earnings		4,963	6,519
Cumulative income and expense directly recognized in equity		(241)	(92)
Treasury stock		(697)	(1,421)
<b>Equity attributable to ThyssenKrupp AG's stockholders</b>		<b>10,026</b>	<b>11,007</b>
Minority interest		421	482
<b>Total equity</b>	21	<b>10,447</b>	<b>11,489</b>
Accrued pension and similar obligations	23	7,139	6,550
Other provisions	24	696	641
Deferred tax liabilities	09	946	1,128
Financial debt	25	2,813	3,068
Other financial liabilities	27	125	321
Other non-financial liabilities	28	22	20
<b>Total non-current liabilities</b>		<b>11,741</b>	<b>11,728</b>
Other provisions	24	1,559	1,746
Current income tax liabilities		592	555
Financial debt	25	825	1,348
Trade accounts payable	26	4,960	5,731
Other financial liabilities	27	846	1,544
Other non-financial liabilities	28	7,104	7,501
<b>Total current liabilities</b>		<b>15,886</b>	<b>18,425</b>
<b>Total liabilities</b>		<b>27,627</b>	<b>30,153</b>
<b>Total equity and liabilities</b>		<b>38,074</b>	<b>41,642</b>

See accompanying notes to consolidated financial statements.



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

# ThyssenKrupp AG

## Consolidated Cash Flow Statement

million €

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
<b>Operating:</b>		
Net income	2,190	2,276
Adjustments to reconcile net income to operating cash flows:		
Deferred income taxes, net	218	(46)
Depreciation, amortization and impairment of non-current assets	1,534	1,424
Reversals of impairment losses of non-current assets	(7)	(20)
(Earnings)/losses from companies accounted for using the equity method, net of dividends received	(46)	(95)
(Gain)/loss on disposal of non-current assets	(68)	(109)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	(1,374)	(613)
- trade accounts receivable	(397)	(331)
- accrued pension and similar obligations	(284)	(146)
- other provisions	31	159
- trade accounts payable	321	757
- other assets/liabilities not related to investing or financing activities	102	423
<b>Operating cash flows</b>	<b>2,220</b>	<b>3,679</b>
<b>Investing:</b>		
Purchase of investments accounted for using the equity method and financial assets	(37)	(51)
Expenditures for acquisitions of consolidated companies	(91)	(213)
Cash acquired from acquisitions	4	55
Capital expenditures for property, plant and equipment and investment property	(2,700)	(3,774)
Capital expenditures for intangible assets	(173)	(244)
Proceeds from disposals of investments accounted for using the equity method and financial assets	111	85
Proceeds from disposals of previously consolidated companies	143	171
Cash of disposed businesses	(20)	(68)
Proceeds from disposals of property, plant and equipment and investment property	414	118
Proceeds from disposals of intangible assets	25	23
<b>Cash flows used in investing activities</b>	<b>(2,324)</b>	<b>(3,898)</b>
<b>Financing:</b>		
Proceeds from liabilities to financial institutions	1,016	1,041
Repayments of liabilities to financial institutions	(968)	(649)
(Repayments on)/proceeds from notes payable and other loans	(142)	366
Increase in bills of exchange	5	3
Decrease of liabilities due to sales of receivables not derecognized from the balance sheet	(31)	(7)
Decrease/(increase) in current securities	(30)	83
Payments to repurchase treasury stock	0	(880)
Payment of ThyssenKrupp AG dividend	(489)	(635)
Profit attributable to minority interest	(32)	(55)
Other financing activities	1	28
<b>Cash flows used in financing activities</b>	<b>(670)</b>	<b>(705)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(774)</b>	<b>(924)</b>
Effect of exchange rate changes on cash and cash equivalents	(15)	(9)
Cash and cash equivalents at beginning of year	4,447	3,658
<b>Cash and cash equivalents at end of year</b>	<b>3,658</b>	<b>2,725</b>
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:		
Interest received	149	143
Interest paid	242	269
Dividends received	21	50
Income taxes paid	1,048	660

See Note 35 to the consolidated financial statements.



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

# ThyssenKrupp AG

## Consolidated Statement of Recognized Income and Expense

million €

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
<b>Foreign currency translation adjustment:</b>		
Change in unrealized gains/(losses), net	(251)	(80)
Net realized (gains)/losses	(10)	0
<b>Net unrealized gains/(losses)</b>	<b>(261)</b>	<b>(80)</b>
<b>Unrealized gains/(losses) from available-for-sale financial assets:</b>		
Change in unrealized holding gains/(losses), net	5	(15)
Net realized (gains)/losses	0	0
<b>Net unrealized holding gains/(losses)</b>	<b>5</b>	<b>(15)</b>
<b>Actuarial gains/(losses) from pensions and similar obligations:</b>	<b>462</b>	<b>394</b>
<b>Not recognized as an asset due to asset ceiling</b>	<b>(6)</b>	<b>(3)</b>
<b>Unrealized gains/(losses) on derivative financial instruments:</b>		
Change in unrealized gains/(losses), net	(205)	13
Net realized (gains)/losses	12	(21)
<b>Net unrealized gains/(losses)</b>	<b>(193)</b>	<b>(8)</b>
<b>Tax effect</b>	<b>(111)</b>	<b>(133)</b>
<b>Income and expense directly recognized in equity (net of tax)</b>	<b>(104)</b>	<b>155</b>
<b>Net income</b>	<b>2,190</b>	<b>2,276</b>
<b>Total recognized income and expense for the period</b>	<b>2,086</b>	<b>2,431</b>
<b>Thereof:</b>		
<b>ThyssenKrupp AG's stockholders</b>	<b>2,032</b>	<b>2,344</b>
<b>Minority interest</b>	<b>54</b>	<b>87</b>
<b>Cumulative actuarial gains/(losses) from pensions and similar obligations as of year-end</b>	<b>130</b>	<b>506</b>

The presentation includes income and expense attributable to joint ventures accounted for using the equity method.  
See accompanying notes to consolidated financial statements.



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

# ThyssenKrupp AG

## Notes of the consolidated financial statements

### Corporate Information

ThyssenKrupp Aktiengesellschaft ("ThyssenKrupp AG" or "Company") is a publicly traded corporation domiciled in Germany. The consolidated financial statements of ThyssenKrupp AG and subsidiaries, collectively the "Group", for the year ended September 30, 2008, were authorized for issuance in accordance with a resolution of the Executive Board on November 17, 2008.

### Statement of compliance

Applying § 315a of the German Commercial Code (HGB), the Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations of the International Accounting Standards Board (IASB) effective within the EU in accordance with the Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards.

## 01 Summary of significant accounting policies

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are stated at fair value. The consolidated financial statements are presented in Euros since this is the currency in which the majority of the Group's transactions are denominated, with all amounts rounded to the nearest million except when otherwise indicated; this may result in differences compared to the unrounded figures.

### Consolidation

The Group's consolidated financial statements include the accounts of ThyssenKrupp AG and all significant entities which are directly or indirectly controlled by ThyssenKrupp AG. Control is achieved where ThyssenKrupp AG possesses more than half of the voting rights of a company or has in another way the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognized.

All significant inter-company transactions and balances between Group entities are eliminated on consolidation.

Included in the Group consolidated financial statements are 233 (2006/2007: 238) domestic and 518 (2006/2007: 486) foreign-controlled entities that are consolidated. During fiscal year 2007/2008, 59 entities were consolidated for the first time. During the same period, the scope of consolidation was reduced by 32 entities of which 23 resulted from the internal merging of Group entities.

51 (2006/2007: 72) controlled subsidiaries are not consolidated because their combined influence on the Group's net assets, financial position and results of operations is not material. Their net sales amount to 0.07%, their income before tax amounts to 0.14% and their total equity amounts to (0.46)% of the Group's respective balances. These non-consolidated subsidiaries are measured at fair value or at cost when the fair value of unlisted equity instruments cannot be reliably measured; they are presented under the "Other financial assets, non-current" line item.

Investments in associates are accounted for using the equity method of accounting. An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policies. Significant influence is presumed when the Group holds 20% or more of the voting rights ("Associated Companies"). Where a Group entity transacts with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The Group reports its interests in jointly-controlled entities (Joint Ventures) using the equity method of accounting. Where the Group transacts with its jointly-controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

The Group has 17 (2006/2007: 20) Associated Companies and 21 (2006/2007: 27) Joint Ventures that are accounted for using the equity method of accounting. Another 27 (2006/2007: 33) Associated Companies are measured at fair value or at cost when the fair value of unlisted equity instruments cannot be reliably measured because their combined influence on the Group's net assets, financial position and results of operations is not material.; they are presented under the "Other financial assets, non-current" line item. Their income before tax amounts to 1.48% and their total equity to 5.30% of the Group's respective balances.

A complete listing of the Group's subsidiaries and equity interests is presented in Note 38.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognized as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

Goodwill arising on the acquisition of an associate or a jointly-controlled entity is included within the carrying amount of the associate or the jointly-controlled entity, respectively. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### Foreign currency translation

The functional and reporting currency of ThyssenKrupp AG and its relevant European subsidiaries is the Euro (€). Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

Financial statements of the foreign subsidiaries included in the Group consolidated financial statements where the functional currency is other than the Euro are translated using their functional currency which is generally the respective local currency. The translation is performed using the current rate method, in which balance sheet amounts are translated to the reporting currency using the rates of exchange prevailing on the balance sheet date, while income statement amounts are translated using the period's average exchange rates. Net exchange gains or losses resulting from the translation of foreign financial statements are accumulated and included in equity. Such translation differences are recognized as income or as expenses in the period in which the operation is disposed of.

Companies that manage their sales, purchases, and financing substantially not in their local currency use the currency of their primary economic environment as their functional currency. Using the functional currency in these cases involves translating non-monetary items such as non-current assets, including scheduled depreciation, and equity to the functional currency using the average exchange rates of the respective year of addition. All other balance sheet line items are translated using the exchange rate as of the balance sheet date and all other income statement line items are translated using the period's average exchange rates. The resulting translation differences are included in the consolidated statement of income as "Other operating income or expenses". Thereafter, the functional currency financial statements are translated into the reporting currency using the current rate method.

The exchange rates of those currencies significant to the Group have developed as follows:

#### CURRENCIES

	Exchange rate as of (Basis €1)		Annual average exchange rate for the year ended (Basis €1)	
	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008
US Dollar	1.42	1.43	1.33	1.50
Canadian Dollar	1.42	1.50	1.48	1.52
Pound Sterling	0.70	0.80	0.68	0.76
Brazilian Real	2.62	2.76	2.71	2.57

#### Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Revenue from services is recognized when services are rendered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue is recognized net of applicable provisions for discounts and allowances.

Construction contract revenue and expense are accounted for using the percentage-of-completion method, which recognizes revenue as performance of the contract progresses. The contract progress is determined based on the percentage of costs incurred to date to total estimated cost for each contract after giving effect

to the most recent estimates of total cost. If the construction takes a substantial period of time, contract costs also include borrowing costs that are directly attributable. Contracts where the Group provides engineering services are also accounted for like construction contracts. Construction contracts under the percentage-of-completion method are measured at construction cost plus profits earned based on the percentage of the contract completed. Revenues net of advance payments received are recognized as trade accounts receivable in the balance sheet. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue which can be measured reliably.

Where the income of a construction contract cannot be estimated reliably, contract revenue that is probable to be recovered is recognized to the extent of contract costs incurred. Contract costs are recognized as expenses in the period in which they are incurred.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenues from contracts with multiple element arrangements, such as those including both goods and services, are recognized as each element is earned based on objective evidence of the relative fair value of each element.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable. Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

#### Government grants

Government grants are recognized only if there is reasonable assurance that the associated conditions will be met and the grants will be received. Grants related to assets are reported as a reduction of cost of the assets concerned with a corresponding reduction of depreciation and amortization in subsequent periods. Grants related to income are stated as a reduction of the corresponding expenses in the periods in which the expenses the grant is intended to compensate are incurred.

#### Research and development costs

Research costs are expensed as incurred.

Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible, there is a market for the output of the intangible asset, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development. Other development costs are expensed as incurred. Capitalized development costs of completed projects are stated at cost less accumulated amortization. Costs include direct costs of material, direct labor, and allocable material and manufacturing overhead. Borrowing costs directly attributable to a production of assets that necessarily takes a substantial period of time to get the assets ready for their intended use, are included in the cost of those assets until the assets are ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Capitalized development costs of projects not yet completed are reviewed for impairment annually or more frequently when an indicator of impairment arises during the reporting year.

#### Earnings per share

Basic earnings per share amounts are computed by dividing net income attributable to ThyssenKrupp AG's shareholders by the weighted average number of shares outstanding. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding. There were no dilutive securities in the periods presented.

#### Intangible assets

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Technology resulting from the acquisition of Howaldtswerke-Deutsche Werft (HDW) is amortized over a period of 40 years. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis. Amortization expense of intangible assets is primarily included in the "cost of sales" line item in the consolidated statement of income.

Goodwill is stated at cost and tested for impairment annually or on such other occasions that events or changes in circumstances indicate that it might be impaired. Goodwill impairment losses are included in other operating expenses.

#### Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation. Capitalized production costs for self constructed assets include costs of material, direct labor, and allocable material and manufacturing overhead. Borrowing costs directly attributable to the production of assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspection of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. Where fixtures and equipment comprise of significant parts having different useful lives those parts are accounted for as separate units and depreciated accordingly.

Fixtures and equipment are depreciated using the straight-line method. Upon sale or retirement, the acquisition or production cost and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in the consolidated statement of income.

The following useful lives are used as a basis for calculating depreciation:

#### USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Buildings (incl. investment properties)	10 to 50 years
Building and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Factory and office equipment	3 to 10 years

#### Investment property

Investment property consists of investments in land and buildings that are held to earn rental income or for capital appreciation, rather than for use in the production or supply of goods or services or for

administrative purposes or sale in the ordinary course of business. Investment property is stated at cost less accumulated depreciation. The fair value of the Group's investment property is stated in Note 14.

#### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets, property, plant and equipment and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the greater of the fair value less cost to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Goodwill arising on acquisition is allocated to the Cash Generating Units that are expected to benefit from the synergies of the acquisition. Those groups of Cash Generating Units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit that carries a goodwill is tested for impairment annually as of October 01, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For more details refer to Note 12.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

In case of impairment losses related to Cash Generating Units that carry a goodwill the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly.

Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash Generating Unit) is increased to the revised estimate of its recoverable amount. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (Cash Generating Unit) in prior years. A reversal of an impairment loss is recognized as income immediately. However, impairment losses of goodwill may not be reversed.

### Leases

Leases are classified as either finance or operating. Lease transactions whereby the Group is the lessee and bears substantially all the risks and rewards incidental to ownership of an asset are accounted for as a finance lease. Accordingly, the Group capitalizes the leased asset at the lower of the fair value or the present value of the minimum lease payments and subsequently depreciates the leased asset over the shorter of the lease term and its useful life. In addition, the Group records a corresponding lease obligation on the balance sheet which is subsequently settled and carried forward using the effective interest method. All other lease agreements entered into by the Group, as a lessee, are accounted for as operating leases whereby the lease payments are expensed on a straight-line basis.

Lease transactions whereby the Group is the lessor and transfers substantially all of the benefits and risks incident to the ownership of property, are accounted for as a sale and financing of the leased asset. The Group recognizes a receivable at an amount equal to the net investment in the lease and includes interest income in the consolidated income statement. All other lease agreements entered into by the Group, as a lessor, are accounted for as operating leases whereby the leased asset remains on the Group's balance sheet and is depreciated. Scheduled lease payments are recognized in income on a straight-line basis over the lease term.

### Inventories

Inventories are stated at the lower of acquisition/manufacturing cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. In general, inventories are valued using the average cost method. Manufacturing cost includes direct material, labor and allocable material and manufacturing overhead based on normal operating capacity.

### Financial instruments

A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as ThyssenKrupp becomes a contracting party to the financial instrument. In cases where trade date and settlement date do not coincide, the settlement date is used for initial recognition or derecognition. Financial instruments stated as financial assets or financial liabilities are generally not offset; they are only offset when a legal right to set-off exists at that time and settlement on a net basis is intended.

### Determining fair value

The fair value of financial instruments is generally equal to the amount the Group would receive or pay if it exchanged or settled the financial instruments on the balance sheet date. If available, quoted market prices are used for financial instruments, especially for those categorized as available-for-sale financial assets. Otherwise, fair values are calculated based on the market conditions prevailing on the balance sheet date – interest rates, exchange rates, commodity prices – using middle rates or prices. In doing so, fair values are calculated using common methods, such as the option pricing models for currency and interest rate options or the discounted cash flow method for interest rate swaps. The fair values of some derivatives are based on external valuations by our financial partners.

### Financial assets

In particular, financial assets include trade accounts receivable, cash and cash equivalents, derivative financial assets, as well as equity instruments and bonds held. Financial assets are initially recognized at fair value. This includes any transaction costs directly attributable to the acquisition of financial assets, which are not carried at fair value through profit or loss in future periods. The fair values recognized on the balance sheet usually reflect the market prices of the financial assets.

### Trade accounts receivable and other current receivables

Receivables are accounted for at amortized cost less valuation allowances.

Impairments in the form of individual allowances for doubtful accounts adequately consider default risk. When there is objective evidence of default, the receivable concerned is derecognized. Receivables that are immaterial, and receivables of similar default risk, are grouped together and tested collectively for impairment based on past experience. Partially, impairments are accounted for on separate allowance accounts. Whether default risk is recognized by means of an allowance account or a direct derecognition of the receivable depends on the probability of default and the reliability of its estimation.

Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year are discounted with the discount subsequently amortized to interest income over the term of the receivable.

The Group sells undivided interests in certain trade accounts and notes receivable both on an ongoing and one-time basis to special purpose entities, which are not required to be consolidated, or to other lending institutions. Financial assets sold under these arrangements are excluded from accounts receivable in the Group's balance sheet at the time of sale if it is assured that the cash flows related to those receivables will be passed through to the acquirer and substantially all risks and rewards have been transferred. If substantially all risks and rewards have neither been transferred nor retained, financial assets are excluded from the books at the time of the sale if it is assured that the cash flows of the receivables will be passed through to the acquirer and the acquirer has gained control over the receivables. If substantially all risks and rewards have been retained financial assets remain in the Group's balance sheet as collateral for borrowings.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits as well as financial assets that are readily convertible to cash and which are only subject to an insignificant risk of change in value, they are measured at amortized cost.

### Financial assets held for trading

Derivatives that are not part of an effective hedge accounting in accordance with IAS 39 must be assigned to this category when the fair value is positive as of measurement date. Gains or losses resulting from changes in fair value are recognized in profit or loss.

### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets not assigned to any of the above categories (trade accounts receivable and other current receivables, cash and cash equivalents, and financial assets held for trading). This category includes primarily equity and debt instruments which are in general measured at fair value. Gains or losses resulting from the measurement of available-for-sale financial assets are recognized directly in equity, with the exception of impairment losses and foreign currency conversion effects. On disposal of these financial assets, a cumulative gain or loss recognized directly in equity until then is recognized in profit or loss of the respective period. When the fair value of unlisted equity instruments cannot be reliably measured, they are measured at cost.

### Financial assets measured at fair value through profit or loss

The Group does not use the option to categorize financial assets at fair value through profit or loss when initially recognized.

### Impairment of financial assets

At each balance sheet date, an assessment is made of whether there is any objective evidence that the carrying amounts of financial assets not carried at fair value through profit or loss are impaired. Objective evidence includes, for example, considerable financial difficulty of the debtor obligor, disappearance of an active market, and significant changes in the technological, market, economic or legal environment.

The impairment loss on a financial asset carried at amortized cost or held-to-maturity is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

If the decrease in fair value of an available-for-sale financial asset was previously recognized directly in equity, such loss is transferred from equity to profit or loss as soon as the decrease in fair value is considered significant or prolonged. The amount of the impairment represents the difference between historical cost (less any redemption and amortization) and the current fair value less any impairment loss on that financial asset previously recognized in profit or loss. Impairment losses on equity instruments classified as available-for-sale and recognized in the income statement are not reversed through profit or loss, but rather through equity. The amount of any reversal of any write-down of debt instruments, which objectively occurred after the impairment was recognized, is recognized in profit or loss.

#### **Financial liabilities**

Financial liabilities are liabilities that must be settled in cash or other financial assets. These especially include trade accounts payable, derivative financial liabilities and components of financial debt, mainly bonds and other securitized liabilities, liabilities to financial institutions and finance lease liabilities. Financial liabilities are initially carried at fair value. This includes any transaction costs directly attributable to the acquisition of financial liabilities, which are not carried at fair value through profit or loss in future periods.

#### **Trade accounts payable and other non-derivative financial liabilities**

Trade accounts payable and other non-derivative financial liabilities are in general measured at amortized cost using the effective interest method. Finance charges, including premiums payable on redemption or settlement, are periodically accrued and increase the liabilities' carrying amounts unless they have already been settled in the period in which they were incurred.

#### **Financial liabilities carried at fair value through profit or loss**

The Group does not use the option to categorize financial liabilities at fair value through profit or loss when initially recognized.

#### **Financial liabilities held for trading**

Derivatives that are not part of an effective hedge accounting in accordance with IAS 39 must be classified as "held for trading" and thus carried at fair value through profit or loss. In the event of negative fair values, such derivatives are recognized as "financial liabilities held for trading".

#### **Derivative financial instruments**

The Group generally uses derivative financial instruments to hedge its exposure to foreign currency exchange rate, interest rate and commodity price risks arising from operational, financing and investment activities. Derivatives are used generally to hedge existing or anticipated underlying transactions. Such derivatives and so-called "embedded derivatives", which are an integral part of a non-derivative host contract and must be accounted for separately, are measured initially and subsequently at fair value through profit or loss. Gains or losses due to fluctuations in fair value are recognized immediately in profit or loss.

If derivatives are used to hedge the exposure to variability in cash flows and to hedge balance sheet items, the hedging relationship qualifies for hedge accounting under IAS 39 if certain conditions are met. This can reduce volatility in the income statement. There are three types of hedging relationships: fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

In a fair value hedge, which is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, the hedging instrument is stated at fair value and any changes in fair value are immediately recognized in profit or loss. Changes in fair value of a hedged asset, liability or firm commitment, which are attributable to a particular hedged risk, are also recognized in profit or loss. Given a perfect hedge, changes in fair value of the underlying and hedging transactions are almost entirely offset. If the asset or liability is measured at amortized cost according to general accounting guidelines, its carrying amount must be adjusted for the cumulative changes in fair value resulting from the hedged risk. However, if the hedged item (e.g. available-for-sale security) is recognized at fair value without influencing the income statement in

accordance with the general accounting guidelines, changes in fair value resulting from the hedged risk are recognized in profit or loss, contrary to the general guidelines.

A cash flow hedge is a hedge of the exposure to variability in cash flows associated with a recognized asset or liability, a highly probable forecast transaction, or foreign currency risk of a firm commitment. The effective portion of the fluctuations in fair value is immediately recognized in equity. The effective portion is reclassified from equity to profit or loss in the same period during which the hedged underlying transaction affects profit or loss. If a hedge subsequently results in the recognition of a non-financial asset (e.g. property, plant and equipment or inventories), then the fluctuations in fair value that were recognized in equity affect the value of the non-financial asset. When measuring the effectiveness between the underlying hedged transaction and the hedging instrument the remaining ineffective portion of the hedge and adjustments due to interest rate changes are immediately recognized in the consolidated statement of income. In the case of currency risks, the effectiveness of the hedging relationship is established by including changes in value due to spot rate changes as a hedged risk and excluding the interest component.

When the hedging instrument expires or is sold, terminated or exercised, or the hedging relationship is discontinued, but the forecast underlying transaction is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognized in equity remains separately in equity until the forecast transaction occurs. It is recognized in profit or loss as detailed above when the transaction affects the income statement. If the hedged forecast transaction is no longer expected to occur, any related cumulative unrealized gain or loss recognized in equity is recognized immediately in the consolidated statement of income.

The Group mainly uses cash flow hedges to hedge its exposure to changes in foreign currency rates, interest rates and commodity prices. In addition, the Group carries out hedging in accordance with the basic principles of risk management under which existing risks are hedged economically, but the hedges do not comply with the strict hedge accounting requirements under IAS 39. The Group does not use hedge accounting for foreign currency derivatives that

have been concluded to hedge foreign currency risks arising from monetary balance sheet items. Thus, the effects from the foreign currency conversion of balance sheet items recognized in profit or loss are offset against the fluctuations in fair value of derivatives, which are also recognized in profit or loss.

Currently, the Group does not apply hedging of a net investment in a foreign operation.

More information about financial instruments is provided in Note 30.

#### **Deferred income taxes**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit as well as for unused tax losses or credits. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are also recognized on temporary differences arising from business combinations except to the extent they arise from goodwill that is not taken into account for tax purposes.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recognized directly in equity.

### Cumulative income and expense directly recognized in equity

The equity line item "Cumulative income and expense directly recognized in equity" includes changes in the equity of the Group that were not recognized in the consolidated statement of income of the period, except those resulting from investments by owners and distributions to owners. Cumulative income and expense directly recognized in equity includes foreign currency translation adjustments, recognized actuarial gains and losses relating to pensions and other postretirement obligations as well as unrealized holding gains and losses on available-for-sale financial assets and on derivative financial instruments.

### Accrued pension and similar obligations

The Group's net obligation for defined benefit and other postretirement benefit plans have been calculated for each plan using the projected unit credit method as of the balance sheet date. A quarterly valuation of pensions and similar obligations as well as of plan assets is generally not performed.

All actuarial gains and losses as of October 01, 2004, the date of transition to IFRS, were recognized in equity. Actuarial gains and losses that arise subsequent to October 01, 2004, are recognized directly in equity and presented in the statement of recognized income and expense.

Where the plan calculation results in a benefit to the Group, the recognized prepaid benefit cost is limited to the net total of unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Service cost for pensions and other postretirement obligations are recognized as an expense in income from operations, while interest cost and the expected return on plan assets recognized as components of net periodic pension cost are included in net financial income/(expense) in the Group's consolidated statement of income. When benefits of a plan are improved, the portion of the increased benefit relating to past service is recognized as an expense in income from operations on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately.

The Group's obligations for contributions to defined contribution plans are recognized as expense in income from operations as incurred.

The Group also maintains multi-employer plans. In principle, these multi-employer plans contain defined benefit plans as well as defined contribution plans. With respect to defined benefit multi-employer plans these are accounted for in the same way as any other defined benefit plan in case the required information is available. Otherwise these plans are accounted for as defined contribution plans.

### Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which will result in a probable outflow of economic benefits that can be reasonably estimated. The amount recognized represents best estimate of the settlement amount of the present obligation as of the balance sheet date. Expected reimbursements of third parties are not offset but recorded as a separate asset if it is virtually certain that the reimbursements will be received. Where the effect of the time value of money is material, provisions are discounted using a risk adjusted market rate.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring and has notified the affected parties.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### Share-based compensation

The Group has management incentive plans which grant stock rights to executive and senior employees. The fair value of these rights is calculated on the date of grant and recognized as expense on a straight-line basis over the vesting period with a corresponding increase in provisions. The provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognized as part of income from operations.

The Group set up an Employee Share Purchase Program for selected executive employees that grants purchase of shares at a discount. Services received are recognized on a straight-line basis based on the estimated discount with regard to the shares during the period from the offer of the Employee Share Purchase Program until the grant date which is the date when the employees accept the offer. See also information provided in Note 22.

### Disposal Groups and Discontinued Operations

The Group reports as a disposal group non-current assets, that will be disposed of by sale together with other assets and liabilities in a single transaction, which collectively meet the held for sale criteria as specified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Group reports the assets and liabilities of a disposal group separately in the balance sheet line item "assets held for sale" and "liabilities associated with assets held for sale", respectively. Unless a disposal group qualifies for discontinued operations reporting, the revenues and expenses of the disposal group remain within continuing operations until the date of disposal. The Group reports the results of a disposal group that also qualifies as a component of the Group as discontinued operations if it represents a separate major line of business or geographical area of operations. The Group reports the results of discontinued operations in the period in which they occur separately within the consolidated statement of income as "discontinued operations (net of tax)". All prior period consolidated statements of income are adjusted to report the results of the component within discontinued operations.

On initial classification as held for sale, non-current assets are recognized at the lower of the carrying amount and fair value less costs to sell and depreciation and amortization ceases. A disposal group is initially measured in line with the respective IFRS standards to determine the carrying amount of the disposal group which is then compared to the fair value less costs to sell of the group in order to recognize the group at the lower of both amounts. Impairment losses on initial classification as held for sale are included in profit or loss, as are gains and losses on subsequent remeasurement.

### Financial statement classification

Certain line items in the consolidated statement of income and on the consolidated balance sheet have been combined. These items are disclosed separately in the Notes to the consolidated financial statements. Certain reclassifications have been made to the prior year presentation to conform to that of the current year.

In general the Group classifies assets and liabilities as current when they are expected to be realized or settled within twelve months after the balance sheet date. Group companies that have operating cycles longer than twelve months classify assets and liabilities as current if they are expected to be realized within the company's normal operating cycle.

### Use of estimates

The preparation of the Group consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of IFRS that have a significant effect on the consolidated financial statements are presented in Note 33.

### Newly published accounting standards not early adopted

In fiscal year 2007/2008, the following Standards, Interpretations and Amendments to already existing Standards with relevance for ThyssenKrupp have been issued which still must be endorsed by the EU before they can be adopted:

In January 2008, the IASB issued the amended versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". The main change concerns the accounting for acquisitions involving the purchase of less than 100% of the shares of a company. An option has been added allowing entities to recognize goodwill from an acquisition by the "full goodwill method", i.e. including the portion attributable to minority interests. In addition, acquisitions or partial disposals of shares without loss of control must be accounted for as equity transactions. Furthermore, all acquisition-related costs must be expensed as incurred. The amended Standards must be applied to business combinations in fiscal years beginning on or after July 01, 2009, while earlier application of both Standards is permitted in fiscal years beginning on or after June 30, 2007. Currently, Management does not expect the adoption of the amended Standards – if endorsed by the EU in the current version – to have a material impact on the Group's results.

In January 2008, the IASB also issued an amendment to IFRS 2 "Share-based Payment". The amendment clarifies that vesting conditions are service conditions and performance conditions only. It also specifies that all plan cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The application of the amended Standard is compulsory for fiscal years beginning on or after January 01, 2009, while earlier application is permitted. Currently, Management does not expect the adoption of the amended Standards – if endorsed by the EU in the current version – to have a material impact on the Group's consolidated financial statements.

In February 2008 the IASB issued amendments to "IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation". The amendments mainly address the classification of particular types of financial instruments as equity or as a liability. Additional disclosures are required for the instruments affected by the amendments. The application of the amendments is compulsory for fiscal years beginning on or after January 01, 2009, while earlier application is permitted. Currently, Management does not expect the adoption of the amended Standards – if endorsed by the EU in the current version – to have a material impact on the Group's consolidated financial statements.

In May 2008 the IASB issued "Improvements to IFRSs", a first collection of minor amendments to existing IFRSs. This standard presents amendments to 20 IFRSs in two parts. The first part includes accounting changes that can effect presentation, recognition or measurement. The second part includes terminology or editorial changes. Unless otherwise specified in the specific standard, the application of the amendments is compulsory for fiscal years beginning on or after January 01, 2009, while earlier application is permitted. Currently, Management does not expect the adoption of the amended Standards – if endorsed by the EU in the current version – to have a material impact on the Group's consolidated financial statements.

In July 2008 the IASB issued "Eligible Hedged Items – Amendment to IAS 39 Financial Instruments: Recognition and Measurement". The amendment clarifies how the existing principles underlying hedge accounting should be applied in two particular situations – the designation of inflation in a financial hedged item and the designation of a one-sided risk in a hedged item. The application of the amendment is compulsory for fiscal years beginning on or after July 01, 2009 and has to be applied retrospectively; earlier application is permitted. Currently, Management does not expect the adoption of the amendment – if endorsed by the EU in the current version – to have a material impact on the Group's consolidated financial statements.

## 02 Acquisitions and disposals

On January 11, 2008, ThyssenKrupp completed the acquisition of all shares in the British company Apollo Metals Ltd in the Services segment. With ten sites in eight countries, the Apollo group supplies high-value products such as aluminum, stainless steel and nonferrous metals as well as high value-added processing services, mainly for aerospace manufacturers and their suppliers. The acquisition will combine the businesses of the Apollo group, operating chiefly in Europe and the Far East, with the mainly US-based operations of ThyssenKrupp Services to create a global business with 30 sites in 13 countries.

The total purchase price including incidental costs was €96 million in cash. The other intangible assets are almost exclusively customer contracts. The final purchase price allocation resulted in goodwill of €45 million, which includes non-separable assets such as assembled workforce, new contractual customers and synergies arising from the integration of the Apollo businesses.

The acquisition of the Apollo group finally affected the Group's consolidated financial statements as presented below:

million €

	Carrying amounts as of acquisition date	Adjustments	Fair values as of acquisition date
Goodwill	0	45	45
Other intangible assets	0	7	7
Property, plant and equipment	3	0	3
Deferred tax assets	0	1	1
Inventories	52	0	52
Trade accounts receivable	33	0	33
Other current non-financial assets	11	0	11
Cash and cash equivalents	10	0	10
<b>Total assets acquired</b>	<b>109</b>	<b>53</b>	<b>162</b>
Current income tax liabilities	1	0	1
Current financial debt	18	0	18
Trade accounts payable	24	0	24
Other current financial liabilities	1	0	1
Other current non-financial liabilities	21	0	21
<b>Total liabilities assumed</b>	<b>65</b>	<b>0</b>	<b>65</b>
<b>Net assets acquired</b>	<b>44</b>	<b>53</b>	<b>97</b>
Minority interest	1	0	1
<b>Purchase price (incl. incidental acquisition cost)</b>			<b>96</b>
thereof: paid in cash and cash equivalents			<b>96</b>

Since the Apollo group joined the ThyssenKrupp Group, it has generated sales of €140 million and income before income taxes of €11 million, which are included in the consolidated statement of income of the year ended September 30, 2008.

If the acquisition had taken place on October 01, 2007, the Apollo group would have contributed sales of €187 million and income before income taxes of €19 million to the Group's consolidated income.

In fiscal year 2007/2008 the Group also acquired companies that are, on an individual basis, immaterial. Based on the values as of the acquisition date, these acquisitions affected in total the Group's consolidated financial statements as presented below:

million €

	Year ended Sept. 30, 2008		
	Carrying amounts as of acquisition date	Adjustments	Fair values as of acquisition date
Goodwill	0	87	87
Other intangible assets	6	42	48
Property, plant and equipment	42	10	52
Investments accounted for using the equity method	0	(29)	(29)
Deferred tax assets	2	1	3
Inventories	66	0	66
Trade accounts receivable	75	0	75
Other current financial assets	6	0	6
Other current non-financial assets	8	0	8
Current income tax assets	1	0	1
Cash and cash equivalents	46	0	46
<b>Total assets acquired</b>	<b>252</b>	<b>111</b>	<b>363</b>
Accrued pension and similar obligations	1	0	1
Other non-current provisions	1	0	1
Deferred tax liabilities	2	9	11
Non-current financial debt	19	3	22
Other current provisions	9	0	9
Current income tax liabilities	2	0	2
Current financial debt	32	0	32
Trade accounts payable	49	0	49
Other current financial liabilities	16	0	16
Other current non-financial liabilities	27	1	28
<b>Total liabilities assumed</b>	<b>158</b>	<b>13</b>	<b>171</b>
<b>Net assets acquired</b>	<b>94</b>	<b>98</b>	<b>192</b>
Minority interest	20	3	23
<b>Purchase prices (incl. incidental acquisition cost)</b>			<b>169</b>
thereof: paid in cash and cash equivalents			167

In addition, in fiscal year 2007/2008 the Group sold companies as part of the portfolio optimization that were, on an individual basis, immaterial. Based on the values as of the disposal date, these disposals affected in total the Group's consolidated financial statements as presented below:

million €

	Year ended Sept. 30, 2008
Goodwill	35
Property, plant and equipment	80
Investment property	4
Deferred tax assets	3
Inventories	54
Trade accounts receivable	48
Other current financial assets	4
Other current non-financial assets	21
Cash and cash equivalents	68
<b>Total assets disposed of</b>	<b>317</b>
Accrued pension and similar obligations	35
Other non-current provisions	7
Deferred tax liabilities	2
Other current provisions	23
Current income tax liabilities	2
Current financial debt	42
Trade accounts payable	30
Other current financial liabilities	6
Other current non-financial liabilities	72
<b>Total liabilities disposed of</b>	<b>219</b>
<b>Net assets disposed of</b>	<b>98</b>
Minority interest	0
Gain/(loss) resulting from the disposals	58
<b>Selling prices</b>	<b>156</b>
thereof: received in cash and cash equivalents	158

In the context of the disposal of a plant, payment obligations of €2 million exist towards the acquirer as of the balance sheet date.

## 03 Single assets held for sale

As of the balance sheet date an investment accounted for using the equity method is held for sale in the Services segment. It is included in the line item "assets held for sale".

## Notes to the consolidated statement of income

### 04 Net sales

Net sales include revenues resulting from the rendering of services of €11,145 million (2006/2007: €10,694 million).

### 05 Other operating income

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Gains on the disposal of intangible assets, property, plant and equipment and investment property	194	61
Currency exchange differences	23	8
Insurance compensation	195	41
Miscellaneous	225	232
<b>Total</b>	<b>637</b>	<b>342</b>

Prior year gains on the disposal of intangible assets, property, plant and equipment and investment property include €119 million resulting from the disposal of real property as part of the concentration of ThyssenKrupp's administrative office locations in Germany; in this context ThyssenKrupp incurred transaction expenses in the amount of €4 million in 2006/2007 and of €3 million in previous periods. Prior year insurance compensation in the amount of €195 million mainly results from one larger fire damage in the Stainless segment. The corresponding expense due to the property and business interruptions is included in cost of sales.

Miscellaneous other operating income includes a multitude of minor single items resulting from the 751 consolidated entities.

### 06 Other operating expenses

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Losses on the disposal of intangible assets, property, plant and equipment and investment property	41	58
Restructuring charges	30	124
Additions to other provisions (excluding restructuring)	11	55
Goodwill impairment	60	0
Expenses in connection with non-customer related research and development activities	199	222
Other taxes	29	34
Miscellaneous	706	232
<b>Total</b>	<b>1,076</b>	<b>725</b>

In 2006/2007 miscellaneous other operating expenses include a fine of approximately €480 million from the EU Commission which was imposed for infringement of competition regulations by ThyssenKrupp companies in the elevator and escalator business. In addition, miscellaneous other operating income includes a multitude of minor single items resulting from the 751 consolidated entities.

### 07 Government grants

Especially in connection with the construction of a new steel mill in the USA government grants related to assets led to a €98 million reduction of cost in fiscal year 2007/2008 (2006/2007: €40 million). In addition, government grants to compensate expenses of the Group were recognized in the amount of €5 million (2006/2007: €7 million).

Payment of the above-mentioned government grants is subject to certain conditions which currently will be met.

### 08 Financial income/(expense), net

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Income from companies accounted for using the equity method	51	100
Interest income from financial receivables	139	143
Expected return on plan assets	140	138
<b>Interest income</b>	<b>279</b>	<b>281</b>
Interest expense from financial debt	(234)	(266)
Interest cost of pensions and health care obligations	(443)	(459)
<b>Interest expense</b>	<b>(677)</b>	<b>(725)</b>
Income from investments	9	9
Write-down of financial assets	(6)	0
Gain/(loss) from disposals of financial assets	(29)	(7)
Accretion of other provisions	(4)	(3)
Miscellaneous, net	26	95
<b>Other financial income/(expense), net</b>	<b>(4)</b>	<b>94</b>
<b>Financial income/(expense), net</b>	<b>(351)</b>	<b>(250)</b>

Financial income/(expense), net includes total interest income from financial assets of €199 million (2006/2007: €199 million) and total interest expense from financial liabilities of €308 million (2006/2007: €275 million).

Borrowing costs in the amount of €122 million (2006/2007: €42 million) were capitalized during the period which reduced the line item "miscellaneous, net" as part of other financial income/(expense), net. If financing is directly allocable to a certain investment, the actual borrowing costs are capitalized. If no direct allocation is possible, the Group's average borrowing interest rate of the current period is taken into account to calculate the borrowing costs.

## 09 Income taxes

Income tax expense/(benefit) for the year ended September 30, 2008 and the previous year consists of the following:

million €	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Current income tax expense for the reporting period	1,039	958
Deferred income tax expense/(benefit) for the reporting period	176	(43)
Current income tax benefit for prior periods	(117)	(60)
Deferred income tax expense/(benefit) for prior periods	42	(3)
<b>Total</b>	<b>1,140</b>	<b>852</b>
This total breaks down to:		
Current income tax expense Germany	499	510
Current income tax expense foreign	423	388
Deferred income tax expense Germany	135	10
Deferred income tax expense/(benefit) foreign	83	(56)

The new German corporate income tax law applicable for 2007/2008 sets a statutory income tax rate of 15% (2006/2007: 25%) plus a solidarity surcharge of 5.5%. On average, the Group's German companies are subject to a trade tax rate of 15.1% (2006/2007: 13.0%). At year-end September 30, 2008, deferred taxes of German companies are calculated with a combined income tax rate (including solidarity charge) of 30.9% (2006/2007: 30.9%). In the previous fiscal year, the impact of the decrease in the German tax rate resulted in a deferred tax benefit in the amount of €171 million. The applicable tax rates employed for companies outside Germany range from 5.7% to 40.4% (2006/2007: 5.7% to 42.3%). In fiscal year 2007/2008, changes in foreign tax rates resulted in deferred tax benefit in the amount of €16 million (2006/2007: €15 million).

For domestic Group companies the dividend-dependent subsequent taxation of previously untaxed income components was replaced by a flat-rate tax payment under a tax law amendment in 2008. Therefore, a current tax liability of €6 million was recognized as a tax expense as of September 30, 2008. Due to a tax law amendment effective in fiscal year 2006/2007, the German companies of the Group became entitled to a payout in ten equal annual installments of remaining corporate tax credits by the fiscal authorities. Therefore, tax refund claims in the amount of €9 million have been recognized as a tax benefit in fiscal year 2006/2007.

The components of income taxes recognized in equity are as follows:

million €	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Income tax expense as presented on the income statement	1,140	852
Income tax expense on cumulative income and expense directly recognized in equity	111	133
Tax effect resulting from the write-down of treasury stock	—	(156)
<b>Total</b>	<b>1,251</b>	<b>829</b>

As of September 30, 2008, domestic corporate tax loss carryforwards amount to €427 million (2007: €683 million) and domestic trade tax loss carryforwards amount to €63 million (2007: €180 million). In addition, foreign tax loss carryforwards amount to €730 million (2007: €686 million), in particular €288 million (2007: €270 million) in Canada, €69 million (2007: €72 million) in Brazil, and €61 million (2007: €62 million) in Spain.

Deferred tax assets are recognized only to the extent that the realization of such tax benefits is probable. In determining the related valuation allowance, all positive and negative factors, including prospective results, are taken into consideration in estimating whether sufficient taxable income will be generated to realize deferred tax assets. These estimates can change depending on the future course of events. As of September 30, 2008, tax loss carryforwards for which no deferred tax asset is recognized amount to €818 million (2007: €881 million). According to tax legislation as of September 30, 2008, an amount of €381 million (2007: €466 million) of these tax losses may be carried forward indefinitely and

in unlimited amounts whereas an amount of €437 million (2007: €415 million) of these tax loss carryforwards will expire over the next 20 years if not utilized. Unrecognized deferred tax assets relating to tax loss carryforwards amount to €218 million as of September 30, 2008 (2007: €246 million). In addition, as of September 30, 2008, no deferred tax asset is recognized for deductible temporary differences in the amount of €452 million (2007: €424 million). No deferred tax liabilities were recorded on undistributed profits of foreign subsidiaries, as such profits are to remain invested on a permanent basis.

Significant components of the deferred tax assets and liabilities are as follows:

million €

	Deferred tax assets		Deferred tax liabilities	
	Sept. 30, 2007*	Sept. 30, 2008	Sept. 30, 2007*	Sept. 30, 2008
Intangible assets	55	126	326	356
Property, plant and equipment	105	86	796	818
Financial assets	74	76	41	39
Inventories	1,574	1,705	414	386
Other assets	446	333	667	497
Accrued pension and similar obligations	718	553	77	123
Other provisions	176	222	70	63
Other liabilities	362	448	1,661	1,867
Tax loss carryforwards	353	290	—	—
<b>Gross value</b>	<b>3,863</b>	<b>3,839</b>	<b>4,052</b>	<b>4,149</b>
Valuation allowance	(372)	(351)	—	—
Offset	(3,106)	(3,021)	(3,106)	(3,021)
<b>Balance sheet amount</b>	<b>385</b>	<b>467</b>	<b>946</b>	<b>1,128</b>

\* The breakdown of deferred tax assets and liabilities as of September 30, 2007 has been adjusted due to reclassifications in the items "inventories", "other assets" and "other liabilities".

Deferred tax assets and liabilities are offset if they pertain to future tax effects for the same taxable entity towards the same taxation authority. Deferred tax assets of €50 million relate to consolidation items as of September 30, 2008 (2007: €37 million).

For fiscal year 2007/2008, the income tax expense of €852 million (2006/2007: €1,140 million) presented in the financial statements is

€114 million (2006/2007: €173 million) lower than the expected income tax expense of €966 million (2006/2007: €1,313 million) which would result if the German combined income tax rate of 30.9% (2006/2007: 39.4%) were applied to the Group's income before income taxes. The following table reconciles the expected income tax expense to the income tax expense presented in the income statement.

million €

	Year ended		Year ended	
	Sept. 30, 2007	in %	Sept. 30, 2008	in %
Expected income tax expense	1,313	39.4	966	30.9
Foreign tax rate differential	(95)	(2.9)	(3)	(0.1)
Changes in tax rates or laws	(195)	(5.8)	(10)	(0.4)
Tax consequences of disposal of businesses	(20)	(0.6)	(38)	(1.2)
Permanent items (in fiscal 2006/2007 mainly EU antitrust fine)	255	7.7	47	1.5
Change in valuation allowance	(47)	(1.4)	(13)	(0.4)
Tax benefit not related to the reporting period	(75)	(2.3)	(63)	(2.0)
Other, net	4	0.1	(34)	(1.1)
<b>Income tax expense as presented on the income statement</b>	<b>1,140</b>	<b>34.2</b>	<b>852</b>	<b>27.2</b>

The item "Effects from previously unrecognized tax losses" published last year is now included in the items "Change in valuation allowance", "Tax benefit not related to the reporting period" and "Other, net"

## 10 Earnings per share

Basic earnings per share are computed as follows:

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008		
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
<b>Numerator:</b>				
Net income (attributable to ThyssenKrupp AG's stockholders)	2,102	4.30	2,195	4.59
<b>Denominator:</b>				
Weighted average shares	488,764,592		477,750,223	

### Relevant number of common shares for the determination of earnings per share

Earnings per share have been computed by dividing income attributable to common stockholders of ThyssenKrupp AG (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Shares issued during the period and shares reacquired during the period have been weighted for the portion of the period that they were outstanding.

In 2007/2008, the weighted average number of outstanding shares was reduced by the acquisition of treasury stock in February/March 2008 and in July/August 2008.

There were no dilutive securities in the periods presented.

## 11 Additional disclosures to the consolidated statement of income

Personnel expenses included in the consolidated statement of income are comprised of:

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Wages and salaries	7,306	7,450
Social security taxes	1,253	1,304
Net periodic pension costs - defined benefit*	91	130
Net periodic pension costs - defined contribution	118	140
Net periodic postretirement benefit cost other than pensions*	(36)	9
Other expenses for pensions and retirements	84	80
Related fringe benefits	353	406
<b>Total</b>	<b>9,169</b>	<b>9,519</b>

\* excluding expected return on plan assets and interest cost which are recognized as part of interest income/expense

The annual average number of employees is as follows:

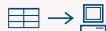
	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Steel	39,016	40,480
Stainless	12,207	12,102
Technologies	53,950	54,260
Elevator	37,914	41,226
Services	42,223	45,436
Corporate	2,674	2,322
<b>Total</b>	<b>187,984</b>	<b>195,826</b>
This total breaks down to:		
Wage earners	118,858	103,554
Salaried employees	64,839	87,893
Trainees	4,287	4,379

### Auditors' fees and services

For the services performed by the Group auditors KPMG AG Wirtschaftsprüfungsgesellschaft (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft) and the companies of the worldwide KPMG association in fiscal years 2006/2007 and 2007/2008 the following fees were recognized as expenses:

million €	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008		
	Total	thereof Germany	Total	thereof Germany
Audit fees	20	10	23	12
Audit-related fees	1	1	1	1
Tax fees	1	0	1	0
Fees for other services	1	1	1	1
<b>Total</b>	<b>23</b>	<b>12</b>	<b>26</b>	<b>14</b>

The audit fees include mainly fees for the year-end audit of the consolidated financial statements, the auditors' review of the interim consolidated financial statements, and the statutory auditing of ThyssenKrupp AG and the subsidiaries included in the consolidated financial statements. The audit-related fees essentially comprise the fees for due diligence services in connection with acquisitions and disposals and auditing of the internal control system. The tax fees include in particular fees for tax consulting services for current and planned transactions, for the preparation of tax returns, for tax due diligence services, for tax advice in connection with projects and Group-internal reorganizations as well as tax advice for employees sent to work abroad. The fees for other services are mainly fees for project-related consulting services.



## Notes to the consolidated balance sheet

### 12 Intangible assets

Changes in the Group's intangible assets were as follows:

million €

	Franchises, trademarks and similar rights and values as well as licenses thereto	Development costs, internally developed software and website	Goodwill	Advance payments on intangible assets	Total
<b>Gross amounts</b>					
Balance as of Sept. 30, 2006	1,058	263	4,955	57	6,333
Currency differences	(14)	(4)	(158)	0	(176)
Acquisitions/divestitures of businesses	32	(2)	(139)	0	(109)
Additions	97	65	0	9	171
Transfers	33	15	0	(45)	3
Disposals	(18)	(18)	0	(2)	(38)
Balance as of Sept. 30, 2007	1,188	319	4,658	19	6,184
Currency differences	(3)	5	(72)	0	(70)
Acquisitions/divestitures of businesses	36	(3)	69	0	102
Additions	57	103	49	35	244
Transfers	19	(2)	0	(11)	6
Disposals	(14)	(41)	(2)	(3)	(60)
<b>Balance as of Sept. 30, 2008</b>	<b>1,283</b>	<b>381</b>	<b>4,702</b>	<b>40</b>	<b>6,406</b>
<b>Accumulated amortization and impairment losses</b>					
Balance as of Sept. 30, 2006	480	132	1,018	0	1,630
Currency differences	(6)	(2)	(44)	0	(52)
Acquisitions/divestitures of businesses	9	(2)	(170)	0	(163)
Amortization expense	90	27	0	0	117
Impairment losses	23	2	60	0	85
Reversals of impairment losses	0	0	—	0	0
Transfers	1	0	0	0	1
Disposals	(13)	(1)	(1)	0	(15)
<b>Balance as of Sept. 30, 2007</b>	<b>584</b>	<b>156</b>	<b>863</b>	<b>0</b>	<b>1,603</b>
Currency differences	(2)	2	(13)	0	(13)
Acquisitions/divestitures of businesses	1	(4)	(4)	0	(7)
Amortization expense	90	33	0	0	123
Impairment losses	5	8	0	0	13
Reversals of impairment losses	0	0	—	0	0
Transfers	0	1	0	0	1
Disposals	(14)	(21)	(2)	0	(37)
<b>Balance as of Sept. 30, 2008</b>	<b>664</b>	<b>175</b>	<b>844</b>	<b>0</b>	<b>1,683</b>
<b>Net amounts</b>					
as of Sept. 30, 2006	578	131	3,937	57	4,703
as of Sept. 30, 2007	604	163	3,795	19	4,581
<b>as of Sept. 30, 2008</b>	<b>619</b>	<b>206</b>	<b>3,858</b>	<b>40</b>	<b>4,723</b>

### Impairment of goodwill

Goodwill impairment losses are included in other operating expenses.

In 2006/2007 the annual impairment test resulted in impairments for the Cash Generating Units (CGU) Construction Elements, Metal Forming and Assembly Plant as the recoverable amount was lower than the carrying amount. The CGU Construction Elements is an operating group of the Industry business unit within the Steel segment and offers building elements made of steel for walls and roofs. The impairment of goodwill in the amount of €9 million was the result of a worsened economic situation for this unit. The recoverable amount has been determined by the value in use, which has been calculated using a discount rate of 8.0% after 7.7% in the prior year. Furthermore, an impairment for the CGU Metal Forming was necessary. This CGU has been newly formed as a result of the dissolution of the Automotive segment and belongs now as an operating group to the Auto business unit within the Steel segment. Metal Forming produces body and chassis components for the automotive industry. The impairment was a result both of reduced expected future economic benefits based on a changed strategic direction for this unit and of an increased discount rate from 7.5% to 8.0% as a consequence of the allocation of the unit to the Steel segment. As the required impairment amount for Metal Forming was higher than the carrying amount of goodwill of €50 million, the segment recorded additional impairments on fixed assets in the amount of €26 million. Based on a reduced expected future economic benefit, the CGU Assembly Plant impaired the carrying amount of its goodwill by €1 million.

In 2007/2008 neither the annual impairment test nor other events indicated that goodwill might be impaired because the recoverable amounts of all cash generating units exceeded the respective carrying amounts.

### Impairment of other intangible assets

Impairment losses of intangible assets other than goodwill are included in cost of sales.

In 2006/2007 the Elevator segment recorded an impairment on capitalized software in the amount of €23 million, as certain software modules could not be used in the future in their formerly existing form. The amount has been determined based on the capitalized development costs for these modules.

In 2007/2008 the Stainless segment fully impaired in the ThyssenKrupp Acciai Speciali Terni business unit a capitalized intangible asset of €4 million resulting from a former favorable supply of energy which does not longer exist. Furthermore impairment losses of €6 million for capitalized development costs

were recognized in the Automotive Solutions business unit as a result of weakening market conditions. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 10.6% was used to calculate the values in use.

### Emission rights

On January 01, 2005, the Group began to participate in the European Union Emissions Trading Scheme (ETS). The Group received notification from the national emissions-trading agency that it is entitled to receive allowances to emit 56.0 million tons of CO<sub>2</sub> during the compliance period 2005 to 2007 and 107.0 million tons of CO<sub>2</sub> during the compliance period 2008 to 2012. The majority of the total allowances are allocated to the Steel segment. The rights are capitalized at cost as an intangible asset. If the emissions are expected to exceed the amount covered by the available allowances, the Group records an obligation for the purchase of additional allowances.

### Goodwill

Goodwill (excluding goodwill of equity method investments) has been allocated to cash generating units within all segments. The recoverable amount of each cash generating unit is determined based on a value in use calculation using after-tax cash flow projections based on bottom-up prepared financial budgets approved by ThyssenKrupp AG's management covering a five-year period. The budgeted fifth year is generally used to determine the cash flows beyond the five-year period. No growth rate is taken into account to extrapolate the budgeted fifth year. The weighted average cost of capital discount rate is based on a risk-free interest rate of 4.6% and risk premiums for equity and debt capital of 5.0 percentage-point and 1.0 percentage-point, respectively. Moreover for each CGU an individual beta derived from the relevant peer group, an individual tax rate and an individual capital structure is used. The following after-tax discount rate ranges have been applied to the cash flow projections by segment:

	After tax discount rate ranges	
	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Steel	7.7 - 8.4	7.4 - 9.5
Stainless	7.1 - 9.2	7.8 - 9.6
Technologies	5.1 - 9.0	5.8 - 10.0
Elevator	6.2 - 7.2	6.7 - 7.4
Services	6.8 - 8.4	7.2 - 8.9
Corporate	7.5	8.0

The values in use for the CGUs are generally calculated on the basis of expected price inflation in the country in which the CGU is located and on the basis of estimated sales growth rates. These figures are determined based on both historical data and expected forecast market performance. The values assigned to the key assumptions are generally consistent with external information sources.

43 CGUs were identified in the ThyssenKrupp Group, of which 33 report goodwill. Total goodwill as of October 01, 2007 amounts to €3,795 million. 55% of this goodwill relates to the CGUs Metallurgy, Surface Vessel, Submarine and Americas, as shown in the following table:

#### SIGNIFICANT GOODWILL

CGU (Segment)	Carrying amount of goodwill allocated to CGU (million €)	Proportion of total goodwill (in %)	Description of key assumptions of budgeting	Procedure used to determine key assumptions
Metallurgy (Steel)	244	6%	- Selling prices - Procurement prices - Business cycles	Internal estimates of sales and purchasing departments concerned and consideration of economic assumptions set by ThyssenKrupp AG (Economic Affairs and Market Research)
Surface Vessel (Technologies)	397	11%	- Market growth rates	Naval shipbuilding: Consideration of long-term budget plans of potential customers and if appropriate concrete negotiations with customers Merchant ships: Consideration of increasing quantity of goods and containers, confirmation by external market studies
Submarine (Technologies)	670	18%	- Market growth rates	Estimates based on long-term budget plans and if appropriate concrete negotiations
Americas (Elevator)	766	20%	- Procurement prices - Business cycles	Consideration of economic assumptions set by ThyssenKrupp AG and external local market studies

No critical goodwills were identified.

The change in the carrying amount of goodwill (excluding goodwill of equity method investments) is as follows:

	million €						
	Steel	Stainless	Technologies	Elevator	Services	Corporate	Total*
Balance as of Sept. 30, 2006	384	344	1,570	1,290	333	16	3,937
Currency differences	0	(10)	(6)	(95)	(2)	0	(113)
Acquisitions/(divestitures)	(1)	0	10	(8)	31	(1)	31
Impairment	(59)	0	(1)	0	0	0	(60)
Balance as of Sept. 30, 2007	324	334	1,573	1,187	362	15	3,795
Currency differences	(1)	(1)	(2)	(47)	(8)	0	(59)
Acquisitions/(divestitures)	3	0	(21)	19	72	0	73
Additions	0	0	11	38	0	0	49
Balance as of Sept. 30, 2008	326	333	1,561	1,197	426	15	3,858

\* excluding goodwill of equity method investments



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

## 13 Property, plant and equipment

Changes in the Group's property, plant and equipment were as follows:

million €

	Land, leasehold rights and buildings including buildings on third-party land	Technical machinery and equipment	Other equipment, factory and office equipment	Assets under finance lease	Assets under operating lease	Construction in progress and advance payments on property, plant and equipment	Total
<b>Gross amounts</b>							
Balance as of Sept. 30, 2006	5,252	14,792	2,295	261	29	610	23,239
Currency differences	(60)	(168)	(38)	(2)	(1)	(9)	(278)
Acquisitions/divestitures of businesses	(18)	(388)	7	5	0	(11)	(405)
Additions	165	679	290	47	1	1,555	2,737
Transfers	17	284	15	(3)	14	(353)	(26)
Disposals	(230)	(480)	(217)	(21)	0	(47)	(995)
Balance as of Sept. 30, 2007	5,126	14,719	2,352	287	43	1,745	24,272
Currency differences	(2)	(32)	(13)	(1)	(3)	22	(29)
Acquisitions/divestitures of businesses	(7)	(89)	(10)	6	(11)	(2)	(113)
Additions	129	739	282	41	0	2,936	4,127
Transfers	114	507	(6)	(4)	(6)	(603)	2
Disposals	(72)	(268)	(167)	(89)	(7)	(7)	(610)
Balance as of Sept. 30, 2008	5,288	15,576	2,438	240	16	4,091	27,649
<b>Accumulated depreciation and impairment losses</b>							
Balance as of Sept. 30, 2006	2,535	10,505	1,557	110	9	3	14,719
Currency differences	(24)	(108)	(18)	(1)	0	0	(151)
Acquisitions/divestitures of businesses	11	(301)	(5)	3	0	(2)	(294)
Depreciation expense	155	820	217	40	1	0	1,233
Impairment losses	13	53	4	6	1	0	77
Reversals of impairment losses	(3)	(1)	0	0	0	0	(4)
Transfers	(8)	9	(1)	(4)	(4)	0	(8)
Disposals	(119)	(421)	(181)	(15)	0	0	(736)
Balance as of Sept. 30, 2007	2,560	10,556	1,573	139	7	1	14,836
Currency differences	(1)	(28)	(7)	(1)	0	0	(37)
Acquisitions/divestitures of businesses	(15)	(69)	(11)	2	(3)	0	(96)
Depreciation expense	157	838	235	25	1	0	1,256
Impairment losses	3	19	1	2	0	0	25
Reversals of impairment losses	(1)	(15)	0	0	0	0	(16)
Transfers	11	5	(5)	(4)	0	0	7
Disposals	(48)	(233)	(140)	(32)	(1)	0	(454)
Balance as of Sept. 30, 2008	2,666	11,073	1,646	131	4	1	15,521
<b>Net amounts</b>							
as of Sept. 30, 2006	2,717	4,287	738	151	20	607	8,520
as of Sept. 30, 2007	2,566	4,163	779	148	36	1,744	9,436
as of Sept. 30, 2008	2,622	4,503	792	109	12	4,090	12,128

Impairment losses of property, plant and equipment are included in cost of sales.

In 2006/2007, as a result of a weakening economic situation, impairment losses of €8 million were recognized in the Auto business unit of the Steel segment of which €7 million related to land and buildings and €1 million to technical machinery and equipment. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 12.1% was used to calculate values in use. Furthermore the Stainless segment recorded in the ThyssenKrupp Acciai Speciali Terni business unit an impairment in the amount of €14 million on technical equipment due a lack of future technical use of parts of this equipment. The impairment amount has been determined on the basis of fair value less cost to sell. Also, the Technologies segment recorded impairments of €26 million as a result of a weakening economic situation in the Marine Systems, Mechanical Components and Automotive Solutions business units. €2 million of the total impairment refer to land and buildings, €22 million to technical machinery and equipment and €2 million to other equipment, factory and office equipment. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 11.5% was used to calculate values in use.

In 2007/2008 impairment losses of €6 million were recognized in the Metal Forming business unit of the Steel segment. €1 million of the total impairment refers to land and buildings and €2 million to assets under finance lease which both had to be fully impaired due to the

intended closing of a location. Another €3 million of the impairment loss was recognized as a result of the weakening economic situation for technical machinery and equipment. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 15.7% was used to calculate the values in use. Furthermore, the Technologies segment recorded impairments of €15 million as a result of a weakening economic situation in the Mechanical Components, Automotive Solutions and Transrapid business units. €2 million of the total impairment relates to land and buildings and €13 million to technical machinery and equipment. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 12.7% was used to calculate the values in use.

In addition, in 2007/2008 in the ThyssenKrupp Acciai Speciali Terni business unit of the Stainless segment an impairment loss of €14 million on technical equipment has been reversed because compared to September 30, 2007, a higher selling price is expected for parts of the equipment. The amount of the reversal has been based on fair value less cost to sell.

Property, plant and equipment include leased buildings, technical machinery and equipment and other equipment that have been capitalized, where the terms of the lease require the Group, as lessee, to assume substantially all of the benefits and risks of use of the leased asset (finance lease).

million €

	Gross amounts		Accumulated depreciation and impairment losses		Net amounts	
	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008
Land, leasehold rights and buildings including buildings on third-party land	86	97	40	43	46	54
Technical machinery and equipment	157	95	71	59	86	36
Other equipment, factory and office equipment	44	48	28	29	16	19
<b>Assets under finance lease</b>	<b>287</b>	<b>240</b>	<b>139</b>	<b>131</b>	<b>148</b>	<b>109</b>

Property, plant and equipment has been pledged as security for financial payables of €174 million (2007: €216 million).

## 14 Investment property

Changes in the Group's investment property were as follows:

million €	2007	2008
<b>Gross amounts</b>		
Balance as of Sept. 30, 2006 and Sept. 30, 2007, respectively	754	569
Currency differences	(1)	0
Acquisitions/divestitures of businesses	0	0
Additions	5	1
Transfers	20	(8)
Disposals	(209)	(56)
<b>Balance as of Sept. 30, 2007 and 2008, respectively</b>	<b>569</b>	<b>506</b>
<b>Accumulated depreciation and impairment losses</b>		
Balance as of Sept. 30, 2006 and Sept. 30, 2007, respectively	253	180
Currency differences	0	0
Acquisitions/divestitures of businesses	0	0
Depreciation expense	5	3
Impairment losses	9	1
Reversals of impairment losses	0	(1)
Transfers	7	(8)
Disposals	(94)	(26)
<b>Balance as of Sept. 30, 2007 and 2008, respectively</b>	<b>180</b>	<b>149</b>
<b>Net amounts</b>		
as of Sept. 30, 2006	501	—
<b>Balance as of Sep. 30, 2007 and 2008, respectively</b>	<b>389</b>	<b>357</b>

The fair value of the Group's investment property is determined using various internationally accepted valuation methods such as the gross rental method, discounted cash flow method, asset value method and comparison to current market prices of similar real estate. Investment property located in Germany is primarily determined based on internally prepared valuations using the gross rental method which is regulated in Germany by the "Verordnung über Grundsätze für die Ermittlung der Verkehrswerte von Grundstücken – WertV". Investment property located outside Germany is determined by external appraisers.

As of September 30, 2008, the total fair value of the Group's investment property is €455 million (2007: €502 million) of which €16 million (2007: €23 million) are based on valuations of external appraisers.

Additions which are disclosed in the gross amounts include subsequent expenditure of €0.3 million (2007: €1 million).

The lease of investment property resulted in rental income of €26 million (2006/2007: €43 million) and direct operating expense of €15 million (2006/2007: €27 million). Direct operating expense of €6 million (2006/2007: €16 million) resulted from investment property that does not generate rental income.

## 15 Investments accounted for using the equity method

### Investments in associates

As of September 30, 2008, the carrying amount of investments in associates accounted for using the equity method is €76 million (2007: €78 million). The previous year carrying amount included an investment in an associate accounted for using the equity method for which there was a published price quotation resulting in a fair value of €58 million as of September 30, 2007. The income of investments in associates accounted for using the equity method is €28 million (2006/2007: €15 million).

Summarized financial information of associates accounted for using the equity method is presented in the table below. The information given represents 100% and not the Group's interest in the associates.

million €	Sept. 30, 2007	Sept. 30, 2008
Total assets	701	774
Total liabilities	487	496
Year ended	Year ended	
Net sales	Sept. 30, 2007	Sept. 30, 2008
	852	781
Net income	90	57

In 2007/2008, the unrecognized share of losses of an associate accounted for using the equity method amounts to 0 (2006/2007: €0.6 million). The unrecognized losses cumulate to €0.3 million (2006/2007: €1.4 million).

Until end of November 2007, ThyssenKrupp had an investment of 20.56% in RAG Aktiengesellschaft.

#### Joint ventures

The following table shows the summarized financial information of the Group's joint ventures. The information given represents the Group's interest in the joint ventures.

million €	Sept. 30, 2007	Sept. 30, 2008
Current assets	683	633
Non-current assets	422	399
Current liabilities	477	385
Non-current liabilities	304	308
Year ended	Year ended	
Net sales	Sept. 30, 2007	Sept. 30, 2008
	1,366	1,575
Net income	25	45

The associates and joint ventures are included in the list of the Group's subsidiaries and equity interests investments which is presented in Note 38.

## 16 Operating lease as lessor

The Group is the lessor of various commercial real estate under operating lease agreements.

As of September 30, the future minimum lease payments to be received on non-cancelable operating leases are as follows:

million €	Sept. 30, 2007	Sept. 30, 2008
Not later than one year	30	24
Between one and five years	39	36
Later than five years	33	35
<b>Total</b>	<b>102</b>	<b>95</b>

The amounts reflected as future minimum lease payments do not contain any contingent rentals. No contingent rentals have been recognized in the consolidated statements of income in 2007/2008 (2006/2007: 0).

## 17 Inventories

million €	Sept. 30, 2007	Sept. 30, 2008
Raw materials	1,987	2,145
Supplies	472	490
Work in process	2,184	2,159
Finished products, merchandise	4,221	4,700
<b>Total</b>	<b>8,864</b>	<b>9,494</b>

Inventories of €781 million (2007: €1,953 million) are carried at net realizable value. Inventories of €41 million (2007: €1 million) have a remaining term of more than 1 year. Inventories of €44,150 million (2007: €42,291 million) are recognized as an expense during the period. Included in cost of sales are write-downs of inventories of €76 million (2007: €157 million).

## 18 Trade accounts receivable

million €

	Sept. 30, 2007	Sept. 30, 2008
Receivables from sales of goods and services	6,349	6,853
Amounts due from customers for construction work	1,228	1,032
<b>Total</b>	<b>7,577</b>	<b>7,885</b>

Receivables from the sales of goods and services in the amount of €873 million (2007: €778 million) have a remaining term of more than 1 year. As of September 30, 2008 cumulative impairment losses of €284 million (2007: €300 million) are recognized for doubtful accounts.

An analysis of the age of trade accounts receivable that are past due but not impaired as of the reporting date is presented in the table below:

million €

	past due up to 30 days	past due 31 to 60 days	past due 61 to 90 days	past due 91 to 180 days	past due 181 to 360 days	past due more than 360 days	Total
Sept. 30, 2007	912	219	199	127	88	149	1,694
<b>Sept. 30, 2008</b>	<b>610</b>	<b>207</b>	<b>95</b>	<b>85</b>	<b>78</b>	<b>135</b>	<b>1,210</b>

Amounts due from customers for construction work are calculated as follows:

million €

	Sept. 30, 2007	Sept. 30, 2008
Contract costs incurred and recognized contract profits (less recognized losses)	2,840	2,836
Less advance payments received	(1,612)	(1,804)
<b>Total</b>	<b>1,228</b>	<b>1,032</b>

Amounts due from customers for construction work include collateralized assets of €48 million (2007: €16 million). Sales from construction contracts of €6,721 million were recognized in the period (2006/2007: €5,082 million).

The Group regularly primarily sells credit insured trade accounts receivable under asset backed securitization programs and other programs as well as under one-time transactions.

As of September 30, 2008, sales of receivables in the amount of €3 million (2007: €9 million) did not result in a derecognition from the balance sheet because the Group retained substantially all the risks and rewards of ownership. The corresponding liability is included in financial debt (see also Note 25). The sales resulted in net proceeds in the amount of €3 million (2006/2007: €9 million).

The amount of receivables sold and derecognized from the balance sheet as of September 30, 2008, was €972 million (2007: €929 million), resulting in net proceeds in the amount of €938 million (2006/2007: €899 million). In some cases, when the Group sells receivables it retains rights and immaterial obligations; these retained interests mainly consist of servicing as well as providing limited cash reserve accounts and dilution reserves. The recognized assets and provided guarantees which serve as a cash reserve account amounted to €72 million (2007: €70 million) as of September 30, 2008. Continuing involvement primarily resulting from the dilution reserve was €26 million (2007: €26 million) as of September 30, 2008.

## 19 Other financial assets

million €

	Sept. 30, 2007		Sept. 30, 2008	
	current	non-current	current	non-current
Loans and receivables	256	40	248	44
Available-for-sale financial assets	202	93	107	74
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	235	—	448	—
Derivatives that qualify for hedge accounting	19	—	78	—
<b>Total</b>	<b>712</b>	<b>133</b>	<b>881</b>	<b>118</b>

Other financial assets in the amount of €156 million (2007: €164 million) have a remaining term of more than 1 year. As of September 30, 2008 cumulative impairments amount to €75 million (2007: €42 million) regarding current other financial assets and €25 million (2007: €31 million) regarding non-current other financial assets.

An analysis of the age of other financial assets that are past due but not impaired as of the reporting date is presented in the table below:

million €

	past due up to 30 days	past due 31 to 60 days	past due 61 to 90 days	past due 91 to 180 days	past due 181 to 360 days	past due more than 360 days	Total
Sept. 30, 2007	0	2	0	1	0	1	4
Sept. 30, 2008	0	0	0	0	0	0	0

## 20 Other non-financial assets, current

million €

	Sept. 30, 2007	Sept. 30, 2008
Advance payments to suppliers of inventories	616	802
Other advance payments and prepayments	205	312
Reimbursement rights	67	83
Others	631	756
<b>Total</b>	<b>1,519</b>	<b>1,953</b>

Other non-financial assets in the amount of €47 million (2007: €60 million) have a remaining term of more than 1 year. As of September 30, 2008 cumulative impairments amount to €34 million (2007: €71 million).

## 21 Total Equity

Total equity and the number of shares outstanding changed as follows:

million € (except number of shares)

	Equity attributable to ThyssenKrupp AG's stockholders								
	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Cumulative income and expense directly recognized in equity	Treasury stock	Total	Minority interest	Total equity
<b>Balance as of Sept. 30, 2006</b>	<b>488,764,592</b>	<b>1,317</b>	<b>4,684</b>	<b>3,358</b>	<b>(149)</b>	<b>(697)</b>	<b>8,513</b>	<b>414</b>	<b>8,927</b>
Net income				2,102			2,102	88	2,190
Income and expense directly recognized in equity					10		10	(3)	7
Tax effects on income and expense directly recognized in equity					(111)		(111)	0	(111)
Profit attributable to minority interest						0	(32)		(32)
Dividend payment				(489)		(489)	0		(489)
Share-based compensation				3		3	0		3
Other changes				(11)	9		(2)	(46)	(48)
<b>Balance as of Sept. 30, 2007</b>	<b>488,764,592</b>	<b>1,317</b>	<b>4,684</b>	<b>4,963</b>	<b>(241)</b>	<b>(697)</b>	<b>10,026</b>	<b>421</b>	<b>10,447</b>
Net income				2,195			2,195	81	2,276
Income and expense directly recognized in equity					280		280	8	288
Tax effects on income and expense directly recognized in equity					(131)		(131)	(2)	(133)
Profit attributable to minority interest						0	(55)		(55)
Dividend payment				(635)		(635)	0		(635)
Treasury stock purchased	(25,291,100)				(880)	(880)	0		(880)
Tax effect resulting from the write-down of treasury stock					156	156	0		156
Share-based compensation				1		1	0		1
Other changes				(5)		(5)	29		24
<b>Balance as of Sept. 30, 2008</b>	<b>463,473,492</b>	<b>1,317</b>	<b>4,684</b>	<b>6,519</b>	<b>(92)</b>	<b>(1,421)</b>	<b>11,007</b>	<b>482</b>	<b>11,489</b>

The following table shows the changes of the foreign currency translation adjustment which is part of cumulative income and expense directly recognized in equity:

	million €	Foreign currency translation adjustment
<b>Balance as of Sept. 30, 2006</b>	<b>55</b>	
Change in unrealized gains/(losses), net	(247)	
Net realized (gains)/losses	(10)	
<b>Balance as of Sept. 30, 2007</b>	<b>(202)</b>	
Change in unrealized gains/(losses), net	(83)	
Net realized (gains)/losses	0	
<b>Balance as of Sept. 30, 2008</b>	<b>(285)</b>	



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

## Capital stock

The capital stock of ThyssenKrupp AG consists of 514,489,044 no-par bearer shares of stock, all of which have been issued, with 463,473,492 and 488,764,592 outstanding as of September 30, 2008 and 2007, respectively. Each share of common stock has a stated value of €2.56.

All shares grant the same rights. The stockholders are entitled to receive dividends as declared and are entitled to one vote per share at the stockholders' meetings.

## Additional paid in capital

Additional paid in capital include the effects of the business combination of Thyssen and Krupp as well as premiums resulting from capital increases at subsidiaries with minority interest.

## Retained earnings

Retained earnings include prior years' undistributed consolidated income. In addition, the recycling of actuarial gains and losses in the context of the disposal of accrued pension liabilities as well as equity impacts resulting from share-based compensation are included in this balance sheet item.

## Treasury stock

On the basis of the authorization granted by the Annual Stockholders' Meeting on January 18, 2008, the Executive Board of ThyssenKrupp AG resolved on January 31, 2008, to acquire up to approximately 3% of the current capital stock issued. In the period from February 01, 2008 to March 07, 2008, ThyssenKrupp AG purchased a total of 14,791,100 treasury shares, representing approximately 2.9% of the capital stock, at an average price of €35.34. This represents a total amount of €523 million. In addition, based on the authorization of the Annual Stockholders' Meeting, the Executive Board resolved on July 14, 2008, to acquire up to approximately 2% of the capital stock issued. In the period from July 15, 2008 to August 13, 2008, ThyssenKrupp AG purchased a total of 10,500,000 treasury shares, representing approximately 2.0% of the capital stock, at an average price of €33.98. This represents a total amount of €357 million.

After the two acquisitions in 2007/2008 and the treasury share acquisition in 2005/2006, ThyssenKrupp AG holds 51,015,552 treasury shares in total as of September 30, 2008, representing approximately 9.9% of the capital stock.

## Management of capital

As of 30 September 2008, the equity ratio reached 27.6% (2007: 27.4%). Among the ThyssenKrupp Group's most important financial goals are a sustainable appreciation of entity value and ensuring solvency at all times. Creating sufficient liquidity reserves is therefore of great importance. These objectives are achieved by implementing various capital cost reduction and capital structure optimization measures as well as effective risk management.

The ThyssenKrupp Group's financial risks are assessed on the basis of ratings by rating agencies:

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BBB	A-2	stable
Moody's	Baa2	Prime-2	positive
Fitch	BBB+	F2	stable

The ThyssenKrupp Group's capital costs are optimized in the BBB investment grade range. It reflects the Group's solvency and ensures access to a broad base of investors. Capital management at ThyssenKrupp is based on debt ratios published by rating agencies, which calculate cash-flow-to-debt ratios periodically. ThyssenKrupp is not subject to statutory capital requirements.

## Authorizations

According to Art. 5 Para. 5 of the Articles of Association of ThyssenKrupp AG, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions on or before January 18, 2012, by up to €500 million by issuing up to 195,312,500 new no-par shares in exchange for cash and/or contributions in kind (Authorized Capital).

By resolution of the Annual Stockholders' Meeting on January 23, 2004, the Executive Board is authorized, subject to the approval of the Supervisory Board, to issue bearer bonds with a total par value up to €500 million and to grant the bond holders the right to convert the bonds into bearer shares of the Company (convertible bonds). The authorization is valid until January 22, 2009. In addition, by resolution of the Annual Stockholders' Meeting on January 18, 2008, ThyssenKrupp is authorized through July 17, 2009, to purchase treasury stock for certain defined purposes up to a total of 10% of the current capital stock issued.

### Dividend proposal

The Executive Board and Supervisory Board have agreed to propose to the stockholders' meeting a dividend in the amount of €1.30 per share entitled to dividend to be distributed from unappropriated net income of the stand-alone entity ThyssenKrupp AG for fiscal 2007/2008 as determined in conformity with the principles of the German Commercial Code (HGB). This would result in a dividend payout of €603 million in total.

The number of stock rights issued will be adjusted at the end of each performance period based on the average economic value added (EVA) over the three-year performance period, beginning October 01 of the year the stock rights were granted, compared to the average EVA over the previous three fiscal year period. At the end of the performance period the stock rights will be settled in cash based on the average price of ThyssenKrupp stock during the three month period immediately following the performance period.

To determine the fair value of the stock rights used to calculate the pro-rata liability as of the balance sheet date forward prices of the ThyssenKrupp stock are calculated taking into account partial caps starting in the 3rd installment. The forward calculation is carried out for predefined periods (averaging periods) taking into account the ThyssenKrupp stock price and the Euro interest rate curve as of the balance sheet date and the dividends assumed to be paid until the maturity of the stock rights. The following assumptions were used for the determination of the fair values as of September 30, 2007 and as of September 30, 2008:

## 22 Share-based compensation programs

### Management incentive plans

In 2003, ThyssenKrupp implemented a performance based mid-term incentive plan which issues stock rights to eligible participants. All Executive Board members of ThyssenKrupp AG are eligible to participate. Starting with the second installment which was issued in 2004, the group of beneficiaries was expanded to include the segment lead companies as well as several other selected executive employees. As of September 30, 2008, 538,096 stock rights were issued in the 4th installment, 300,390 stock rights in the 5th installment and 234,265 stock rights in the 6th installment.

#### YEAR ENDED SEPT. 30, 2007

	3rd installment Dec. 31, 2007	4th installment Dec. 31, 2008	5th installment Dec. 31, 2009
Maturity	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009
Averaging period	Oct. 01 to Dec. 31, 2007	Oct. 01 to Dec. 31, 2008	Oct. 01 to Dec. 31, 2009
ThyssenKrupp stock price as of balance sheet date	€44.66	€44.66	€44.66
Assumed dividend payment(s) per stock until maturity	—	€1.30 on Jan. 21, 2008	€1.30 on Jan. 21, 2008
Average dividend yield	—	2.64%	2.76%
Average interest rate (averaging period)	4.44%	4.65%	4.53%
<b>Fair value as of Sept. 30, 2007</b>			
- without caps	€44.38	€43.15	€41.93
- with caps	€24.71	€23.62	€36.20

#### YEAR ENDED SEPT. 30, 2008

	4th installment Dec. 31, 2008	5th installment Dec. 31, 2009	6th installment Dec. 31, 2010
Maturity	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
Averaging period	Oct. 01 to Dec. 31, 2008	Oct. 01 to Dec. 31, 2009	Oct. 01 to Dec. 31, 2010
ThyssenKrupp stock price as of balance sheet date	€21.03	€21.03	€21.03
Assumed dividend payment(s) per stock until maturity	—	€1.30 on Jan. 26, 2009	€1.30 on Jan. 26, 2009
Average dividend yield	—	5.80%	6.15%
Average interest rate (averaging period)	4.44%	4.95%	4.67%
<b>Fair value as of Sept. 30, 2008</b>			
- without caps	€20.87	€19.65	€18.43
- with caps	€20.87	€19.65	€18.43

In the 2nd quarter of 2007/2008, the 3rd installment of the mid-term incentive plan was settled in cash with €41.15 per stock right resulting in a total payment of €54.1 million. In the 1st quarter of 2006/2007, the 2nd installment of the mid-term incentive plan was settled in cash with €29.90 per stock right resulting in a total payment of €27.6 million. In total, in 2007/2008 the Group recorded compensation income from the mid-term incentive plan in the amount of €3.5 million (2006/2007: expense of €69.6 million). The liability arising from the mid-term incentive plan amounts to €43 million as of September 30, 2008 (2007: €101 million).

In February 2006, the Group implemented a Share Purchase Program for selected executive employees who are not beneficiaries of the mid-term incentive plan. Under the Program the beneficiaries are entitled to purchase up to a fixed amount ThyssenKrupp shares at a discount. In the 2nd quarter ended March 31, 2008, the Group's Share Purchase Program for fiscal year 2006/2007 was settled with the purchase of 229,664 shares at a discount. This resulted in compensation expense of €4.1 million in 2007/2008, having already recognized compensation expense of €8.1 million in 2006/2007. At the same time, in March 2008 it was decided to renew the Program for fiscal year 2007/2008. Under the program, again selected executive employees are entitled to purchase up to a fixed amount ThyssenKrupp shares at a discount. In 2007/2008 the Group recorded compensation expense from the new program of €9.4 million (2006/2007: €8.1 million); €5.1 million (2007: €4.4 million) were recognized in equity and the remaining amount of €4.3 million (2007: €3.7 million) as an obligation. In total, in 2007/2008 the Group recorded compensation expense for the Share Purchase Program in the amount of €13.5 million (2006/2007: €11.7 million).

#### **Employee share purchase program**

In the 3rd quarter of 2006/2007 and in the 3rd quarter of 2007/2008, the Group primarily offered eligible members of its domestic and French workforce the right to purchase up to €270 in ThyssenKrupp shares at a 50% discount as part of an employee share purchase program. The program resulted in the Group recording compensation expense of €6.6 million and €6.3 million, respectively.

## **23 Accrued pension and similar obligations**

million €	Sept. 30, 2007	Sept. 30, 2008
Accrued pension liability	5,896	5,227
Accrued postretirement obligations other than pensions	915	1,029
Other accrued pension-related obligations	328	294
<b>Total</b>	<b>7,139</b>	<b>6,550</b>

Pensions and similar obligations in the amount of €5,970 million (2007: €6,504 million) have a remaining term of more than 1 year.

#### **Pension plans**

The Group maintains defined benefit pension plans and defined contribution plans that cover the majority of the employees in Germany, the USA, Canada and Great Britain. In some other countries, eligible employees receive benefits in accordance with the respective local requirements.

In Germany, benefits generally take the form of pension payments that are indexed to inflation. Benefits for some senior staff are based on years of service and salary during a reference period, which is generally three years prior to retirement. Other employees receive benefits based on years of service. In addition, ThyssenKrupp offers certain German employees the opportunity to participate in a defined benefit program which allows for the deferral of compensation which earns interest at a rate of 6.00% per year.

In the USA and Canada, hourly paid employees receive benefits based on years of service. Salaried employee benefits are typically based on years of service and salary history. In Great Britain, employee benefits are based on years of service and an employee's final salary before retirement.

### Defined benefit obligations and funded status

The reconciliation of the changes in the defined benefit obligations and the fair value of plan assets are as follows:

million €

	Sept. 30, 2007		Sept. 30, 2008	
	Germany	Outside Germany	Germany	Outside Germany
<b>Change in defined benefit obligations (DBO):</b>				
DBO at beginning of fiscal year	6,114	2,541	5,773	2,158
Service cost	73	39	79	29
Interest cost	266	123	292	115
Participant contributions	0	8	0	8
Past service cost	0	1	5	3
Actuarial gain	(258)	(149)	(691)	(113)
Acquisitions/(divestitures)	(1)	(99)	(26)	(7)
Curtailments and settlements	0	(24)	0	(36)
Currency differences	0	(141)	0	(87)
Benefit payments	(420)	(148)	(421)	(144)
Others	(1)	7	2	(1)
<b>DBO at end of fiscal year</b>	<b>5,773</b>	<b>2,158</b>	<b>5,013</b>	<b>1,925</b>
<b>Change in plan assets:</b>				
Fair value of plan assets at beginning of fiscal year	127	1,940	167	1,910
Expected return on plan assets	9	131	12	126
Actuarial gains/(losses)	0	69	(26)	(313)
Acquisitions/(divestitures)	0	(84)	(1)	(2)
Employer contributions	38	100	37	79
Participant contributions	0	8	0	8
Settlements	0	(2)	0	(47)
Currency differences	0	(124)	0	(89)
Benefit payments	(8)	(135)	(9)	(128)
Others	1	7	0	0
<b>Fair value of plan assets at end of fiscal year</b>	<b>167</b>	<b>1,910</b>	<b>180</b>	<b>1,544</b>

As of the balance sheet date, defined benefit obligations related to plans that are wholly unfunded amount to €4,907 million (2007: €5,696 million) and defined benefit obligations that relate to plans that are wholly or partly funded amount to €2,031 million (2007: €2,235 million).

Actual return which amounts to €(201) million (2007: €209 million) is calculated as the total of expected return on plan assets and actuarial gains and losses, respectively.

The following represents the funded status of these plans:

million €	Sept. 30, 2007		Sept. 30, 2008	
	Germany	Outside Germany	Germany	Outside Germany
Funded status at end of fiscal year	(5,606)	(248)	(4,833)	(381)
Not recognized as an asset due to asset ceiling	0	(6)	0	(3)
<b>Net amount recognized</b>	<b>(5,606)</b>	<b>(254)</b>	<b>(4,833)</b>	<b>(384)</b>
Amounts recognized in the consolidated balance sheets consist of:				
Other receivables	0	36	0	10
Accrued pension liability	(5,606)	(290)	(4,833)	(394)
<b>Net amount recognized</b>	<b>(5,606)</b>	<b>(254)</b>	<b>(4,833)</b>	<b>(384)</b>

### Net periodic pension cost

The net periodic pension cost for the defined benefit plans were as follows:

million €	Year ended Sept. 30, 2007		Year ended Sept. 30, 2008	
	Germany	Outside Germany	Germany	Outside Germany
Service cost	73	39	79	29
Interest cost	266	123	292	115
Expected return on plan assets	(9)	(131)	(12)	(126)
Past service cost	0	1	5	3
Settlement and curtailment loss/(gain)	0	(22)	0	14
<b>Net periodic pension cost</b>	<b>330</b>	<b>10</b>	<b>364</b>	<b>35</b>

The interest cost and the expected return on plan assets components of net periodic pension cost are included in the line item "Interest expense" and "Interest income", respectively in the Group's consolidated statement of income.

### Assumptions

The assumptions for discount rates and the rates of compensation increase on which the calculation of the obligations are based were derived in accordance with standard principles and established for each country as a function of their respective economic conditions. Discount rates are generally determined based on market yields of

high quality corporate bonds in the respective countries with terms corresponding to the estimated terms of the post-employment benefit obligations. Due to the current disruptions on international financial markets deductions of generally about 20 to 30 basis points on market yields of indices used (e.g. from iBoxx®) were undertaken to adjust for observed unusual effects. The expected return on plan assets is determined based on detailed studies conducted by the plans' third party investment and actuarial advisors. The studies take into consideration the long-term historical returns and the future estimates of long-term investment returns based on the target asset allocation.

The Group applied the following weighted average assumptions to determine benefit obligations:

Weighted-average assumptions:	in %		Sept. 30, 2007		Sept. 30, 2008	
			Germany		Outside Germany	
	Discount rate	6.00	5.25	5.82	6.75	6.44
Expected return on plan assets				7.29	6.00	7.10
Rate of compensation increase			2.50	2.29	2.50	2.43

### Plan assets

In the Group, the majority of reported plan assets associated with the funded pension plans are located in the USA, Canada, Great Britain and to a lesser extent in Germany and some other European countries. The Group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The asset classes include national and international stocks, fixed income government and non-government securities and real estate. Plan assets do not include any direct investments in ThyssenKrupp debt or equity securities.

The Group uses professional investment managers to invest plan assets based on specific investment guidelines developed by the plans' Investment Committees. The Investment Committees consist of senior financial management especially from treasury and other appropriate executives. The Investment Committees meet regularly to approve the target asset allocations, and review the risks and performance of the major pension funds and approve the selection and retention of external managers.

The Group's target portfolio structure has been developed based on asset-liability studies that were performed for the major pension funds within the Group.

The pension plan asset allocation and target allocation are as follows:

	Plan assets as of			Target allocation
	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2009	
Equity securities	59%	44%	50-65%	
Debt securities	37%	48%	35-45%	
Real estate/other	4%	8%	0-10%	
<b>Total</b>	<b>100%</b>	<b>100%</b>		

Due to worldwide decreasing share prices and due to scheduled risk management measures the proportion of shares in the asset portfolio has been reduced. As soon as the general market situation recovers a return to the target allocation of the asset portfolio is intended.

### Pension plan funding

In general, the Group's funding policy is to contribute amounts to the plans sufficient to meet the minimum statutory funding requirements relevant in the country in which the plan is located. In the USA and Canada, certain plans require minimum funding based on collective bargaining agreements. The Group may from time to time make additional contributions at its own discretion. ThyssenKrupp's expected contribution in fiscal year 2008/2009 is €89 million related to its funded plans, all of which is expected to be as cash contributions.

### Pension benefit payments

In fiscal year 2007/2008, pension benefit payments to the Group's German and Non-German plans were €421 million (2006/2007: €420 million) and €144 million (2006/2007: €148 million) respectively. The estimated future pension benefits to be paid by the Group's defined benefit pension plans are as follows:

	million €		Germany	Outside Germany
	(for fiscal year)			
2008/2009			433	162
2009/2010			433	127
2010/2011			434	126
2011/2012			432	130
2012/2013			428	131
2013/2014-2017/2018			2,071	668
<b>Total</b>			<b>4,231</b>	<b>1,344</b>

Amounts recognized for the current and the previous periods for defined benefit pension plans are as follows:

	million €			
	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2008
Present value of defined benefit obligation	9,209	8,655	7,931	6,938
Fair value of plan assets	1,937	2,067	2,077	1,724
Surplus/(deficit) in the plans	(7,272)	(6,588)	(5,854)	(5,214)
Experience adjustments on plan liabilities	(43)	(52)	(89)	(47)
Experience adjustments on plan assets	112	13	44	(345)

### Defined Contribution Plans

The Group also maintains domestic and foreign defined contribution plans. Amounts contributed by the Group under such plans are based upon percentage of the employees' salary or the amount of contributions made by the employees. The total cost of pension plans accounted for as defined contribution plans in the current fiscal year was €140 million (2006/2007: €118 million). Thereof, €86 million (2006/2007: €81 million) were related to multi-employer plans. In addition, contributions paid to public/state pension insurance institutions amounted to €363 million (2006/2007: €332 million).

### Postretirement obligations other than pensions

The Group provides certain postretirement health care and life insurance benefits to retired employees in the USA and Canada who meet certain minimum requirements regarding age and length of service. The plans primarily relate to the retained assets and liabilities of ThyssenKrupp Budd.

In December 2003, the US government signed into law the Medicare Prescription Drug, Improvement and Modernization Act. This law provides for a federal subsidy to sponsors of retiree health care benefit plans that provide benefit that is at least actuarially equivalent to the benefit established by the law. The Group accounts for these federal subsidies as reimbursement rights in accordance with IAS 19.

The changes in accumulated postretirement benefit obligations and reimbursement rights are as follows:

	million €	
	Sept. 30, 2007 US, Canada	Sept. 30, 2008 US, Canada
<b>Change in accumulated postretirement benefit obligation:</b>		
Accumulated postretirement benefit obligation at beginning of fiscal year		
Service cost	1,122	893
Interest cost	12	10
Past service cost	54	52
Actuarial loss	(9)	8
Acquisitions/(divestitures)	5	103
Curtailments and settlements	(79)	0
Currency differences	(43)	0
Benefit payments	(103)	(43)
<b>Accumulated postretirement benefit obligation at end of fiscal year</b>	<b>893</b>	<b>1,013</b>
<b>Change in reimbursement rights relating to postretirement benefits:</b>		
Fair value of reimbursement rights at beginning of fiscal year	90	67
Expected return on reimbursement rights	5	4
Actuarial gains/(losses)	(9)	14
Acquisitions/(divestitures)	(4)	0
Settlements	(3)	0
Employer contributions	3	3
Currency differences	(9)	0
Benefit payments	(6)	(6)
Others	0	1
<b>Fair value of reimbursement rights at end of fiscal year</b>	<b>67</b>	<b>83</b>

The following represents the unfunded status of these plans:

million €	Sept. 30, 2007 US, Canada	Sept. 30, 2008 US, Canada
Unfunded status at end of fiscal year	(893)	(1,013)
Unrecognized past service cost	(22)	(16)
<b>Net amount recognized for postretirement obligations other than pensions</b>	<b>(915)</b>	<b>(1,029)</b>

#### Assumptions

The determination of the accumulated postretirement benefit obligations is based on the following weighted average assumptions:

in %	Sept. 30, 2007 US, Canada	Sept. 30, 2008 US, Canada
Weighted-average assumptions:		
Discount rate	6.38	6.97
Health care cost trend rate for the following year	9.71	9.73
Ultimate health care cost trend rate (expected in 2032)	4.94	5.00

#### Net periodic postretirement benefit cost

The net periodic postretirement benefit cost for health care obligations is as follows:

million €	Year ended Sept. 30, 2007 US, Canada	Year ended Sept. 30, 2008 US, Canada
Service cost	12	10
Interest cost	54	52
Expected return on reimbursement rights	(5)	(4)
Past service cost	(3)	3
Settlement and curtailment loss/(gain)	(40)	0
<b>Net periodic postretirement benefit cost</b>	<b>18</b>	<b>61</b>

The interest cost component of net periodic postretirement benefit cost is included in the line item "Interest expense" in the Group's consolidated statement of income.

The effects of a one-percentage-point increase or decrease in the assumed health care cost trend rates are as follows:

million €	one-percentage-point	
	Increase	Decrease
Effect on service and interest cost components	10	(9)
Effect on postretirement benefit obligation	136	(112)

Amounts recognized for the current and the previous period for postretirement obligations other than pensions are as follows:

million €	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2008
Present value of defined benefit obligation	1,290	1,122	893	1,013
Fair value of reimbursement rights	79	90	67	83
Surplus/(deficit)	(1,290)	(1,122)	(893)	(1,013)
Experience adjustments on plan liabilities	(19)	(33)	13	(41)
Experience adjustments on reimbursement rights	1	31	0	0

#### Other pension related obligations

Some German companies have obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in installments after retirement. For these obligations, accruals in the amount of €242 million (2007: €273 million) were recognized in accordance with IAS 19 "Employee Benefits".

## 24 Other provisions

million €

	Product warranties and product defects	Other contractual costs	Employee compensation and benefit costs	Restructurings	Decommissioning obligations	Environmental obligations	Other obligations	Total
Balance as of Sept. 30, 2007	376	267	656	137	251	37	531	2,255
Currency differences	(3)	(2)	(2)	0	0	0	(4)	(11)
Acquisitions/(divestitures)	(2)	8	(18)	(3)	0	0	1	(14)
Additions	138	197	416	168	10	6	414	1,349
Accretion	0	0	0	1	1	0	1	3
Amounts utilized	(40)	(104)	(280)	(75)	(12)	(4)	(121)	(636)
Reversals	(84)	(64)	(176)	(45)	(17)	(1)	(172)	(559)
Balance as of Sept. 30, 2008	385	302	596	183	233	38	650	2,387

As of September 30, 2008, €1,746 million (2007: €1,559 million) of the total of other provisions are current, while €641 million (2007: €696 million) are non-current. Provisions of €548 million (2007: €349 million) have a remaining term of more than 1 year.

Product warranties and product defects represent the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation that arise from the use of the products sold (product defect).

Provisions for other contractual costs represent pending losses from uncompleted contracts.

Provisions for employee compensation and benefit costs primarily represent employment anniversary bonuses and obligations for the management incentive plans, while social plan and related costs pertaining to personnel related structural measures are reflected in the provision for restructuring activities. Pension related obligations for partial retirement agreements and early retirement programs are part of the provision for pensions and similar obligations.

The provision for restructurings consists of provisions for employee termination benefits and exit costs which have been established by operating divisions for costs incurred in connection with activities which do not generate any future economic benefits for the Group. Restructurings are being carried out in all segments. The balance as of September 30, 2008, consists of €129 million within the Steel segment and €32 million within the Technologies segment.

The provision for decommissioning obligations mainly consists of obligations associated with mining activities and recultivating landfills. Obligations associated with mining activities and and recultivating landfills are generally handled over long periods of time, in some cases more than 30 years. The technical parameters are very complex. As a result, uncertainty exists with regard to the timing and concrete amount of the expenses.

Provisions for environmental obligations refer primarily to rehabilitating contaminated sites, redevelopment and water protection measures.

## 25 Financial debt

### CARRYING AMOUNTS in million €

	Sept. 30, 2007	Sept. 30, 2008
Bonds	1,996	1,497
Notes payable	50	479
Liabilities to financial institutions	604	968
Acceptance payables	2	0
Finance lease liabilities	136	98
Other loans	25	26
<b>Non-current financial debt</b>	<b>2,813</b>	<b>3,068</b>
Bonds	0	500
Notes payable	100	50
Liabilities to financial institutions	629	711
Liabilities due to sales of receivables not derecognized from the balance sheet	9	3
Acceptance payables	25	31
Finance lease liabilities	37	27
Other loans	25	26
<b>Current financial debt</b>	<b>825</b>	<b>1,348</b>
<b>Financial debt</b>	<b>3,638</b>	<b>4,416</b>

Current financial debt includes financial debt with a remaining term up to one year, while the non-current financial debt has a remaining term of more than one year.

### BONDS, NOTES PAYABLE

	Carrying amount in million € Sept. 30, 2007	Carrying amount in million € Sept. 30, 2008	Notional amount in million € Sept. 30, 2008	Interest rate in %	Fair value in million € Sept. 30, 2008	Maturity Date
ThyssenKrupp Finance Nederland B.V. bond (€500 million) 2002/2009	499	500	500	7.000	502	03/19/2009
ThyssenKrupp AG bond (€750 million) 2004/2011	748	748	750	5.000	743	03/29/2011
ThyssenKrupp AG bond (€750 million) 2005/2015	749	749	750	4.375	678	03/18/2015
ThyssenKrupp AG note loan (€100 million) 2001/2007	100	—	—	5.450	—	10/25/2007
ThyssenKrupp AG note loan (€50 million) 2004/2009	50	50	50	4.500	51	01/19/2009
ThyssenKrupp AG note loan (€100 million) 2008/2013	—	100	100	5.150	98	04/15/2013
ThyssenKrupp AG note loan (€150 million) 2008/2013	—	149	150	5.300	148	04/25/2013
ThyssenKrupp AG note loan (€150 million) 2008/2014	—	150	150	5.375	147	05/21/2014
ThyssenKrupp AG note loan (€80 million) 2008/2016	—	80	80	5.710	78	09/15/2016
<b>Total</b>	<b>2,146</b>	<b>2,526</b>	<b>2,530</b>		<b>2,445</b>	

ThyssenKrupp AG has assumed the unconditional and irrevocable guarantee for the payments pursuant to the terms and conditions of the bond of ThyssenKrupp Finance Nederland B.V.

In April 2008, ThyssenKrupp AG issued two note loans with a 5-year-maturity each and a volume of €250 million in total. Furthermore

in May 2008, a €150 million note loan with a 6-year-maturity and in September 2008, an additional €80 million note loan with an 8-year-maturity were issued.

All bonds and note loans are interest only with principle due at maturity.

As of September 30, 2008, the financing structure of liabilities to financial institutions and other loans comprise the following:

**LIABILITIES TO FINANCIAL INSTITUTIONS, OTHER LOANS**

	Carrying amount in million € Sept. 30, 2007	Carrying amount in million € Sept. 30, 2008	Amount thereof in €	Weighted average interest rate % Sept. 30, 2008	Amount thereof in USD	Weighted average interest rate % Sept. 30, 2008	Amount thereof in other currencies	Fair value in million € Sept. 30, 2008
Credits at variable interest rates	1,045	1,221	147	5.45	275	5.35	799	1,221
Credits at fixed interest rates	238	510	472	5.66	6	—	32	509
<b>Total</b>	<b>1,283</b>	<b>1,731</b>	<b>619</b>	<b>5.61</b>	<b>281</b>	<b>5.24</b>	<b>831</b>	<b>1,730</b>

As of September 30, 2008, ThyssenKrupp has available a €2.5 billion syndicated joint credit multi-currency-facility agreement. The agreement was fixed in July 2005 and has a term until July 01, 2014. The facility agreement was not utilized as of the balance sheet date.

Another component of financial liabilities are revolving credit agreements with banking institutions whereby ThyssenKrupp AG, ThyssenKrupp Finance USA, Inc. or ThyssenKrupp Finance Nederland B.V. can borrow in Euros, U.S. dollars or in British pounds Sterling up to approximately €2.2 million. Of these facilities, 76% have a

remaining term of more than 5 years and 24% a remaining term of up to 5 years. As of September 30, 2007, there were no cash loans outstanding.

In total the Group has available unused, committed credit lines amounting to €4.6 billion.

The Group's Commercial Paper Program also provides up to €1.5 billion in additional financing. As of September 30, 2008, the program was not used.

As of the balance sheet date the future minimum lease payments reconcile to their present value (= finance lease obligation) as follows:

million €	Sept. 30, 2007			Sept. 30, 2008		
	Future minimum lease payments	Interest	Present value (finance lease liabilities)	Future minimum lease payments	Interest	Present value (finance lease liabilities)
Not later than one year	40	3	37	35	8	27
Between one and five years	145	31	114	92	16	76
Later than five years	29	7	22	29	7	22
<b>Total</b>	<b>214</b>	<b>41</b>	<b>173</b>	<b>156</b>	<b>31</b>	<b>125</b>

Maturity of financial debt is as follows:

million €	Total financial debt	thereof: Liabilities to financial institutions
(for fiscal year)		
2008/2009	1,348	711
2009/2010	168	112
2010/2011	823	52
2011/2012	96	81
2012/2013	581	325
thereafter	1,400	398
<b>Total</b>	<b>4,416</b>	<b>1,679</b>

## 26 Trade accounts payable

Trade accounts payable in the amount of €40 million (2007: €11 million) have a remaining term of more than 1 year.

## 27 Other financial liabilities

million €

	Sept. 30, 2007		Sept. 30, 2008	
	current	non-current	current	non-current
Financial liabilities measured at amortized cost	513	125	999	321
Derivatives that do not qualify for hedge accounting	164	—	369	—
Derivatives that qualify for hedge accounting	169	—	176	—
<b>Total</b>	<b>846</b>	<b>125</b>	<b>1,544</b>	<b>321</b>

Other financial liabilities amounting to €328 million (2007: €125 million) have a remaining term of more than 1 year.

## 28 Other non-financial liabilities

million €

	Sept. 30, 2007		Sept. 30, 2008	
	current	non-current	current	non-current
Amounts due to customers for construction work	3,301	—	3,445	—
Advance payments	844	—	1,084	—
Selling and buying market related liabilities	694	—	642	—
Liabilities due to put options	180	22	180	19
Liabilities to the employees	904	—	965	—
Liabilities for social security	107	—	122	—
Deferred income	189	—	187	—
Tax liabilities (without income taxes)	404	—	370	—
Other	481	—	506	1
<b>Total</b>	<b>7,104</b>	<b>22</b>	<b>7,501</b>	<b>20</b>

Other non-financial liabilities amounting to €883 million (2007: €1,414 million) have a remaining term of more than 1 year.

Amounts due to customers for construction work are calculated as follows:

million €

	Sept. 30, 2007	Sept. 30, 2008
Contract costs incurred and recognized contract profits (less recognized losses)	4,328	5,382
Less advance payments received	(7,629)	(8,827)
<b>Total</b>	<b>(3,301)</b>	<b>(3,445)</b>

## 29 Contingencies and commitments

### Contingencies

ThyssenKrupp AG and its segment lead companies as well as – in individual cases – its subsidiaries have issued or have had guarantees issued in favor of customers or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated Group company.

	Maximum potential amount of future payments as of		Provision as of	
	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008
Advance payment bonds	107	145	0	1
Performance bonds	112	67	1	1
Third party credit guarantee	40	42	0	0
Residual value guarantees	45	45	1	1
Other guarantees	167	79	2	1
<b>Total</b>	<b>471</b>	<b>378</b>	<b>4</b>	<b>4</b>

Guarantees include no (2007: €3 million) contingent liabilities of associates and €189 million (2007: €217 million) of contingent liabilities of joint ventures.

The terms of these guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees).

The basis for possible payments under the guarantees is always the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, non-performance with respect to the warranted quality or default under a loan agreement.

All guarantees are issued by or issued by instruction of ThyssenKrupp AG or the segment lead companies upon request of principal debtor obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. If such principal debtor a company owned fully or partially by a foreign third party, then such third party is generally requested to provide additional collateral in a corresponding amount.

ThyssenKrupp bears joint and several liability as a member of certain civil law partnerships, ordinary partnerships and consortiums.

Former stockholders of Thyssen and of Krupp have petitioned per Art. 305 UmwG (Reorganization Act) for a judicial review of the share exchange ratios used in the merger of Thyssen AG and Fried. Krupp AG Hoesch-Krupp to form ThyssenKrupp AG. The proceedings are pending with the Düsseldorf Regional Court. Should a ruling be made in favor of the petitioners, the Court would require settlement to be made via an additional cash payment plus interest. The additional payment also would be required to be made to all affected stockholders, even if they were not petitioners in the judicial proceedings. However, the Group expects no such payments to become due as the exchange ratios were duly determined, negotiated between unrelated parties and audited and confirmed by the auditor that has been appointed by court.

As a result of the integration of Thyssen Industrie AG into Thyssen AG, the Group is defendant to court proceedings from minority stockholders of Thyssen Industrie AG to examine the appropriateness of the merger consideration received. If the court rules that the consideration offered was inappropriate, the increased consideration will be granted to all outside stockholders by an additional cash payment.

The Group is involved in pending and threatened litigation in connection with the purchase and sale of certain companies, which may lead to partial repayment of purchase price or to the payment of damages. In addition, damage claims may be payable to customers, consortium partners and subcontractors under performance contracts. Certain of these claims have proven unfounded or have expired under the statute of limitations. Some of these lawsuits are still pending.

### Special purpose entities

ThyssenKrupp has leased a facility used in the production of coke. The application of the rules of the Interpretation SIC 12 "Consolidation – Special Purpose Entities" to the company acting as operator of this facility resulted in considering this company to be a special purpose entity under the scope of the Interpretation which has to be consolidated. The consolidation of this company does not have a material effect on the results of operations or the financial position of the Group. In addition, upon review of the owner company, that is also considered to be a special purpose entity under the scope of the Interpretation, it was determined that the Group does not control this company and consequently will not include this entity in the consolidated financial statements. The obligations of the Group existing under the leasing and purchasing

agreement are included in the future minimum lease payments from operating lease as disclosed below in "Commitments and other contingencies". The Group's maximum exposure to loss from this facility amounts to approximately €45 million and results from the residual value guarantee for the asset at the end of the lease and purchasing agreement which is mainly covered by third parties.

### Commitments and other contingencies

The Group is the lessee to property, plant and equipment classified as operating leases. Rental expense amounting to €272 million (2006/2007: €232 million) resulting from rental contracts, long-term leases and leasing contracts classified as operating leases was incurred in fiscal 2007/2008. It comprises exclusively of minimum rental payments.

The future minimum rental payments, excluding accrued interest from such non-cancelable contracts that have an initial or remaining term of more than one year as of the balance sheet date are (at face amounts):

million €	Sept. 30, 2007	Sept. 30, 2008
Not later than one year	220	258
Between one and five years	557	565
Later than five years	505	453
<b>Total</b>	<b>1,282</b>	<b>1,276</b>

The future minimum rental income from non-cancelable sublease contracts amounting to €4 million (2006/2007: €6 million) is not included in the total of future minimum rental payments.

The commitment to enter into investment projects amounts to €5,090 million (2007: €2,584 million) and relates mainly to the Steel segment.

Payment commitments and obligations to make further contributions to corporations and cooperative associations exist in the total amount of €3 million (2007: €9 million). In addition, other financial commitments exist in the amount of €3,539 million (2007: €3,214 million), primarily from the commitments to purchase coking coal, coal and lime under long term supply contracts and obligations under ship-charter contracts in the Steel segment as well as purchasing commitments resulting from the Group's electricity and gas supply contracts. In addition, in the Steel segment long term iron ore and iron ore pellets supply contracts exist which will result in purchasing commitments over a period of up to 15 years, beginning

in fiscal year 2008/2009. Due to the high volatility of iron ore prices, the measurement of the complete purchasing commitments is based on the iron ore price as of the current balance sheet date resulting in purchasing commitments of €10,120 million in total.

Under property and business interruption insurance policies, substantial deductibles exist for some production units of the Steel and Stainless segments. One or more damages at these units could significantly impact the Group's net assets, financial position and results of operations.

On November 20, 2007, the EU Commission ruled that a law adopted by the Republic of Italy in 2005 granting ThyssenKrupp Acciai Speciali Terni S.p.A. among other companies certain benefits in the purchase of electricity was inadmissible state aid. The EU Commission requested Italy to recover aid paid under this law from the companies concerned. On January 31, 2008 Italy filed a complaint against the Commission's decision. On February 06, 2008 ThyssenKrupp Acciai Speciali Terni also filed a complaint against the decision. It is not yet possible to say definitively whether, and if, in what amount recovery claims will be made by the Italian government and claims made hitherto by ThyssenKrupp Acciai Speciali Terni will be settled by Italy.

In its decision of July 02, 2008, the EU Commission classified various investment subsidies and undertakings granted to Hellenic Shipyards S.A. (HSY) as state aid which is not compatible with the Single Market. The aid was partly granted between 1997 and 2002 in connection with the privatization of the formerly nationalized shipyards. A clause in the purchase contract for the acquisition of HSY in 2002 exempting the purchaser Howaldtswerke-Deutsche Werft GmbH from any claims for repayment of the aid is also considered incompatible with state aid rules by the Commission. The EU Commission has requested Greece to recover the aid from HSY; in the Commission's opinion, the amount involved is approximately €236 million (plus interest). An appeal against the Commission's findings was lodged with the European Court of First Instance (Luxembourg). An action has already been filed with the competent court in Athens against the seller of HSY for exemption from contingent recovery claims of the Greek government. The recovery obligation of the Greek government only refers to the non-naval business of HSY, and not to the naval one. Should this matter in total not be resolved favorably, a material impact on the consolidated financial statements of ThyssenKrupp cannot be ruled out currently.

## 30 Financial instruments

The following table shows financial assets and liabilities by measurement categories and classes. Finance lease receivables and liabilities, and derivatives that qualify for hedge accounting are also included although they are not part of any IAS 39 measurement category.

million €

	Carrying amount on balance sheet Sept. 30, 2007	Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	Fair value Sept. 30, 2007
Trade accounts receivable, net (excluding finance lease)	7,561	7,561				7,561
Loans and receivables		7,561				7,561
Finance lease receivables	16				16	16
Other financial assets	845	365	235	245		845
Loans and receivables		296				296
Available-for-sale financial assets		69		226		295
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)			235			235
Derivatives that qualify for hedge accounting				19		19
Cash and cash equivalents	3,658	3,658				3,658
Loans and receivables		3,658				3,658
<b>Total of financial assets</b>	<b>12,080</b>					
<b>thereof by measurement categories of IAS 39:</b>						
Loans and receivables	11,515	11,515				11,515
Available-for-sale financial assets	295	69		226		295
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	235		235			235
Financial debt (excluding finance lease)	3,465	3,465				3,455
Financial liabilities measured at amortized cost		3,465				3,455
Finance lease liabilities	173				173	173
Trade accounts payable	4,960	4,960				4,960
Financial liabilities measured at amortized cost		4,960				4,960
Other financial liabilities	971	638	164	169		971
Financial liabilities measured at amortized cost		638				638
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)			164			164
Derivatives that qualify for hedge accounting				169		169
<b>Total of financial liabilities</b>	<b>9,569</b>					
<b>thereof by measurement categories of IAS 39:</b>						
Financial liabilities measured at amortized cost	9,063	9,063				9,053
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	164		164			164

million €

	Carrying amount on balance sheet Sept. 30, 2008	Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	Fair value Sept. 30, 2008
Trade accounts receivable, net (excluding finance lease)	7,870	7,870				7,870
Loans and receivables		7,870				7,870
Finance lease receivables	15				15	15
Other financial assets	999	349	454	196		999
Loans and receivables		292				292
Available-for-sale financial assets		57		124		181
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)			448			448
Derivatives that qualify for hedge accounting			6	72		78
Cash and cash equivalents	2,725	2,725				2,725
Loans and receivables		2,725				2,725
<b>Total of financial assets</b>	<b>11,609</b>					
thereof by measurement categories of IAS 39:						
Loans and receivables	10,887	10,887				10,887
Available-for-sale financial assets	181	57		124		181
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	448		448			448
Financial debt (excluding finance lease)	4,291	4,291				4,209
Financial liabilities measured at amortized cost		4,291				4,209
Finance lease liabilities	125				125	125
Trade accounts payable	5,731	5,731				5,731
Financial liabilities measured at amortized cost		5,731				5,731
Other financial liabilities	1,865	1,320	370	175		1,865
Financial liabilities measured at amortized cost		1,320				1,320
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)			369			369
Derivatives that qualify for hedge accounting			1	175		176
<b>Total of financial liabilities</b>	<b>12,012</b>					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	11,342	11,342				11,260
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	369		369			369

The carrying amounts of trade accounts receivable, other current receivables as well as cash and cash equivalents equal their fair values. The fair value of fixed rate loans equals the present value of expected cash flows which are discounted on the basis of interest rates prevailing on the balance sheet date.

Available-for-sale financial assets primarily include equity and debt instruments. They are in general measured at fair value, which is based to the extent available on market prices as of the balance sheet date. When no quoted market prices in an active market are available and the fair value cannot be reliably measured, available-for-sale financial assets are measured at cost.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the balance sheet date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. Common methods for calculating option prices are used for foreign currency options. The fair value of an option is influenced not only by the remaining term of an option, but also by other factors, such as current amount and volatility of the underlying exchange or base rate.

Interest rate swaps and cross currency swaps are measured at fair value by discounting expected cash flows on the basis of market interest rates applicable for the remaining contract term. In the case of cross currency swaps, the exchange rates for each foreign currency, in which cash flows occur, are also included.

The fair value of commodity futures is based on published price quotations. It is measured as of the balance sheet date, both internally and by external financial partners.

The carrying amounts of trade accounts receivable and other current liabilities equal their fair values. The fair value of fixed rate liabilities equals the present value of expected cash flows. Discounting is based on interest rates applicable as of the balance sheet date. The carrying amounts of floating rate liabilities equal their fair values.

The following table shows net gains and losses from financial instruments by measurement categories. Gains or losses arising from finance lease and from derivatives that qualify for hedge accounting are not included, as they are not part of any IAS 39 measurement category.

million €	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Loans and receivables	(5)	136
Available-for-sale financial assets	62	140
Derivatives that do not qualify for hedge accounting		
(Financial assets held for trading)	(30)	107
Financial liabilities measured at amortized cost	(163)	(291)

Net losses under "loans and receivables" mainly comprises interest on financial receivables, impairment allowances on trade accounts receivable and gains and losses on foreign currency receivables.

The category "available-for-sale financial assets" mainly includes current earnings from equity and debt instruments as well as gains or losses on their disposal.

Gains and losses arising from changes in fair value of foreign currency, interest rate and commodity derivatives that do not comply with the hedge accounting requirements under IAS 39 are included in the "derivatives that do not qualify for hedge accounting" category.

The category "financial liabilities measured at amortized cost" includes interest expenses on financial liabilities as well as gains and losses on foreign currency liabilities.

#### Derivative financial instruments

The Group uses various derivative financial instruments, including foreign currency forward contracts, foreign currency options, interest rate swaps, cross currency swaps and commodity forward contracts. Derivative financial instruments are generally used to hedge existing or anticipated underlying transactions so as to reduce foreign currency, interest rate and commodity price risks.

The following table shows the notional amounts and fair values of derivatives used within the Group:

million €

	Notional amount Sept. 30, 2007	Carrying amount Sept. 30, 2007	Notional amount Sept. 30, 2008	Carrying amount Sept. 30, 2008
<b>Assets</b>				
Foreign currency derivatives that do not qualify for hedge accounting	2,712	124	4,041	150
Foreign currency derivatives qualifying as cash flow hedges	397	18	1,466	55
Embedded derivatives	841	40	189	8
Interest rate derivatives that do not qualify for hedge accounting*	750	4	71	21
Interest rate derivatives qualifying as cash flow hedges*	7	0	0	0
Commodity derivatives that do not qualify for hedge accounting	829	67	1,113	269
Commodity derivatives qualifying as cash flow hedges	9	1	116	17
Commodity derivatives qualifying as fair value hedges	16	0	44	6
<b>Total</b>	<b>5,561</b>	<b>254</b>	<b>7,040</b>	<b>526</b>
<b>Liabilities</b>				
Foreign currency derivatives that do not qualify for hedge accounting	2,268	62	3,534	179
Foreign currency derivatives qualifying as cash flow hedges	2,720	165	2,415	137
Embedded derivatives	193	14	855	52
Interest rate derivatives that do not qualify for hedge accounting*	61	4	750	21
Interest rate derivatives qualifying as cash flow hedges*	147	2	148	4
Commodity derivatives that do not qualify for hedge accounting	760	84	670	117
Commodity derivatives qualifying as cash flow hedges	48	2	143	34
Commodity derivatives qualifying as fair value hedges	19	0	10	1
<b>Total</b>	<b>6,216</b>	<b>333</b>	<b>8,525</b>	<b>545</b>

\* inclusive of cross currency swaps

#### Derivatives that qualify for hedge accounting

Hedge accounting in accordance with IAS 39 is used to hedge foreign currency risks of firm commitments, future receivables and liabilities denominated in foreign currency, commodity price risks arising from sales and purchase transactions, and interest rate risks from non-current liabilities.

#### Cash flow hedges

Cash flow hedges are mainly used to hedge future cash flows against foreign currency and commodity price risks arising from future sales and purchase transactions as well as interest rate risks from non-current liabilities. These derivatives are measured at fair value, divided into an effective and ineffective portion. Until realization of the hedged underlying transaction, the effective portion

of fluctuations in fair value of these derivatives is recognized directly in equity in the cumulative income and expense position, while the ineffective portion is recognized in profit or loss. The cumulative gain or loss recognized in equity is reclassified to profit or loss in the same period during which the future underlying transactions (hedged items) affect profit or loss. As of 30 September 2008, hedging instruments with positive fair value totaled €72 million (2007: €19 million) and those with negative fair value totaled €175 million (2007: €169 million). For the 2007/2008 financial year, €189 million (2006/2007: €180 million) (before tax) in unrealized gains or losses have been recognized directly in equity in the cumulative income and expense position. Cash flows from future transactions are currently hedged for a maximum of 60 months.

During the current fiscal year, €21 million (2007: €14 million) in cumulative gain or loss recognized directly in equity were reclassified to profit or loss as a result of the underlying transactions being realized during the year; of this amount €21 million (2006/2007: €14 million) are attributable to sales and €0 million (2006/2007: 0) to other financial income/(expense), net. In addition, €191 million (2007: €15 million) in cumulative gain or loss recognized directly in equity were reclassified to increase cost of inventories, as the hedged commodities were recognized, although the underlying transaction had not yet been taken to profit or loss; an expense of €(41) million of that reclassified amount is expected to impact earnings in the subsequent fiscal year.

As of September 30, 2008, net income from the ineffective portions of derivatives classified as cash flow hedges totaled €(3) million (2006/2007: €20 million).

The cancellation of cash flow hedges during the current fiscal year resulted in earnings of €1 million (2006/2007: €1 million) due to reclassification from cumulative gain or loss recognized directly in equity to profit or loss. These fluctuations in fair value of derivatives originally recognized in equity were reclassified to profit or loss when the hedged underlying transaction was no longer probable to occur.

In the subsequent fiscal year, fluctuations in fair value of derivatives included under cumulative change in equity as of the reporting date is expected to impact earnings by expenses of €(71) million. During the 2009/2010 fiscal year, earnings are expected to be impacted by expenses of €(27) million, during the 2010/2011 fiscal year by expenses of €(2) million and during the following fiscal years by expenses of €(89) million.

#### Fair value hedges

Fair value hedges are mainly used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks. These commodity derivatives as well as their corresponding underlying transactions are measured at fair value. As of September 30, 2008, hedging instruments with positive fair value totaled €6 million (2007: 0) and those with negative fair value totaled €1 million (2007: 0). Fluctuations in fair value are recognized immediately in profit or loss under sales or cost of sales, depending on the type of underlying transaction. During the fiscal year, income/(expense), net from the measurement of fair value hedging instruments totaled €(3) million (2006/2007: €(16) million), while income/(expense), net from the corresponding underlying transactions during the same period amounted to €3 million (2006/2007: €16 million).

#### Derivatives that do not qualify for hedge accounting

If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IAS 39, the derivative financial instrument is recognized as a derivative that does not qualify for hedge accounting. The resulting impact on profit or loss is shown in the table on net gains and losses from financial instruments by measurement categories. This item also includes embedded derivatives. They exist in the ThyssenKrupp Group in the way that regular supply and service transactions with suppliers and customers abroad are not concluded in the functional currency (local currency) of either contracting parties.

#### Financial risks

The management of ThyssenKrupp AG has implemented a risk management system that is monitored by the Supervisory Board. The general conditions for compliance with the requirements for proper and future-oriented risk management within the ThyssenKrupp Group are set out in the risk management principles. These principles aim at encouraging all Group members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The risk management manual and other Group guidelines specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Group. ThyssenKrupp Group's risk environment is updated at least twice a year by carrying out a risk inventory in all Group companies. The results of the risk inventory process are communicated to both ThyssenKrupp AG's Executive Board and the Supervisory Board's audit committee. Risk management reporting is a continuous process and part of regular Group reporting. Group guidelines and information systems are checked regularly and adapted to current developments. In addition, the internal auditing department regularly checks whether Group companies comply with risk management system requirements.

Being a global Group, ThyssenKrupp is exposed to credit, liquidity and market risks (foreign currency, interest rate and commodity price risks) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments.

**Credit risk (counterparty default risk)**

To the Group, financial instruments bear default risk resulting from one party's possible failure to meet its payment obligations, with the maximum default risk being equal to the positive fair value of the respective financial instrument. In order to minimize default risk, the ThyssenKrupp Group only enters into financial instruments for financing purposes with contracting parties of very good credit standing in compliance with specified risk limits, so minimizing default risk as far as possible. In the operative area, receivables and default risks are monitored by Group companies on an ongoing basis and partially covered by merchandise credit insurance. Risks arising from the delivery of goods to major customers are subject to a special credit watch. In addition, letters of credit and indemnity bonds are used to hedge receivables from major customers. However, receivables from these contracting parties do not reach levels that would result in extraordinary risk concentrations. Default risk is taken into account by valuation allowances.

**Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk, and therefore allocating resources and hedging the Group's financial independence, are some of the central tasks of ThyssenKrupp AG. In order to be able to ensure the Group's solvency and financial flexibility at all times, long-term credit limits and cash and cash equivalents are reserved on the basis of perennial financial planning and monthly rolling liquidity planning. Cash pooling and external financing focus primarily on ThyssenKrupp AG and specific financing companies. Funds are provided internally to Group companies according to need.

The following table shows future undiscounted cash outflows (positive amounts) and cash inflows (negative amounts) from financial liabilities based on contractual agreements.

million €

	Carrying amount Sept. 30, 2007	Cash flows in 2007/2008	Cash flows in 2008/2009	Cash flows between 2009/2010 and 2011/2012	Cash flows after 2011/2012
Bonds	1,996	105	605	923	848
Liabilities to financial institutions	1,233	682	259	239	313
Finance lease liabilities	173	40	34	111	29
Other financial debt	236	167	69	8	8
Trade accounts payable	4,960	4,949	6	5	0
Derivative financial liabilities that do not qualify for hedge accounting	164	150	7	3	4
Derivative financial liabilities that qualify for hedge accounting	169	107	56	6	0
Other financial liabilities	638	511	1	1	125

million €

	Carrying amount Sept. 30, 2008	Cash flows in 2008/2009	Cash flows in 2009/2010	Cash flows between 2010/2011 and 2012/2013	Cash flows after 2012/2013
Bonds	1,997	605	70	886	816
Liabilities to financial institutions	1,679	796	146	666	559
Finance lease liabilities	125	35	38	54	29
Other financial debt	615	145	29	336	264
Trade accounts payable	5,731	5,691	31	9	1
Derivative financial liabilities that do not qualify for hedge accounting	369	308	32	22	(15)
Derivative financial liabilities that qualify for hedge accounting	176	156	16	0	0
Other financial liabilities	1,320	994	4	322	0

Cash flows from derivatives are offset by cash flows from hedged underlying transactions, which have not been considered in the analysis of maturities. If cash flows from the hedged underlying transactions were also considered, the cash flows shown in the table would be accordingly lower.

#### Market risks

Market risk is the risk that fair values or future cash flows of non-derivative or derivative financial instruments will fluctuate due to changes in risk factors. Among market risks relevant to ThyssenKrupp are foreign currency, interest rate, commodity price, and especially raw material price risks. Associated with these risks are fluctuations in income, equity and cash flow. The objective of risk management is to eliminate or limit emerging risks by taking appropriate precautions, especially by applying derivatives. The application of derivatives is subject to strict controls set up on the basis of guidelines as part of regular reporting. The Group primarily concludes over-the-counter (OTC) forward foreign currency transactions, cross currency derivatives and commodity forward contracts with banks and trading partners. In addition, exchange-traded futures are used to hedge commodity prices.

The following analysis and amounts determined by means of sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Moreover, non-financial or non-quantifiable risks, such as business risks, are not considered here.

#### Foreign currency risk exposures

The international nature of our business activities generates numerous cash flows in different currencies – especially in US dollars. Hedging the resulting currency risk exposures is an essential part of our risk management.

Group-wide regulations form the basis for ThyssenKrupp Group's currency management. Principally, all group companies are obliged to hedge foreign currency positions at the time of inception. Affiliated companies based in the Euro zone are obliged to submit all unhedged positions from trade activities in major transaction currencies to a central clearing office. Depending on the derivatives' hedging purpose and resulting accounting treatment, the offered positions are either hedged under a portfolio hedge approach or directly hedged with banks on a back-to-back basis taking into

account the respective maturity. Financial transactions and the transactions undertaken by our subsidiaries outside the Euro zone are hedged in close cooperation with central Group management. Compliance with the Group's requirements is regularly ascertained by our Central Internal Audit Department.

Foreign currency hedging is used to fix prices on the basis of hedging rates as protection against any unfavorable exchange rate fluctuations in the future. When hedging anticipated production-related ore, coal and coke purchases, favorable developments in the Euro/US dollar exchange rate are also systematically exploited.

Hedging periods are generally based on the maturities of underlying transactions. Foreign currency derivative contracts usually have maturities of twelve months or less, but can also be significantly longer in exceptional cases. The hedging periods for forecasted ore, coal and coke purchases have been established on the basis of a theoretical fair exchange rate (based on purchasing power parity) and the margin of fluctuation between the US dollar and the Euro based on historical data. In accordance with a set pattern, purchases forecasted for a specific period are hedged whenever defined hedging rates are reached.

The US dollar is the only relevant risk variable for sensitivity analyses under IFRS 7, as the vast majority of foreign currency cash flows occurs in US dollars. As hedging transactions are generally used to hedge underlying transactions, opposite effects in underlying and hedging transactions are almost entirely offset over the total period. Thus, the currency risk exposure described here results from hedging relationships with off-balance sheet underlying transactions, i.e. hedges of firm commitments and forecasted sales. Based on our analysis, the US dollar exposure as of September 30, 2008 was as follows:

If the Euro had been 10% stronger against the US dollar as of September 30, 2008, the hedge reserve in equity and fair value of hedging transactions would have been €229 million (2007: €177 million) lower and earnings resulting from the measurement as of the balance sheet date €32 million (2006/2007: €35 million) higher. If the Euro had been 10% weaker against the US dollar as of September 30, 2008, the hedge reserve in equity and fair value of hedging transactions would have been €280 million (2007: €216 million) higher and earnings resulting from the measurement as of the balance sheet date €41 million (2006/2007: €37 million) lower.

### Interest rate risk

Due to the international focus of ThyssenKrupp's business activities, the Group procures liquidity in international money and capital markets in different currencies – predominantly in Euros and US dollars – and with various maturities. Some of the resulting financial debt and financial investments are exposed to interest rate risk. The Group's central interest rate management manages and optimizes interest rate risk. This includes regular interest analyses. In some cases, the Group uses derivatives to hedge interest rate risk. These instruments are contracted with the objective of minimizing interest rate volatilities and finance costs for underlying transactions.

Some interest derivatives are immediately and directly allocated to a particular loan as a cash flow hedge. These are derivatives that qualify for hedge accounting. The sum total of interest expenses from these derivatives' underlying transactions and allocated interest derivatives recognized in the statement of income represents the hedging relationship's fixed interest rate.

Another part of the interest derivatives is not specifically allocated to an individual loan but hedges a portfolio of individual loans using a macro hedge approach.

Cross currency swaps have been contracted primarily in connection with the US dollar financing activities. These instruments are also measured at fair value. The effect on earnings resulting from changes in the US dollar/€ exchange rate, which occurred since the beginning of the US dollar cross currency swaps, is offset by the impact on earnings of related existing foreign currency positions (intragroup US dollar receivables).

Interest rate instruments can result in cash flow risks, opportunity effects, as well as interest rate risks affecting the balance sheet and earnings. Refinancing and variable-rate financial instruments are subject to cash flow risk which expresses the uncertainty of future interest payments. Cash flow risk is measured by means of cash flow sensitivity. Opportunity effects arise from non-derivatives, as these are measured at amortized cost rather than fair value, in contrast to interest derivatives. This difference, the so-called opportunity effect, affects neither the balance sheet nor the statement of income. On-balance sheet interest rate risks affecting equity result from the measurement of interest derivatives qualifying as micro hedges. Interest rate risks affecting earnings arise from the remaining interest derivatives. Opportunity effects and interest rate risks affecting the balance sheet and earnings are determined by calculating fair value sensitivity analyses and changes.

As of September 30, a +100/(-100) basis point parallel shift in yield curves is assumed for all currencies in interest analyses. This would result in the opportunities (positive values) and risks (negative values) shown in the following table:

	million €		Changes in all yield curves as of Sept. 30, 2008 by	
	+ 100 basis points	(-100 basis points)	+ 100 basis points	(-100 basis points)
Cash flow risk	21	(21)		
Opportunity effects	100	(106)		
Interest rate risks resulting from interest rate derivatives affecting balance sheet	1	(1)		
Interest rate risks resulting from interest rate derivatives affecting earnings	2	(2)		

In the previous year the analysis resulted in the opportunities (positive values) and risks (negative values) shown in the following table:

	million €		Changes in all yield curves as of Sept. 30, 2007 by	
	+ 100 basis points	(-100 basis points)	+ 100 basis points	(-100 basis points)
Cash flow risk	31	(31)		
Opportunity effects	78	(83)		
Interest rate risks resulting from interest rate derivatives affecting balance sheet	2	(2)		
Interest rate risks resulting from interest rate derivatives affecting earnings	(1)	1		

If, as of September 30, 2008, all yield curves combined had been 100 basis points higher, the hedge reserve in equity and fair value of the relevant interest derivatives would have been €1 million (2007: €2 million) higher and earnings resulting from the measurement as of the balance sheet date €23 million (2006/2007: €30 million) higher. If, as of September 30, 2008, all yield curves combined had been 100 basis points lower, the hedge reserve in equity and fair value of the relevant interest derivatives would have been €1 million (2007: €2 million) lower and earnings resulting from the measurement as of the balance sheet date €23 million (2006/2007: €30 million) lower.

### Commodity price risks

The Group uses various nonferrous metals, especially nickel, as well as commodities such as ore, coal, coke and energy, for different production processes. Purchase prices for commodities and energy can vary significantly depending on market conditions. Fluctuations in commodity prices cannot always be passed on to customers.

This causes commodity price risks which can affect income, equity and cash flow. Long-term supply contracts have been concluded with suppliers, especially for ore, coal and coke, to hedge commodity price risks. In addition, some Group companies use derivatives, especially for nickel and copper, so as to minimize risks arising from commodity price volatilities. These instruments are in general hedged locally, and the contracting of such financial derivatives is subject to strict guidelines which are checked for compliance by internal auditing. Only marketable instruments are used, as there are commodity forward contracts and options. Commodity forward contracts are measured at fair value. Fluctuations in fair value are recognized predominately in profit or loss under sales revenue or cost of sales. Sometimes cash flow hedge accounting is used when commodity derivatives are immediately and directly allocated to a particular firm commitment. In some cases, fair value hedges are used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks.

Risks resulting from rising energy prices are limited by structuring procurement on the electricity market and concluding or extending long-term natural gas contracts. These contracts are subject to the so-called "own use exemption" and therefore not carried as derivatives.

Only hypothetical changes in market prices for derivatives are included in scenario analysis, required for financial instruments under IFRS 7. Offsetting effects from underlying transactions are not taken into account and would reduce their effect significantly.

In assuming oversupply of various metals, we used market prices at production cost level of important manufacturers; depending on said commodities, this equates to a hypothetical maximum price reduction of 73% (2006/2007: 77%). The reason for this assumption is that downturns in metal production, and even closures, are usually the consequence of significantly lower market prices for a sustained period of time. As usual at times of oversupply, there are high forward mark-ups ("contango") on each metal. The estimated hypothetical impact on profit or loss resulting from the measurement as of the balance sheet date is €275 million (2006/2007: €(19) million), and on equity €(64) million (2007: €(27) million). Historical peak market prices are used in a scenario of high prices associated with severe

shortages. Forward discounts ("backwardation") usually associated with undersupplied markets also reflect historical peak prices. Depending on commodity, price rises of up to 252% (2006/2007: 94%) are assumed. The estimated hypothetical impact on profit or loss resulting from the measurement as of the balance sheet date is €(295) million (2006/2007: €28 million), and on equity €116 million (2007: €32 million).

## 31 Related parties

Based on the notification received in accordance with German Securities Trade Act (WpHG) Art. 21 as of December 21, 2006, the Alfried Krupp von Bohlen und Halbach Foundation holds an interest of 25.10% in ThyssenKrupp AG; based on a voluntary notification of the Foundation as of October 02, 2008, the interest in ThyssenKrupp AG amounts to 25.14% as of September 30, 2008. Outside the services and considerations provided for in the by-laws (Article 21 of the Articles of Association of ThyssenKrupp AG), there are no other significant delivery and service relations except for the following transactions. In fiscal year 2006/2007 real property was sold to the Foundation at its fair value of €1.6 million. Also in 2006/2007, a Group subsidiary received a €2 million elevator modernization contract from an entity belonging to the Alfried Krupp von Bohlen und Halbach Foundation. Based on this contract, a Group subsidiary realized sales of €1.4 million in 2007/2008.

To a minor extent, the Group has business relations with non-consolidated subsidiaries. Transactions with these related parties result from the delivery and service relations in the ordinary course of business.

A related party of major importance is Hüttenwerke Krupp-Mannesmann (HKM), in which ThyssenKrupp holds a 50% interest as of September 30, 2007 and 2008 and which is accounted for under the equity method of accounting. Substantial business relations exist with HKM during the current and the previous fiscal year which include the purchase of crude steel (semi-finished continuous casting) and the sale of transport services and coke deliveries. The volume of the transactions is disclosed below:

million €	Sept. 30, 2007	Sept. 30, 2008
Sales	175	195
Supplies and services	1,336	1,497
Receivables	16	35
Payables	231	286

Furthermore a related party of major importance is the Atlas Elektronik Group, in which ThyssenKrupp holds a 51% interest as of September 30, 2007 and 2008, respectively. The joint venture is accounted for under the equity method of accounting. The existing business relations with Atlas Elektronik include the purchase of sensor and sonar systems for conventional submarines. The volume of the transactions is disclosed below:

million €	Sept. 30, 2007	Sept. 30, 2008
Sales	0	1
Supplies and services	170	18
Receivables	93	115
Payables	1	4

Also a related party of major importance is the Thyssen Ros Casares S.A., in which ThyssenKrupp holds a 50% interest as of September 30, 2007 and 2008, respectively. The joint venture is accounted for under the equity method of accounting. Business relations exist with the company, mainly involving the processing and sale of coils. The volume of the transactions is disclosed below:

million €	Sept. 30, 2007	Sept. 30, 2008
Sales	50	57
Supplies and services	0	0
Receivables	8	9
Payables	0	0

Also a related party of major importance is the ANSC-TKS Galvanizing Co., Ltd., in which ThyssenKrupp holds a 50% interest as of September 30, 2007 and 2008, respectively. The joint venture is accounted for under the equity method of accounting. Business relations exist with the company, mainly relating to the hot-dip galvanizing, electroplating and sale of sheet. The volume of the transactions is disclosed below:

million €	Sept. 30, 2007	Sept. 30, 2008
Sales	6	4
Supplies and services	0	9
Receivables	3	1
Payables	0	0

Also a related party of major importance is the Acciai di Qualità, Centro Lavorazione Lamiere S.p.A., Ltd., in which ThyssenKrupp holds a 24.9% interest as of September 30, 2008 and which is accounted for as an associate under the equity method of accounting. Business relations exist with the company relating to the sale of thick plate in Italy. The volume of the transactions is disclosed below:

million €	Sept. 30, 2008
Sales	21
Supplies and services	0
Receivables	4
Payables	0

Also a related party of major importance is the bccw (Tangshan) Jiahua Coking & Chemical Co., Ltd., in which ThyssenKrupp holds a 25% interest as of September 30, 2008 and which is accounted for as an associate under the equity method of accounting. Business relations exist with the company relating to the running of a coking plant and the right of a ThyssenKrupp company to do the worldwide marketing (excluding China). The volume of the transactions is disclosed below:

million €	Sept. 30, 2008
Sales	19
Supplies and services	38
Receivables	14
Payables	0

In addition, ESG Legierungen GmbH is classified as a related party due to the fact that a close member of the family of an Executive Board member of ThyssenKrupp AG is a managing director. In 2007/2008 the Group realized sales of €1.7 million (2006/2007: €2.0 million) with ESG Legierungen GmbH from the sale of zinc. In the same period the Group purchased zinc alloy with a value of €0.2 million (2006/2007: 0) from ESG Legierungen GmbH. The transactions were carried out at market conditions and resulted in trade accounts receivable of €0.1 million (2007: 0) as of September 30, 2008.

### Compensation of current Executive and Supervisory Board members

The Group's key management personnel compensation which has to be disclosed in accordance with IAS 24 comprises of the compensation of the current Executive and Supervisory Board members.

Compensation of the current Executive Board members is as follows:

Thousand €	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Short-term benefits (without share-based compensation)	23,945	18,871
Post-employment benefits	2,818	1,502
Share-based compensation	1,487	963

Service cost resulting from the pension obligations of the current members of the Executive Board is disclosed as post-employment benefits. The disclosure of share-based compensation refers to the fair value at grant date.

In addition, in fiscal 2007/2008, the Executive Board members received payments of €13,272 thousand (2006/2007: €10,762 thousand) from share-based compensation.

As of September 30, 2007 and 2008, respectively, no loans or advance payments were granted to members of the Executive Board; also as in the previous year no contingencies were assumed for the benefit of Executive Board members.

Compensation of the current Supervisory Board members is as follows:

Thousand €	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Short-term benefits	2,679	2,721
Long-term benefits	688	895

In addition, members of the Supervisory Board of ThyssenKrupp AG received compensation of €223 thousand in fiscal 2007/2008 (2006/2007: €150 thousand) for supervisory board mandates at Group subsidiaries.

As of September 30, 2007 and 2008, respectively, no loans or advance payments were granted to members of the Supervisory Board; also as in the previous year no contingencies were assumed for the benefit of Supervisory Board members.

For individualized presentation and further details of Executive and Supervisory Board compensation refer to the presentation of the audited compensation report which is part of the "Corporate Governance" chapter on pages 30-36 and following of the annual report.

### Compensation of former Executive and Supervisory Board members

Total compensation paid to former members of the Executive Board and their surviving dependants amounted to €13.7 million (2006/2007: €15.1 million). Under IFRS an amount of €142.3 million (2007: €157.8 million) is accrued for pension obligations benefiting former Executive Board members and their surviving dependants.

Former Supervisory Board members who left the Supervisory Board prior to October 01, 2007 receive a proportional payment from the long-term compensation component in the total amount of €16 thousand (2006/2007: €30 thousand).

## 32 Segment reporting

The segments described below follow the internal organizational and reporting structure of the Group. The various products and services of the Group are considered in the segmentation.

### Steel

The Steel segment concentrates on the production and sale of high-quality carbon steel flat products. The product range is focused on products with high value added along the value chain. The segment's capabilities are characterized by intelligent materials solutions, product-specific processing, services and extensive customer support.

### Stainless

This segment combines all production and sales functions for flat-rolled stainless steel, nickel alloys and titanium. With its strong delivery performance, flexibility and full range of services, Stainless supports customers in the manufacture of high-quality end products.

## Technologies

The companies of the Technologies segment produce high-tech plants and components. They include Plant Technology, Marine Systems, Mechanical Components, Automotive Solutions and Transrapid. Plant Technology provides project management for the engineering and construction of specialized and large-scale plants for the chemical, petrochemical, cement, mining/handling and coke sectors. Marine Systems specializes in building, repair, conversion and service in particular of naval ships, i.e. conventional submarines and surface vessels. In non-naval shipbuilding, Marine Systems builds mega-yachts and container ships. The Mechanical Components companies produce components for the mechanical engineering and automotive industries, including large-diameter antifriction bearings, assembled camshafts, crankshafts, castings and undercarriages for construction machinery. Automotive Solutions develops solutions to meet the needs of the auto industry. Products and services range from steering and damping systems to the entire body technology process chain, systems solutions for chassis applications to assembly equipment for the auto industry. Transrapid is involved in engineering, project management and construction of high-speed maglev train systems.

## Elevator

This segment is active in the construction, modernization and servicing of elevators, escalators, moving walks, stair and platform lifts as well as passenger boarding bridges. Alongside a full range of installations for the volume market, the segment also delivers customized solutions.

## Services

The Services segment is a service provider for industrial materials, raw materials and industrial processes. Alongside the distribution and sale of rolled and specialty steel, tubular products, nonferrous metals and plastics, it offers services ranging from primary processing and logistics to warehouse and inventory management and supply chain management. The process services include production support as well as complex maintenance activities. Other capabilities include the worldwide supply of metallurgical raw materials and development of innovative technical system solutions.

## Corporate

Corporate includes the Group's head office and internal service providers as well as inactive companies which could not be assigned to an individual segment. In addition, the non-operating property is managed and utilized centrally by Corporate. Also the retained assets and liabilities of ThyssenKrupp Budd were assigned to Corporate.

Corporate loss before taxes consists of:

million €

	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008
Corporate administration	(205)	(192)
Pension expenses	(13)	(20)
R&D promotion	0	(6)
Interest cost of financial receivables/debt	45	(2)
Interest cost of pensions	(154)	(159)
Miscellaneous financial income/(expense)	(22)	(22)
Risk and insurance services	21	21
Special items	152	(47)
Other Corporate companies	(1)	0
<b>Loss Corporate Headquarters</b>	<b>(177)</b>	<b>(427)</b>
Income/(loss) Corporate Real Estate	(28)	10
<b>Loss Corporate before income taxes</b>	<b>(205)</b>	<b>(417)</b>

## Consolidation

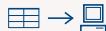
Consolidation essentially contains the elimination of intercompany profits in inventories. The elimination of the income from equity investments in which the segments Steel and Services are jointly involved also takes place in the Group consolidation. These jointly owned companies are fully consolidated by the Steel segment in which they are managed. In the Services segment, the equity method of accounting for investments is used. Within Services, results on investments from intra-group joint ventures amount to €19 million (2006/2007: €18 million).

Apart from the compensation for expenses outlined above, the accounting principles for the segments are the same as those described for the Group in the summary of significant accounting principles. The measure of segment profit and loss, which is used to evaluate the performance of the operating segments of the Group, is the "Income before income taxes" line item presented in the consolidated statements of income.

Inter-segment pricing is determined on an arm's length basis.

## INFORMATION BY SEGMENTS million €

	Steel	Stainless	Technologies	Elevator	Services	Corporate	Consolidation	Group
<b>For the fiscal year ended Sept. 30, 2007</b>								
External sales	11,722	7,695	11,455	4,708	15,878	265	0	<b>51,723</b>
Internal sales within the Group	1,487	1,053	68	4	833	23	(3,468)	<b>0</b>
Total sales	13,209	8,748	11,523	4,712	16,711	288	(3,468)	<b>51,723</b>
Equity in the net income of investees accounted for using the equity method	29	1	5	0	34	0	(18)	<b>51</b>
Aggregate investment in investees accounted for using the equity method	240	15	154	2	52	4	(6)	<b>461</b>
Interest income	71	25	253	49	229	636	(984)	<b>279</b>
Interest expense	(170)	(119)	(227)	(87)	(312)	(746)	984	<b>(677)</b>
Income/(loss) before income taxes	1,662	777	544	(113)	704	(205)	(39)	<b>3,330</b>
Segment assets	11,734	6,095	13,932	4,789	9,058	18,761	(26,295)	<b>38,074</b>
Depreciation and amortization expense	615	152	341	62	156	29	0	<b>1,355</b>
Impairment losses of intangible assets, property, plant and equipment and investment property	93	14	29	24	2	10	(1)	<b>171</b>
Impairment losses of investments accounted for using the equity method and of financial assets	2	0	3	0	2	1	0	<b>8</b>
Reversals of impairment losses of intangible assets, property, plant and equipment and investment property	0	3	1	0	0	0	0	<b>4</b>
Reversals of impairment losses of investments accounted for using the equity method and of financial assets	1	0	2	0	0	0	0	<b>3</b>
Segment liabilities	8,394	4,068	11,553	3,436	6,839	19,637	(26,300)	<b>27,627</b>
Significant non-cash items	(94)	(76)	(183)	(70)	(33)	(54)	(5)	<b>(515)</b>
Capital expenditures (intangible assets, property, plant, equipment and investment property)	1,614	327	530	93	222	124	(37)	<b>2,873</b>
<b>For the fiscal year ended Sept. 30, 2008</b>								
External sales	12,826	6,592	12,347	4,926	16,632	103	0	<b>53,426</b>
Internal sales within the Group	1,532	828	65	4	704	21	(3,154)	<b>0</b>
Total sales	14,358	7,420	12,412	4,930	17,336	124	(3,154)	<b>53,426</b>
Equity in the net income of investees accounted for using the equity method	54	2	19	0	44	1	(20)	<b>100</b>
Aggregate investment in investees accounted for using the equity method	259	15	156	2	75	8	0	<b>515</b>
Interest income	152	35	359	51	315	793	(1,424)	<b>281</b>
Interest expense	(311)	(123)	(297)	(66)	(398)	(954)	1,424	<b>(725)</b>
Income/(loss) before income taxes	1,540	126	741	434	750	(417)	(46)	<b>3,128</b>
Segment assets	15,124	6,270	14,575	4,833	9,122	18,560	(26,842)	<b>41,642</b>
Depreciation and amortization expense	639	157	347	57	154	28	0	<b>1,382</b>
Impairment losses of intangible assets, property, plant and equipment and investment property	8	6	21	2	0	2	0	<b>39</b>
Impairment losses of investments accounted for using the equity method and of financial assets	0	0	3	0	0	0	0	<b>3</b>
Reversals of impairment losses of intangible assets, property, plant and equipment and investment property	1	14	1	0	0	1	0	<b>17</b>
Reversals of impairment losses of investments accounted for using the equity method and of financial assets	0	0	3	0	0	0	0	<b>3</b>
Segment liabilities	11,573	4,356	11,756	3,376	6,634	19,594	(27,136)	<b>30,153</b>
Significant non-cash items	(380)	(24)	(147)	(118)	(72)	1	(53)	<b>(793)</b>
Capital expenditures (intangible assets, property, plant, equipment and investment property)	2,576	387	710	100	208	66	(29)	<b>4,018</b>



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

In presenting information for geographical areas, allocation of sales is based on the location of the customer. Allocation of segment assets and capital expenditures is based on the location of the assets. Capital expenditures are presented in line with the definition of the cash flow statement.

The geographical segment "Other EU" comprises of all member states of the European Union (besides Germany) as of the current reporting date. European countries which are currently not member

of the European Union are part of the "Other countries" segment. The "Americas" segment includes the countries of the Nafta and of South America. The "Asia/Pacific" segment consists of Asia and Australia.

Due to the high volume of customers and the variety of business activities, there are no individual customers that generate sales values that are material to the Group's consolidated net sales.

#### INFORMATION BY GEOGRAPHICAL AREA million €

	Germany	Other EU*	Americas	Asia / Pacific	Other countries	Group
External sales (location of the customer)						
Year ended Sept. 30, 2007	18,545	16,198	10,218	4,146	2,616	51,723
<b>Year ended Sept. 30, 2008</b>	<b>19,161</b>	<b>16,677</b>	<b>9,706</b>	<b>4,852</b>	<b>3,030</b>	<b>53,426</b>
Capital expenditures (intangible assets, property, plant and equipment and investment property) (location of the assets)						
Sept. 30, 2007	8,092	2,265	3,059	714	276	14,406
<b>Sept. 30, 2008</b>	<b>8,129</b>	<b>2,515</b>	<b>5,437</b>	<b>795</b>	<b>332</b>	<b>17,208</b>

\* member states as expanded as of January 01, 2007

## 33 Accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management estimates and assumptions that affect reported amounts and related disclosures. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the Groups financial position and results of operations. The following accounting policies are significantly impacted by management's estimates and judgements.

### Business combinations

As a result of acquisitions the Group recognized goodwill in its balance sheet. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these asset and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group either consults with an independent external valuation expert or develops the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the

total expected future net cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

### Goodwill

As stated in the accounting policy in Note 01, the Group tests annually and in addition if any indicators exist, whether goodwill has suffered an impairment. If there is an indication, the recoverable amount of the cash-generating unit has to be estimated which is the greater of the fair value less costs to sell and the value in use. The determination of the value in use involves making adjustments and estimates related to the projection and discounting of future cash flows (see Note 12). Although management believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results.



Download the tables at:  
[www.thyssenkrupp.com/fr/07\\_08/en/index.html](http://www.thyssenkrupp.com/fr/07_08/en/index.html)

### Recoverability of assets

At each balance sheet date, the Group assesses whether there is any indication that the carrying amounts of its property, plant and equipment, investment property or intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In assessing the value in use, discounted future cash flows from the related assets have to be determined. Estimating the discounted future cash flows involves significant assumptions, including particularly those regarding future sale prices and sale volumes, costs and discount rates. Although management believes that its estimates of the relevant expected useful lives, its assumptions concerning the economic environment and developments in the industries in which the Group operates and its estimations of the discounted future cash flows are appropriate, changes in the assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges in the future or to reversal of impairments if the trends identified by management reverse or the assumptions or estimates prove incorrect.

### Revenue recognition on construction contracts

Certain Group entities, particularly in the Technologies and Elevator segments, conduct a portion of their business under construction contracts which are accounted for using the percentage-of-completion method, recognizing revenue as performance on the contract progresses. This method requires accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgements. The managements of the operating companies continually review all estimates involved in such construction contracts and adjust them as necessary.

### Income taxes

The Group operates and earns income in numerous countries and is subject to changing tax laws in multiple jurisdictions within the countries. Significant judgements are necessary in determining the worldwide income tax liabilities. Although management believes they have made reasonable estimates about the ultimate resolution of tax uncertainties, no assurance can be given that the final tax outcome of these matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on the income tax liabilities and deferred tax liabilities in the period in which such determinations are made.

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Group's ability to utilize future tax benefits. See Note 09 for further information on potential tax benefits for which no deferred tax asset is recognized.

### Employee benefits

The Group accounts for pension and other postretirement benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions including the discount rate, expected return on plan assets, expected salary increases, mortality rates and health care cost trend rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions and therefore result in a significant change in postretirement employee benefit obligations and the related future expense. (See Note 23 for further information regarding employee benefits).

### Legal contingencies

ThyssenKrupp companies are parties to litigations related to a number of matters as described in Note 29. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. For the assessments internal and external lawyers are used. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against ThyssenKrupp companies or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

## 34 Subsequent events

No reportable events occurred.

## Notes to the consolidated cash flow statement

### 35 Additional information to the consolidated cash flow statement

The liquid funds considered in the consolidated cash flow statement correspond to the "Cash and cash equivalents" line item in the balance sheet.

#### Non-cash investing activities

In fiscal 2007/2008, the acquisition and first-time consolidation of companies created an increase in non-current assets of €167 million (2006/2007: €38 million).

The non-cash addition of assets under capital leases in fiscal 2007/2008 amounts to €42 million (2006/2007: €47 million).

#### Non-cash financing activities

In fiscal 2007/2008, the acquisition and first-time consolidation of companies resulted in an increase in gross financial debt in the amount of €72 million (2006/2007: 0).

## Other information

### 36 Declarations of conformity with the German Corporate Governance Code in accordance with Art. 161 of the German Stock Corporation Act (AktG)

On October 01, 2008, the Executive Board and the Supervisory Board of ThyssenKrupp AG issued the declaration of conformity in accordance with Art. 161 of the Stock Corporation Act (AktG) and posted it on the company's website. ThyssenKrupp AG complies with all recommendations of the German Corporate Governance Code as amended on June 06, 2008

The declaration of conformity of our exchange-listed subsidiary Eisen- und Hüttenwerke AG was issued on October 01, 2008 and is now available to the shareholders.

## 37 Application of Art. 264 Par. 3 and Art. 264b of German Commercial Code (HGB)

The following domestic subsidiaries in the legal form of a capital corporation or a commercial partnership as defined in Art. 264b partly made use of the exemption clause included in Art. 264 Par. 3 and Art. 264b of German Commercial Code.

### A

Aloverzee Handelsgesellschaft mbH, Düsseldorf

### B

Barthels & Lüders GmbH,	Hamburg
Becker & Co. GmbH,	Neuwied
BERCO Deutschland GmbH,	Ennepetal
BIS Blohm + Voss Inspection Service GmbH,	Hamburg
Bleuel & Röhling GmbH,	Burghaun
Blohm + Voss Repair GmbH,	Hamburg
Blohm + Voss Shipyards GmbH,	Hamburg

### C

CEOOS Chemical Engineering and Overseas Services GmbH,	Berlin
Christian Hein GmbH,	Langenhagen

### D

Deutsche Gesellschaft für Verkehrsmittelwartung Pura mbH,	Düsseldorf
Dortmunder Eisenhandel Hansa GmbH,	Dortmund
Dr. Mertens Edelstahlhandel GmbH,	Offenbach
DWR - Deutsche Gesellschaft für Weißblechrecycling mbH,	Andernach

### E

EBOR Edelstahl GmbH,	Sachsenheim
EH Güterverkehr GmbH,	Duisburg
Eisen und Metall GmbH,	Stuttgart
Eisenbahn und Hafen GmbH,	Duisburg
Eisenmetall Handelsgesellschaft mbH,	Gelsenkirchen
ELEG Europäische Lift + Escalator GmbH,	Düsseldorf

### F

Freiburger Stahlhandel GmbH,	Freiburg i.Br.
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### G

Gesellschaft für Meß- und Regeltechnik GmbH,	Essen
GMT Aufzug-Service GmbH,	Ettlingen
GVD Gesellschaft für Verpackungstechnik und Dienstleistungen mbH,	Duisburg
GWH Aufzüge GmbH,	Himmelstadt

### H

Haisch Aufzüge GmbH,	Gingen/Fils
Hanseatische Aufzugsbau GmbH,	Rostock
HDW-Gaarden GmbH,	Kiel
Health Care Solutions GmbH,	Düsseldorf
Herzog Coiler GmbH,	Stuttgart
HF Vermögensverwaltungsgesellschaft im Ruhrtal GmbH,	Hagen
Hoesch Hohenlimburg GmbH,	Hagen
Hövelmann & Co. Eisengroßhandlung GmbH,	Gelsenkirchen
Howaldtswerke-Deutsche Werft GmbH,	Kiel

<b>I</b>		<b>T</b>	
IKL Ingenieurkontor Lübeck GmbH	Kiel	Tepper Aufzüge GmbH,	Münster
Immover Gesellschaft für Grundstücksverwaltung mbH,	Essen	Thyssen Altwert Umweltservice GmbH,	Düsseldorf
Innovative Meerestechnik GmbH,	Emden	Thyssen Duro Metall GmbH,	Kornwestheim
<b>J</b>		Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co.KG Industrie,	Essen
Jacob Bek GmbH,	Ulm	Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co.KG Stahl,	Essen
<b>K</b>		Thyssen Rheinstahl Technik GmbH,	Düsseldorf
KBS Kokereibetriebsgesellschaft Schwegern GmbH,	Duisburg	Thyssen Schulte Werkstoffhandel GmbH,	Düsseldorf
Kraemer & Freund GmbH & Co. KG,	Hagen	Thyssen Stahl GmbH,	Düsseldorf
Krupp Hoesch Stahlhandel Bayern GmbH,	Düsseldorf	ThyssenKrupp Academy GmbH,	Düsseldorf
Krupp Industrietechnik GmbH,	Essen	ThyssenKrupp Accessibility Holding GmbH,	Essen
Kunststoff-Service-Partner GmbH,	Düsseldorf	ThyssenKrupp AdMin GmbH,	Düsseldorf
<b>L</b>		ThyssenKrupp Aufzüge Deutschland GmbH,	Stuttgart
Leichsenring HUS Aufzüge GmbH,	Hamburg	ThyssenKrupp Aufzüge GmbH,	Neuhausen a.d.F.
LiftEquip GmbH Elevator Components,	Neuhausen a.d.F.	ThyssenKrupp Aufzugswerke GmbH,	Neuhausen a.d.F.
Liftservice und Montage GmbH,	Saarbrücken	ThyssenKrupp Automotive Systems GmbH,	Essen
<b>M</b>		ThyssenKrupp Automotive Systems Leipzig GmbH,	Leipzig
Max Cochius GmbH,	Berlin	ThyssenKrupp Bauservice GmbH,	Hückelhoven
Metall Service Partner GmbH,	Gelsenkirchen	ThyssenKrupp Bausysteme GmbH,	Kreuztal
MgF Magnesium Flachprodukte GmbH,	Freiberg	ThyssenKrupp Bilstein Suspension GmbH,	Ennepetal
MONTAN GmbH Assekuranz-Makler,	Düsseldorf	ThyssenKrupp Bilstein Tuning GmbH,	Ennepetal
<b>N</b>		ThyssenKrupp Coferal GmbH,	Essen
Nickel GmbH,	Duisburg	ThyssenKrupp DAVEX GmbH,	Duisburg
Nothelfer Planung GmbH,	Wadern-Lockweiler	ThyssenKrupp DeliCate GmbH,	Düsseldorf
<b>O</b>		ThyssenKrupp Dienstleistungen GmbH,	Düsseldorf
Otto Wolff Handelsgesellschaft mbH,	Düsseldorf	ThyssenKrupp Drauz Nothelfer GmbH,	Heilbronn
Otto Wolff U.S. Sales GmbH,	Andernach	ThyssenKrupp EGM GmbH,	Langenhangen
<b>P</b>		ThyssenKrupp Electrical Steel GmbH,	Gelsenkirchen
Peiniger International GmbH,	Gelsenkirchen	ThyssenKrupp Electrical Steel Verwaltungsgesellschaft mbH,	Gelsenkirchen
Polysius AG,	Beckum	ThyssenKrupp Elevator (CENE) GmbH,	Essen
<b>R</b>		ThyssenKrupp Elevator (ES/PBB) GmbH,	Essen
Rasselstein GmbH,	Andernach	ThyssenKrupp Elevator AG,	Düsseldorf
Rasselstein Verwaltungs GmbH,	Neuwied	ThyssenKrupp Elevator die Vierte GmbH,	Düsseldorf
Reisebüro Dr. Tigges GmbH,	Essen	ThyssenKrupp Elevator Research GmbH,	Düsseldorf
Rothe Erde Beteiligungs GmbH,	Essen	ThyssenKrupp Energievertriebs GmbH,	Essen
Rothe Erde GmbH,	Dortmund	ThyssenKrupp Erste Beteiligungsgesellschaft mbH,	Düsseldorf
<b>S</b>		ThyssenKrupp ExperSite GmbH,	Kassel
SBS Brenn- und Schneidbetrieb Rinteln GmbH,	Rinteln	ThyssenKrupp Facilities Services GmbH,	Düsseldorf
smb Chromstahl GmbH,	Hannover-Langenhagen	ThyssenKrupp Fahrstufen GmbH,	Hamburg
Stahlhauser Liegenschaften Verwaltungsgesellschaft mbH,	Essen	ThyssenKrupp Fahrzeugtechnik GmbH,	Emden
SVG Steinwerder Verwaltungsgesellschaft mbH,	Hamburg	ThyssenKrupp Federn GmbH,	Hagen

ThyssenKrupp GfT Gleistechnik GmbH,	Essen	ThyssenKrupp Stahl-Service-Center GmbH,	Leverkusen
ThyssenKrupp GfT Tiefautechnik GmbH,	Essen	ThyssenKrupp Stainless AG,	Duisburg
ThyssenKrupp Grundbesitz Verwaltungs GmbH,	Essen	ThyssenKrupp Stainless International GmbH,	Krefeld
ThyssenKrupp Grundstücksgesellschaft Dinslaken mbH,	Essen	ThyssenKrupp Steel AG,	Duisburg
ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Krupp Hoesch Stahl,	Essen	ThyssenKrupp Steel Beteiligungen GmbH,	Düsseldorf
ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Stahl,	Essen	ThyssenKrupp Steel Zweite Beteiligungsgesellschaft mbH,	Duisburg
ThyssenKrupp Immobilienentwicklungs Concordiahütte GmbH,	Oberhausen	ThyssenKrupp System Engineering GmbH	Essen
ThyssenKrupp Immobilienentwicklungs Krefeld GmbH,	Oberhausen	ThyssenKrupp Systems & Services GmbH,	Düsseldorf
ThyssenKrupp Industrial Services Holding GmbH,	Düsseldorf	ThyssenKrupp Tailored Blanks GmbH,	Duisburg
ThyssenKrupp Industrieservice GmbH,	Düsseldorf	ThyssenKrupp Tailored Blanks Nord GmbH,	Duisburg
ThyssenKrupp Information Services GmbH,	Düsseldorf	ThyssenKrupp Technologies AG,	Essen
ThyssenKrupp Krause GmbH,	Bremen	ThyssenKrupp Technologies CoE GmbH	Essen
ThyssenKrupp KST GmbH,	Chemnitz	ThyssenKrupp TKW Verwaltungs GmbH,	Bochum
ThyssenKrupp Langschiene GmbH,	Essen	ThyssenKrupp Transrapid GmbH,	Kassel
ThyssenKrupp Lasertechnik GmbH,	Ravensburg	ThyssenKrupp Treppenlite GmbH,	Neuss
ThyssenKrupp Mannex GmbH,	Düsseldorf	ThyssenKrupp Umformtechnik GmbH,	Ludwigsfelde
ThyssenKrupp Marine Systems AG,	Hamburg	ThyssenKrupp VDM GmbH,	Werdohl
ThyssenKrupp Marine Systems Beteiligungen GmbH,	Essen	ThyssenKrupp Verkehr GmbH,	Duisburg
ThyssenKrupp Materials International GmbH,	Düsseldorf	ThyssenKrupp Zweite Beteiligungsgesellschaft mbH,	Düsseldorf
ThyssenKrupp Materials Zweite Beteiligungsgesellschaft mbH,	Düsseldorf	TKMS Blohm + Voss Nordseewerke GmbH,	Emden und Hamburg
ThyssenKrupp Metallcenter GmbH,	Karlsruhe		
ThyssenKrupp Metallurgie GmbH,	Essen		
ThyssenKrupp MillService & Systems GmbH,	Duisburg		
ThyssenKrupp MinEnergy GmbH,	Essen		
ThyssenKrupp Nirosta GmbH,	Krefeld		
ThyssenKrupp Nirosta Präzisionsband GmbH,	Krefeld		
ThyssenKrupp Nutzeisen GmbH,	Düsseldorf		
ThyssenKrupp OneOcean GmbH,	Hamburg		
ThyssenKrupp Presta Chemnitz GmbH,	Chemnitz		
ThyssenKrupp Presta Ilsenburg GmbH,	Ilsenburg		
ThyssenKrupp Presta München/Esslingen GmbH,	Munich		
ThyssenKrupp Presta SteerTec GmbH,	Düsseldorf		
ThyssenKrupp Presta SteerTec Mülheim GmbH,	Mülheim		
ThyssenKrupp Presta SteerTec Schönebeck GmbH,	Schönebeck		
ThyssenKrupp Printmedia GmbH,	Duisburg		
ThyssenKrupp Real Estate GmbH,	Essen		
ThyssenKrupp Rema GmbH,	Oberhausen		
ThyssenKrupp Risk and Insurance Services GmbH,	Essen		
ThyssenKrupp Röhm Kunststoffe GmbH,	Düsseldorf		
ThyssenKrupp Sägenstahlcenter GmbH,	Duisburg		
ThyssenKrupp Schulte GmbH,	Düsseldorf		
ThyssenKrupp Services AG,	Düsseldorf		
ThyssenKrupp Sicherheitsdienstleistungen GmbH,	Düsseldorf		
ThyssenKrupp Special Products GmbH,	Essen		
ThyssenKrupp Stahl Immobilien GmbH,	Duisburg		
ThyssenKrupp Stahlkontor GmbH,	Düsseldorf		

## 38 List of the Group's subsidiaries and equity interests

### FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>STEEL</b>					
1	ThyssenKrupp Steel AG, Duisburg		438,771	99.53	698
<b>Corporate TKS</b>					
2	Eisen- und Hüttenwerke AG, Andernach		45,056	87.98	1
3	ThyssenKrupp Printmedia GmbH, Duisburg		26	100.00	1
4	ThyssenKrupp Stahl Immobilien GmbH, Duisburg		50	100.00	1 94.90%
					676 5.10%
5	ThyssenKrupp Steel Zweite Beteiligungsgesellschaft mbH, Duisburg		25	100.00	1
6	AirSteel Comercial Gases Industriais Ltda., Rio de Janeiro, Brazil	BRL	100	0.00 <sup>1)</sup>	1
7	ThyssenKrupp CSA Siderúrgica do Atlântico Ltda., Rio de Janeiro, Brazil	BRL	7,273,383	89.28	19
8	ThyssenKrupp Steel and Stainless USA, LLC, Wilmington, DE, USA	USD	1,000	100.00	730
9	ThyssenKrupp Steel USA, LLC, Wilmington, DE 1908, USA	USD	1	100.00	8
10	White Martins Steel Gases Industriais Ltda., Rio de Janeiro, Brazil	BRL	100	0.00 <sup>1)</sup>	1
<b>Steelmaking</b>					
11	EH Güterverkehr GmbH, Duisburg		1,534	100.00	12
12	Eisenbahn und Häfen GmbH, Duisburg		2,046	100.00	1
13	KBS Kokereibetriebsgesellschaft Schwelgern GmbH, Duisburg		25	100.00	1
14	Pruna Betreiber GmbH, Grünwald		150	0.00 <sup>1)</sup>	1
15	ThyssenKrupp Verkehr GmbH, Duisburg		260	100.00	1
16	B.V. Stuwadoors-Maatschappij Kruwal, Rotterdam, Netherlands		45	75.00	19 50.00%
					1 25.00%
17	Carbotrans B.V., Rotterdam, Netherlands		100	0.00 <sup>1)</sup>	1
18	Ertsoverslagbedrijf Europoort C.V., Rotterdam, Netherlands		4,583	75.00	19 50.00%
					1 25.00%
19	ThyssenKrupp Veerhaven B.V., Rotterdam, Netherlands		5,000	100.00	1
<b>Industry</b>					
20	AGOZAL Oberflächenveredelung GmbH, Neuwied		1,540	100.00	86
21	Herzog Coilex GmbH, Stuttgart		4,100	74.90	24
22	ThyssenKrupp Bausysteme GmbH, Kreuztal		7,670	100.00	1
23	ThyssenKrupp Sägenstahlcenter GmbH, Duisburg		1,023	100.00	1
24	ThyssenKrupp Stahl-Service-Center GmbH, Leverkusen		9,287	99.55	1 55.36%
					503 44.19%
25	EURISOL S.A., Steenvoorde, France		151	75.00	28
26	Hoesch Bausysteme Gesellschaft m.b.H., Vienna, Austria		1,454	100.00	711
27	Isocab France S.A.S., Dunkerque, France		610	100.00	724
28	Isocab N.V., Harelbeke-Bavikhove, Belgium		10,750	100.00	19 99.98%
					1 0.02%
29	Isocab Vietnam JV Company, Ho Chi Minh, Vietnam	USD	2,400	51.00	28
30	ThyssenKrupp Aceros y Servicios S.A., Santiago, Chile	CLP	4,988,440 <sup>2)</sup>	100.00	1
31	ThyssenKrupp Bouwsystemen B. V., Veenendaal, Netherlands		1,357	100.00	19
32	ThyssenKrupp Building Systems Ltd., Birmingham, Great Britain	GBP	5	100.00	729
33	ThyssenKrupp Byggesystem A/S, Stavring, Denmark	DKK	500	100.00	22
34	ThyssenKrupp Comercial Colombia S.A., Bogota, Colombia	COP	272,610 <sup>2)</sup>	100.00	30
35	ThyssenKrupp Electrical Steel India Private Ltd., Mumbai/Nashik, India	INR	3,149,349	100.00	90 100.00% <sup>3)</sup>
					91 0.00% <sup>3)</sup>
36	ThyssenKrupp Electrical Steel Italia S.r.l., Milan, Italy		2,000	100.00	726
37	ThyssenKrupp Épitöelemek Kft, Budapest, Hungary	HUF	2,520,000	100.00	26 99.99%
					22 0.01%
38	ThyssenKrupp gradjevinski elementi d.o.o., Lepoglava, Croatia	HRK	20	100.00	26
39	ThyssenKrupp Service Acier S.A.S., Fosses, France		14,000	100.00	724

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
40	ThyssenKrupp Sisteme pentru Constructii S.R.L., Bucharest, Rumania	RON	55	100.00	26
41	ThyssenKrupp Stål Danmark A/S, Copenhagen, Denmark	DKK	800	100.00	19
42	ThyssenKrupp Stal Serwis Polska Sp. z o.o., Dabrowa Górnica, Poland	PLN	28,000	100.00	24
43	ThyssenKrupp stavební systémy s.r.o., Nymburk, Czech Republic	CZK	1,000 <sup>2)</sup>	100.00	26 98.00%
					22 2.00%
44	ThyssenKrupp Steel (Asia Pacific) Pte Ltd, Singapore, Singapore	SGD	500	100.00	19
45	ThyssenKrupp Steel Belgium N.V., Harelbeke-Bavikhove, Belgium		16,312	100.00	698 100.00% <sup>3)</sup>
					1 0.00% <sup>3)</sup>
46	ThyssenKrupp Systembau Austria Gesellschaft m.b.H., Vienna, Austria		51	100.00	711
<b>Auto</b>					
47	DOC Dortmund Oberflächencentrum GmbH, Dortmund		5,880	75.10	1
48	MgF Magnesium Flachprodukte GmbH, Freiberg		500	100.00	1
49	ThyssenKrupp DAVEX GmbH, Duisburg		26	100.00	51
50	ThyssenKrupp Lasertechnik GmbH, Ravensburg		25	100.00	1
51	ThyssenKrupp Tailored Blanks GmbH, Duisburg		4,116	100.00	1
52	ThyssenKrupp Tailored Blanks Nord GmbH, Duisburg		8,692	100.00	51
53	LAGERMEX S.A. de C.V., Puebla, Mexico	MXN	74,774	100.00	503 71.95%
					1 28.05%
54	Sidcomex S.A. de C.V., Puebla, Mexico	MXN	50 <sup>2)</sup>	100.00	53 99.99%
					503 0.01%
55	ThyssenKrupp Galmed, S.A., Sagunto, Spain		48,150	100.00	707 75.00%
					1 25.00%
56	ThyssenKrupp Steel Japan Ltd., Tokyo, Japan	JPY	10,000	100.00	19
57	ThyssenKrupp Steel North America, Inc., Dover/Delaware, USA	USD	54,501	100.00	730
58	ThyssenKrupp Tailored Blanks Celik Sanayi VE Ticaret Ltd., Nilüfer/ Bursa, Turkey	TRY	2,803	100.00	51 96.47%
					61 3.53%
59	ThyssenKrupp Tailored Blanks Czech Republik, s.r.o., Ostrava, Czech Republic	CSK	42,000	100.00	51 99.95%
					52 0.05%
60	ThyssenKrupp Tailored Blanks S.A. de C.V., Puebla, Mexico	MXN	41,016	100.00	65 100.00% <sup>3)</sup>
					66 0.00% <sup>3)</sup>
61	ThyssenKrupp Tailored Blanks S.r.l., Turin, Italy		2,000	100.00	726
62	ThyssenKrupp Tailored Blanks Sverige AB, Olofström, Sweden		1,940	100.00	51
63	ThyssenKrupp (Wuhan) Tailored Blanks Ltd., Wuhan, PR China	USD	21,000 <sup>2)</sup>	100.00	720 68.43%
					51 31.57%
64	TKAS (Changchun) Tailored Blanks Ltd., Changchun, PR China	USD	10,000	55.00	720
65	TWB Company, LLC, Detroit, USA	USD	1,500	55.00	57
66	TWB de Mexico, S.A. de C.V., Saltillo, Coahuila, Mexico	MXN	6,225	100.00	65 99.00%
					69 1.00%
67	TWB Industries, S.A. de C.V., Saltillo, Coahuila, Mexico	MXN	50	100.00	65 99.00%
					69 1.00%
68	TWB of Indiana, Inc., North Vernon/ Indiana, USA	USD	1	100.00	65
69	TWB of Ohio, Inc., Columbus/Ohio, USA	USD	1	100.00	65
<b>Metal Forming</b>					
70	ThyssenKrupp Umformtechnik GmbH, Ludwigsfelde		15,000	100.00	138 94.99%
					676 5.01%
71	Krupp Camford Pressings Ltd., Llanelli, Great Britain	GBP	24,594	100.00	148
72	ThyssenKrupp Automotive Chassis Products UK PLC, Durham, Great Britain	GBP	10,208	100.00	148
73	ThyssenKrupp Body Stampings Ltd., Cannock, Great Britain	GBP	132	100.00	148
74	ThyssenKrupp JBM Private Ltd., Chennai, India	INR	248,900	73.89	83
75	ThyssenKrupp Metal Forming (Wuhan) Ltd., Wuhan, PR China		20,000 <sup>2)</sup>	100.00	720
76	ThyssenKrupp Otomotiv Parçaları Sanayi ve Ticaret Limited Şirketi, GEBZE Kocaeli, Turkey	TRY	5 <sup>2)</sup>	100.00	73 99.50%
					148 0.50%
77	ThyssenKrupp Prisma S.A.S., Messempire, France		5,400	100.00	724

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
78	ThyssenKrupp Sofedit do Brasil Industrial Ltda., Paraná, Brazil	BRL	46,261	100.00	81
79	ThyssenKrupp Sofedit España, S.A., Valladolid, Spain		361	100.00	81
80	ThyssenKrupp Sofedit Polska Sp.zo.o., Wrocław, Poland	PLN	3,676	100.00	81
81	ThyssenKrupp Sofedit S.A.S., Versailles, France		8,761	100.00	724
82	ThyssenKrupp Sofedit Sud Ouest S.A.S., Arudy, France		37	100.00	81
83	ThyssenKrupp Tallent Ltd., County Durham, Great Britain	GBP	1,000	100.00	72
<b>Processing</b>					
84	Becker & Co. GmbH, Neuwied		768	100.00	89
85	DWR - Deutsche Gesellschaft für Weißblechrecycling mbH, Andernach		25	100.00	88
86	Hoesch Hohenlimburg GmbH, Hagen		15,340	99.50	1
87	Otto Wolff U.S. Sales GmbH, Andernach		26	100.00	88
88	Rasselstein GmbH, Andernach		40,960	99.50	89
89	Rasselstein Verwaltungs GmbH, Neuwied		93,500	100.00	1 59.23%
					2 40.77%
90	ThyssenKrupp Electrical Steel GmbH, Gelsenkirchen		14,000	99.54	91 94.90%
					698 4.64%
91	ThyssenKrupp Electrical Steel Verwaltungsgesellschaft mbH, Gelsenkirchen		30,000	100.00	1 62.46%
					2 37.54%
92	ThyssenKrupp Electrical Steel France S.A.S., Paris, France		51	100.00	93
93	ThyssenKrupp Electrical Steel UGO S.A.S., Isbergues, France		5,235	100.00	90
<b>STAINLESS</b>					
<b>ThyssenKrupp Stainless Corporate</b>					
94	ThyssenKrupp Stainless AG, Duisburg		110,000	99.61	698
<b>ThyssenKrupp Nirosta</b>					
95	EBOR Edelstahl GmbH, Sachsenheim		511	100.00	97
96	smbChromstahl GmbH, Hannover-Langenhangen		277	100.00	97
97	ThyssenKrupp Nirosta GmbH, Krefeld		60,000	100.00	94
98	ThyssenKrupp Nirosta Präzisionsband GmbH, Krefeld		1,000	100.00	97
99	ThyssenKrupp Nirosta North America, Inc., Wilmington, DE 19808, USA	USD	2,000	100.00	730
<b>ThyssenKrupp Acciai Speciali Terni</b>					
100	ThyssenKrupp Titanium GmbH, Essen		1,534	100.00	106
101	Aspasia S.r.l., Rome, Italy		260	100.00	104
102	Società delle Fucine S.r.l., Terni, Italy		7,988	100.00	104
103	Terninox S.p.A., Terni, Italy		20,800	100.00	104
104	ThyssenKrupp Acciai Speciali Terni S.p.A., Terni, Italy		159,682	100.00	726
105	ThyssenKrupp AST USA, Inc., Albany, New York 12207 - 2543, USA	USD	30	100.00	730
106	ThyssenKrupp Titanium S.p.A., Terni, Italy		5,000	100.00	104
107	Tubificio di Terni S.p.A., Terni, Italy		5,944	97.00	104
<b>ThyssenKrupp Mexinox</b>					
108	Mexinox Trading S.A. de C.V., Mexico D.F., Mexico	MXN	129,258 <sup>2)</sup>	100.00	110 99.98%
					109 0.02%
109	Mexinox USA Inc., Brownsville/Texas, USA	USD	2,000	100.00	110
110	ThyssenKrupp Mexinox S.A. de C.V., San Luis Potosi, Mexico	MXN	4,621,499 <sup>2)</sup>	100.00	94 100.00% <sup>3)</sup>
					111 0.00% <sup>3)</sup>
<b>ThyssenKrupp Stainless USA</b>					
111	ThyssenKrupp Stainless USA, LLC, Wilmington, DE 19808, USA	USD	1	100.00	8
<b>Shanghai Krupp Stainless</b>					
112	Shanghai Krupp Stainless Co., Ltd., Pudong New Area/Shanghai, PR China	CNY	2,618,815 <sup>2)</sup>	60.00	94
<b>ThyssenKrupp Stainless International</b>					
113	ThyssenKrupp Stainless International GmbH, Krefeld		26	100.00	94
114	ThyssenKrupp Eurinox Paslanmaz Çelik Servis Merkezi A.S., Istanbul, Turkey		1,049	100.00	116
115	ThyssenKrupp SILCO-INOX Szervizközpont Kft, Batonyterenye, Hungary	HUF	765,980	100.00	116
116	ThyssenKrupp Stainless Benelux B.V., Rotterdam, Netherlands		18,151	100.00	728

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency		Share holdings %	Held by No.
				%		
117	ThyssenKrupp Stainless DVP, S.A., Barcelona, Spain		5,344	100.00	707	
118	ThyssenKrupp Stainless France S.A., Paris, France		4,864	100.00	724	
119	ThyssenKrupp Stainless International (Guangzhou) Ltd., Guangzhou, PR China	USD	9,500	100.00	720	
120	ThyssenKrupp Stainless International (HK) Ltd., Hong Kong, PR China	HKD	5 <sup>2)</sup>	100.00	113	
121	ThyssenKrupp Stainless Polska Sp.z o.o., Dabrowa Górska, Poland	PLN	33,499	100.00	113	
122	ThyssenKrupp Stainless UK Ltd., Birmingham, Great Britain	GBP	100	100.00	729	
<b>ThyssenKrupp VDM</b>						
123	ThyssenKrupp VDM GmbH, Werdohl		31,620	98.04	94	
124	ThyssenKrupp (Guangzhou) Nickel Metal Trading Ltd., Guangzhou, PR China		470	100.00	720	
125	ThyssenKrupp VDM Australia Pty. Ltd., Mulgrave, Victoria, Australia	AUD	2,000	100.00	123	
126	ThyssenKrupp VDM Austria Gesellschaft m.b.H., Vienna, Austria		50	100.00	711	
127	ThyssenKrupp VDM Benelux B.V., Dordrecht, Netherlands		51	100.00	123	
128	ThyssenKrupp VDM Canada Ltd., Markham, Canada	CAD	300	100.00	123	
129	ThyssenKrupp VDM Hong Kong Ltd., Hong Kong, PR China	HKD	10 <sup>2)</sup>	99.98	123	
130	ThyssenKrupp VDM Italia S.r.l., Sesto San Giovanni, Italy		10	100.00	123	
131	ThyssenKrupp VDM Japan K.K., Tokyo, Japan	JPY	30,000	100.00	123	
132	ThyssenKrupp VDM Korea Co. Ltd., Seoul, Korea, Republic	KRW	100,000	100.00	123	
133	ThyssenKrupp VDM Mexico S.A. de C.V., Naucalpan de Juarez, Mexico	MXN	550	100.00	123	
134	ThyssenKrupp VDM S.A.R.L., Rueil-Malmaison, France		120	100.00	123	
135	ThyssenKrupp VDM (Switzerland) AG, Basel, Switzerland	CHF	100	100.00	123	
136	ThyssenKrupp VDM UK Ltd., Claygate-Esher, Great Britain	GBP	60	100.00	123	
137	ThyssenKrupp VDM USA, Inc., Reno/Nevada, USA	USD	600	100.00	730	
<b>TECHNOLOGIES</b>						
<b>Corporate</b>						
138	ThyssenKrupp Technologies AG, Essen		130,000	100.00	676	
139	Brüninghaus Schmiede GmbH, Ludwigsfelde		511	100.00	138	
140	Buckau-Walter GmbH, Sankt Ingbert		9,216	100.00	138	
141	Rothe Erde Beteiligungs GmbH, Essen		256	100.00	138	
142	ThyssenKrupp EnCoke GmbH, Dortmund		26,587	100.00	138	94.90%
					676	5.10%
143	ThyssenKrupp Marine Systems Beteiligungen GmbH, Essen		1,857	100.00	138	70.00%
					678	30.00%
144	ThyssenKrupp Technologies CoE GmbH, Essen		25	100.00	138	
145	Uhde Services and Consulting GmbH, Dortmund		26	100.00	138	
146	QDF Components Ltd., Derby, Great Britain	GBP	19,680	100.00	148	
147	ThyssenKrupp Automotive Systems UK Ltd., Coventry, Great Britain	GBP	200	100.00	148	
148	ThyssenKrupp Automotive (UK) Ltd., Newton Aycliffe, Great Britain	GBP	13,519	100.00	729	
149	ThyssenKrupp Technologies Japan Co., Ltd., Tokyo, Japan	JPY	10,000	100.00	138	
<b>Plant Technology</b>						
150	CEOS Chemical Engineering and Overseas Services GmbH, Berlin		25	100.00	155	
151	Gesellschaft für Meß- und Regeltechnik GmbH, Essen	DEM	50	100.00	153	
152	GKI-OFU Industriefenbau GmbH, Dortmund		26	100.00	155	
153	Polysius AG, Beckum	DEM	21,000	100.00	138	94.90%
					676	5.10%
154	ThyssenKrupp Fördertechnik GmbH, Essen		22,344	100.00	138	94.90%
					676	5.10%
155	Uhde GmbH, Dortmund	DEM	97,000	100.00	138	94.90%
					676	5.10%
156	Uhde High Pressure Technologies GmbH, Hagen		1,023	100.00	155	
157	Uhde Inventa-Fischer GmbH, Berlin		3,210	100.00	155	
158	Uhde Services GmbH, Haltern am See		588	100.00	142	

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
159	A-C Equipment Services Corp., Milwaukee, WI, USA	USD	4,500	100.00	167
160	Krupp Canada Inc., Calgary/Alberta, Canada	CAD	5,000	100.00	154
161	Maerz Ofenbau AG, Zurich, Switzerland	CHF	1,000	100.00	153
162	AOO Uhde, Dzerzhinsk, Russia	RUB	3,058 <sup>2)</sup>	96.61	155
163	OOO Polysius, Moscow, Russia	RUB	17,000	100.00	153
164	OSC Process Engineering Ltd., Stockport, Great Britain	GBP	350	90.00	729
165	Polysius Asia Pacific Pte. Ltd., Singapore, Singapore	SGD	100	100.00	153
166	Polysius Australia Pty. Ltd., Perth, Australia	AUD	50	100.00	153
167	Polysius Corp., Atlanta/Georgia, USA	USD	0	100.00	730
168	Polysius de Argentina S.A., Buenos Aires, Argentina	ARS	120	100.00	153
169	Polysius de Mexico S.A. de C.V., Mexico-City, Mexico	MXN	12,000	100.00	153
170	Polysius del Peru S.A., Arequipa, Peru	PEN	28,678	100.00	153 99.01%
					169 0.99%
171	Polysius do Brasil Ltda., São Paulo, Brazil	BRL	62,179	100.00	153
172	Polysius Engineering Sdn. Bhd., Kuala Lumpur, Malaysia	MYR	250	100.00	153
173	Polysius Ltd., Ascot/Berkshire, Great Britain	GBP	300	100.00	729
174	Polysius Polska Sp. z o.o., Warsaw, Poland	PLN	50	100.00	153
175	Polysius S.A., Madrid, Spain		601	100.00	707
176	Polysius S.A.S., Aix en Provence, France		2,400	100.00	724
177	Polysius Shanghai Trading Co. Ltd., Shanghai, PR China		500	100.00	720
178	PWH Materials Handling Systems Inc., Calgary/Alberta, Canada	CAD	20	100.00	154
179	ThyssenKrupp BulkTec Trading (Beijing) Ltd., Beijing, PR China		1,250 <sup>2)</sup>	100.00	720
180	ThyssenKrupp Engineering (Australia) Pty. Ltd., Stirling, Australia	AUD	170	100.00	154
181	ThyssenKrupp Engineering (Proprietary) Ltd., Sunninghill, Republic South Africa	ZAR	101	100.00	155 60.00%
					154 30.00%
					153 10.00%
182	ThyssenKrupp Engineering (Proprietary) Ltd., Gabarone, Botswana	BWP	3	100.00	181 99.97%
					153 0.03%
183	ThyssenKrupp Industries India Pvt. Ltd., Pimpri, India	INR	97,865	54.73	140
184	ThyssenKrupp Ingenieria Chile Ltda., Santiago de Chile, Chile	USD	15	100.00	187
185	ThyssenKrupp KH Mineral S.A.S., Sarreguemines, France		1,000	100.00	724
186	ThyssenKrupp Materials Handling Pty. Ltd., Stirling WA, Australia	AUD	25	100.00	154
187	ThyssenKrupp Robins Inc., Denver/Colorado, USA	USD	0	100.00	730
188	ThyssenKrupp Servicios S.A. de C.V., Mexico D.F., Mexico	MXN	50	100.00	169 98.00%
					153 2.00%
189	Uhde Arabia Ltd., Al-Khobar, Saudi Arabia	SAR	2,000	60.00	155
190	Uhde Corporation of America, Bridgeville/Pennsylvania, USA	USD	0	100.00	730
191	Uhde Edeleanu S.E. Asia Pte. Ltd., Singapore, Singapore	SGD	1,000	100.00	155
192	Uhde Engineering de México, S.A. de C.V., Mexico D.F., Mexico	MXN	8,919	100.00	197 99.99%
					155 0.01%
193	Uhde Engineering Egypt S.A.E., Cairo, Egypt	EGP	250	100.00	155
194	Uhde Fertilizer Technology B.V., Amsterdam, Netherlands		18	100.00	728
195	Uhde India Private Ltd., Mumbai, India	INR	29,440	80.43	155
196	Uhde Inventa-Fischer AG, Domat / Ems, Switzerland	CHF	100	100.00	155
197	Uhde Mexico S.A. de C.V., Mexico City, Mexico	MXN	45,219	100.00	155 98.06%
					707 1.22%
					153 0.72%
198	Uhde Services Slovakia s.r.o., Lazaretská, Slovakia	SKK	200	100.00	158 85.00%
					142 15.00%
199	Uhde Shadden (Australia) Pty. Ltd., South Melbourne/Victoria, Australia	AUD	1,000	100.00	200
200	Uhde Shadden Pty. Ltd., West Melbourne, Victoria, Australia	AUD	100	100.00	155
201	Uhde Shadden (Thailand) Ltd., Bangkok, Thailand	THB	31,000	48.38	200

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>Marine Systems</b>					
202	Barthels & Lüders GmbH, Hamburg		50	100.00	205
203	BIS Blohm + Voss Inspection Service GmbH, Hamburg		26	100.00	207
204	Blohm + Voss Industries GmbH, Hamburg		10,226	100.00	678
205	Blohm + Voss Repair GmbH, Hamburg		2,560	100.00	216
206	Blohm + Voss Shipyards & Services GmbH, Hamburg		25	100.00	216
207	Blohm + Voss Shipyards GmbH, Hamburg		8,950	100.00	216
208	Cryotrans Schiffahrts GmbH, Emden		3,630	100.00	212
209	HDW-Gaarden GmbH, Kiel		1,000	100.00	210
210	Howaldtswerke-Deutsche Werft GmbH, Kiel		30,000	100.00	216
211	IKL Ingenieurkontor Lübeck GmbH, Kiel		26	100.00	210
212	Innovative Meerestechnik GmbH, Emden		1,023	100.00	218
213	Schiffahrtskontor "MARITIM" GmbH, Kiel		26	100.00	210
214	SVG Steinwerder Verwaltungsgesellschaft mbH, Hamburg		30	100.00	216
215	ThyssenKrupp Fahrzeugtechnik GmbH, Emden		1,050	100.00	218
216	ThyssenKrupp Marine Systems AG, Hamburg		34,087	75.00	143
217	ThyssenKrupp OneOcean GmbH, Hamburg		100	100.00	205
218	TKMS Blohm + Voss Nordseewerke GmbH, Emden und Hamburg		12,790	100.00	216
219	Blohm & Voss Industries (China) Ltd., Hong Kong, PR China	HKD	300	100.00	204
220	Blohm + Voss Industries (Shanghai) Ltd., Shanghai, PR China	USD	140	100.00	219
221	Blohm+Voss El Djazair S.a.r.l., Algiers, Algeria	DZD	10,000	100.00	228
222	Blohm+Voss Oil Tools, LLC, Wilmington, DE 19808, USA	USD	5,000	100.00	730
223	Greek Naval Shipyards Holdings S.A., Skaramanga, Greece		62,265	100.00	210
224	Hellenic Shipyards S.A., Skaramanga, Greece		121,105	100.00	223
225	Kockums AB, Malmö, Sweden	SEK	50,000	100.00	210
226	ThyssenKrupp Marin Sistem Gemi Sanayi ve Ticaret A.S., Istanbul, Turkey	TRY	200 <sup>2)</sup>	60.00	216
227	ThyssenKrupp Marine Systems Canada Inc., Ottawa, Ontario, Canada	CAD	100	100.00	216
228	ThyssenKrupp Marine Systems International Pte. Ltd., Singapore, Singapore	SGD	1,000	100.00	216
<b>Mechanical Components</b>					
229	BERCO Deutschland GmbH, Ennepetal	DEM	4,668	100.00	138
230	NORMA Metallbau GmbH, Dortmund	DEM	100	100.00	232
231	PSL Walzlager GmbH, Dietzenbach		26	100.00	252
232	Rothe Erde GmbH, Dortmund		12,790	100.00	141 80.00%
					689 20.00%
233	ThyssenKrupp Gerlach GmbH, Homburg/Saar		34,257	100.00	138
234	ThyssenKrupp Presta Chemnitz GmbH, Chemnitz		25	100.00	138
235	ThyssenKrupp Presta Ilsenburg GmbH, Ilsenburg		307	100.00	138 94.98%
					676 5.02%
236	Berco Bulgaria EOOD, Apriltsi 5641, Bulgaria	BGN	780	100.00	239
237	Berco of America Inc., Waukesha/Wisconsin, USA	USD	0	100.00	730
238	Berco (Shanghai) Undercarriage Trading Co.,Ltd., Shanghai, PR China		2,000	100.00	720
239	Berco S.p.A., Copparo, Italy		38,700	100.00	726 99.95%
					676 0.05%
240	Berco (UK) Ltd., Birmingham, Great Britain	GBP	120	100.00	729
241	BercoSul Ltda., Diadema-São Paulo, Brazil	BRL	14,062	100.00	239
242	Defontaine Ibérica S.A., Viana, Spain		721	100.00	246
243	Defontaine Italia S.r.l., Sesto San Giovanni, Italy		99	100.00	246
244	Defontaine of America, Inc., New Berlin/Wisconsin, USA	USD	50	100.00	730
245	Defontaine (Qingdao) Machinery Co., Ltd., Jiaonan City, Shandong Province, PR China		20,500	100.00	720
246	Defontaine S.A., Saint Herblain, France		4,603	100.00	724 99.99%
					232 0.01%
247	Defontaine Tunisie S.A., Ben Arous, Tunisia	TND	1,500	50.97	246

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency		Share holdings %	Held by No.
			200	100.00		
248	Defontaine (U.K.) Ltd., Malmesbury, Great Britain	GBP	200	100.00	246	
249	Nippon Roballo Company Ltd., Minato-ku/Tokyo, Japan	JPY	740,000	100.00	232	
250	Olympic Tracks, Inc., Puyallup/Washington, USA	USD	50	100.00	237	
251	OOO PSL, Moscow, Russia	RUB	100 <sup>2)</sup>	100.00	252	99.00%
					231	1.00%
252	PSL a.s., Povazská Bystrica, Slovakia	SKK	234,000	100.00	232	
253	PSL of America Inc., Twinsburg/Ohio, USA	USD	1	100.00	252	
254	REX (Xuzhou) Slewing Bearing Co., Ltd., Xuzhou, PR China	USD	39,500 <sup>2)</sup>	60.00	720	
255	Roballo Engineering Company Ltd., Peterlee, Great Britain	GBP	1,000	100.00	725	
256	Robrasa Rolamentos Especiais Rothe Erde Ltda., Diadema, Brazil	BRL	4,505	100.00	138	
257	Rrotek Incorporated, Aurora/Ohio, USA	USD	100	100.00	730	
258	Rothe Erde - Metallurgica Rossi S.p.A., Visano, Italy		1,612	100.00	726	
259	Rothe Erde Ibérica S.A., Zaragoza, Spain		1,369	100.00	707	
260	Rothe Erde India Private Ltd., Maharashtra, India	INR	1,002,920	100.00	232	
261	Systrand Presta Engine Systems, LLC, Danville, IL, USA	USD	1,000 <sup>2)</sup>	45.00	271	
262	ThyssenKrupp Birmid Ltd., Newton Aycliffe, Great Britain	GBP	18,750	100.00	148	
263	ThyssenKrupp Crankshaft Co. LLC, Danville/Illinois, USA	USD	1	100.00	730	
264	ThyssenKrupp Engine Components (China) Co., Ltd., Nanjing, PR China	USD	76,000	100.00	720	
265	ThyssenKrupp Mavilor S.A., L'Horme, France		6,465	99.99	724	
266	ThyssenKrupp Metalúrgica Campo Limpo Ltda., Campo Limpo Paulista, Brazil	BRL	85,000	59.75	676	
267	ThyssenKrupp Metalúrgica de México S.A. de C.V., Puebla, Mexico	MXN	141,800 <sup>2)</sup>	100.00	266	
268	ThyssenKrupp Metalúrgica de Servicios S.A. de C.V., Puebla, Mexico	MXN	131 <sup>2)</sup>	100.00	267	
269	ThyssenKrupp Metalúrgica Santa Luzia Ltda., Santa Luzia, Brazil	BRL	58,198	100.00	266	
270	ThyssenKrupp Presta Dalian Co. Ltd., Dalian, PR China		6,000	100.00	720	
271	ThyssenKrupp Presta Danville, LLC, Danville/Illinois, USA	USD	0	100.00	730	
272	ThyssenKrupp Presta TecCenter AG, Eschen, Liechtenstein	CHF	10,000	100.00	235	
273	ThyssenKrupp Waupaca de Mexico, S. de R.L. de C.V., Mexico, Mexico	USD	3	100.00	274	95.00%
					716	5.00%
274	ThyssenKrupp Waupaca, Inc., Waupaca/Wisconsin, USA	USD	0	100.00	716	
275	Xuzhou Rothe Erde Ring Mill Co., Ltd., Xuzhou, PR China	USD	27,749 <sup>2)</sup>	100.00	720	
276	Xuzhou Rothe Erde Slewing Bearing Co., Ltd., Xuzhou, PR China	USD	18,100 <sup>2)</sup>	60.00	720	
<b>Automotive Solutions</b>						
277	Bleuel & Röhling GmbH, Burghaun	DEM	290	51.03	286	
278	Drauz Weinsberg Prototyping GmbH, Weinsberg		500	100.00	286	
279	HF Vermögensverwaltungsgesellschaft im Ruhrtal GmbH, Hagen		2,098	99.95	288	
280	Kraemer & Freund GmbH & Co. KG, Hagen		511	100.00	288	
281	Nothelfer Planung GmbH, Wadern-Lockweiler		51	100.00	286	
282	ThyssenKrupp Automotive Systems GmbH, Essen		2,557	100.00	138	
283	ThyssenKrupp Automotive Systems Leipzig GmbH, Leipzig		100	100.00	282	
284	ThyssenKrupp Bilstein Suspension GmbH, Ennepetal		5,982	99.50	138	94.49%
					676	5.01%
285	ThyssenKrupp Bilstein Tuning GmbH, Ennepetal		100	100.00	284	
286	ThyssenKrupp Drauz Nothelfer GmbH, Heilbronn		11,500	100.00	295	94.90%
					676	5.10%
287	ThyssenKrupp EGM GmbH, Langenhagen	DEM	250	100.00	289	94.92%
288	ThyssenKrupp Federn GmbH, Hagen		15,595	100.00	284	94.99%
					676	5.01%
289	ThyssenKrupp Krause GmbH, Bremen		5,113	100.00	295	94.90%
					138	5.10%
290	ThyssenKrupp KST GmbH, Chemnitz		26	100.00	289	
291	ThyssenKrupp Presta Munich/Esslingen GmbH, Munich		50	100.00	282	

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency		Share holdings %	Held by No.
			10,000	100.00		
292	ThyssenKrupp Presta SteerTec GmbH, Düsseldorf	DEM	10,000	100.00	138	94.99%
					676	5.01%
293	ThyssenKrupp Presta SteerTec Mülheim GmbH, Mülheim		26	100.00	292	
294	ThyssenKrupp Presta SteerTec Schönebeck GmbH, Schönebeck		26	100.00	292	
295	ThyssenKrupp System Engineering GmbH, Essen		50	100.00	138	
296	KS Automotive Suspensions Asia Pte. Ltd., Singapore, Singapore	SGD	15,054 <sup>2)</sup>	100.00	288	
297	Liaoyang KS Automotive Spring Company Ltd., Liaoyang/Liaoning, PR China	CNY	179,838 <sup>2)</sup>	60.00	296	
298	Nothelfer UK Ltd., Coventry, Great Britain	GBP	130	100.00	729	
299	ThyssenKrupp Automotive Sales & Technical Center, Inc., Troy/Michigan, USA	USD	3	100.00	730	
300	ThyssenKrupp Automotive Systèmes France S.A.R.L., Hambach, France		152	100.00	724	
301	ThyssenKrupp Automotive Systems de México S.A. de C.V., Puebla, Mexico	MXN	50	100.00	282	100.00% <sup>3)</sup>
					315	0.00% <sup>3)</sup>
302	ThyssenKrupp Automotive Systems do Brasil Ltda., São Bernardo do Campo, Brazil	BRL	45,611	100.00	282	91.03%
					266	8.97%
303	ThyssenKrupp Bilstein Brasil Molas e Componentes de Suspensão Ltda., São Paulo, Brazil	BRL	76,090	100.00	288	100.00% <sup>3)</sup>
					139	0.00% <sup>3)</sup>
304	ThyssenKrupp Bilstein Compa S.A., Sibiu, Rumania	LEU	30,291	73.00	284	72.82%
					286	0.09%
					288	0.09%
305	ThyssenKrupp Bilstein Ibérica, S.L.U., Alonsotegui, Spain		8,297	100.00	707	
306	ThyssenKrupp Bilstein of America Inc., San Diego/California, USA	USD	945	100.00	730	
307	ThyssenKrupp Bilstein Sasa S.A. de C.V., San Luis Potosí, Mexico	MXN	457,561	100.00	288	
308	ThyssenKrupp Bilstein Woodhead Ltd., Leeds, Great Britain	GBP	7,610	100.00	148	
309	ThyssenKrupp Drauz Nothelfer NA, Inc., Janesville, WI, USA	USD	150	100.00	730	
310	ThyssenKrupp Krause, Inc., Auburn Hills/Michigan, USA	USD	1	100.00	730	
311	ThyssenKrupp Krause Ltd., Redhill/Surrey, Great Britain	GBP	580	100.00	729	
312	ThyssenKrupp Módulos Automotivos do Brasil Ltda., São José dos Pinhais Paraná, Brazil	BRL	35,838	51.00	282	
313	ThyssenKrupp Presta Aktiengesellschaft, Eschen, Liechtenstein	CHF	15,000	100.00	233	
314	ThyssenKrupp Presta Cold Forging Inc., Wilmington/Delaware, USA	USD	5,000	100.00	299	
315	ThyssenKrupp Presta de México S.A. de C.V., Puebla, Mexico	MXN	17,316	100.00	282	33.33%
					318	33.33%
					307	33.33%
316	ThyssenKrupp Presta do Brasil Ltda., Curitiba, Brazil	BRL	36,944	100.00	318	79.63%
					266	10.19%
					282	10.19%
317	ThyssenKrupp Presta Fawer (Changchun) Co. Ltd., Changchun, PR China	CNY	52,834 <sup>2)</sup>	59.65	318	
318	ThyssenKrupp Presta France S.A.S., Florange, France		23,660	100.00	724	
319	ThyssenKrupp Presta HuiZhong Shanghai Co., Ltd., Shanghai, PR China	CNY	100,562 <sup>2)</sup>	60.00	318	
320	ThyssenKrupp Presta Hungary Kft., Budapest, Hungary	HUF	632,770	100.00	291	
321	ThyssenKrupp Presta Japan Co., Ltd., Tokyo, Japan	JPY	10,000	100.00	138	
322	ThyssenKrupp Presta Servicios de México S.A. de C.V., Puebla, Mexico	MXN	50 <sup>2)</sup>	100.00	282	33.33%
					307	33.33%
					318	33.33%
323	ThyssenKrupp Presta SteerTec Poland Sp.z o.o., Mieseritz, Poland	PLN	3,664	100.00	292	
324	ThyssenKrupp Presta SteerTec USA LLC, Detroit/Michigan, USA	USD	2,500	100.00	299	
325	ThyssenKrupp Presta Terre Haute, LLC, Terre Haute, Indiana, USA	USD	1,500	100.00	299	
326	ThyssenKrupp Production Systems Ltda., Diadema-São Paulo, Brazil	BRL	110,959	100.00	138	99.75%
					303	0.25%
327	ThyssenKrupp Sasa Servicios, S.A.de C.V., San Luis Potosí, Mexico	MXN	50	100.00	307	
328	ThyssenKrupp System Engineering S.A., Barcelona, Spain		60	100.00	707	
329	ThyssenKrupp System Engineering, S.A. de C.V., Santiago de Querétaro, Mexico	MXN	4,929 <sup>2)</sup>	100.00	289	
330	ThyssenKrupp System Engineering S.A.S., Ensisheim, France		458	100.00	724	
331	ThyssenKrupp System Engineering (Shanghai) Co., Ltd., Shanghai, PR China		500 <sup>2)</sup>	100.00	720	

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
332	ThyssenKrupp System Engineering Sp. z o.o., Gdańsk, Poland	PLN	23,646	100.00	289
	<b>Transrapid</b>				
333	ThyssenKrupp Transrapid Cargo GmbH, Kassel		25	100.00	334
334	ThyssenKrupp Transrapid GmbH, Kassel		767	100.00	138
	<b>ELEVATOR</b>				
	<b>Corporate Elevator</b>				
335	ThyssenKrupp Elevator AG, Düsseldorf		100,000	100.00	676
336	ELEG Europäische Lift + Escalator GmbH, Düsseldorf		51	100.00	335
337	Rheinstahl Union GmbH, Düsseldorf		26	100.00	335
338	ThyssenKrupp Elevator die Vierte GmbH, Düsseldorf		25	100.00	335
339	ThyssenKrupp Elevator Research GmbH, Düsseldorf		25	100.00	336
340	ThyssenKrupp Industries and Services Qatar LLC, Doha, Qatar	QAR	2,000	49.00	335
	<b>Central/Eastern/Northern Europe (CENE)</b>				
341	Christian Hein GmbH, Langenhagen		522	100.00	351
342	GMT Aufzug-Service GmbH, Ettlingen		26	100.00	351
343	GWH Aufzüge GmbH, Himmelstadt		26	100.00	351
344	Haisch Aufzüge GmbH, Gingen/Fils		50	100.00	351
345	Hanseatische Aufzugsbau GmbH, Rostock		33	100.00	351
346	Leichsenring HUS Aufzüge GmbH, Hamburg		51	100.00	351
347	LiftEquip GmbH Elevator Components, Neuhausen a.d.F.		25	100.00	351
348	Liftservice und Montage GmbH, Saarbrücken		51	100.00	351
349	Tepper Aufzüge GmbH, Münster		1,535	100.00	351
350	ThyssenKrupp Aufzüge Deutschland GmbH, Stuttgart		2,700	100.00	351
351	ThyssenKrupp Aufzüge GmbH, Neuhausen a.d.F.		7,100	100.00	335
352	ThyssenKrupp Aufzugswerke GmbH, Neuhausen a.d.F.		10,226	99.50	351
353	ThyssenKrupp Elevator (CENE) GmbH, Essen		6,000	100.00	335
354	Ascenseurs Drieux-Combaliuzier S.A.S., Les Lilas, France		892	100.00	373
355	Associated Lift Services Ltd., Nottingham, Great Britain	GBP	202	100.00	376
356	Bardeck Lift Engineers Ltd., London, Great Britain	GBP	11	100.00	729
357	Britannic Lift Company Plc., West Yorkshire, Great Britain	GBP	35	100.00	376
358	Compagnie de Distribution de Telephone (Coditel) S.A.S., Paris, France		101	100.00	373
359	Compagnie des Ascenseurs et Elevateurs S.A.M. 'CASEL SAM', Monaco, Monaco		153	94.00	373
360	D & A Lifts Ltd., Nottingham, Great Britain	GBP	1	100.00	367
361	FH Elevator A/S, Horsens, Denmark	DKK	600	100.00	353
362	Hammond & Champness Ltd., Nottingham, Great Britain	GBP	500	100.00	376
363	HK Services A/S, Bergen, Norway	NOK	351	100.00	377
364	MGTI SNEV S.A.S., Saint Jeannet, France		526	100.00	373
365	Mulder Liftservice B.V., Nuth, Netherlands		18	100.00	381
366	OOO ThyssenKrupp Elevator, Moscow, Russia	RUB	14,344	100.00	353
367	Parklands Group Ltd., Nottingham, Great Britain	GBP	63	100.00	376
368	Proxi-Line E.U.R.L., Angers, France		77	100.00	371
369	Scott Fabrications Ltd., Nottingham, Great Britain	GBP	0	100.00	367
370	Thyssen Modernisation Ltd., Nottingham, Great Britain	GBP	486	100.00	376
371	ThyssenKrupp Ascenseurs Holding S.A.S., Saint Denis-la-Plaine Cedex, France		34,433	100.00	724
372	ThyssenKrupp Ascenseurs Luxembourg S.a.r.l., Luxembourg, Luxembourg		13,396	100.00	353
373	ThyssenKrupp Ascenseurs S.A.S., Angers, France		8,117	100.00	371
374	ThyssenKrupp Aufzüge AG, Rümlang, Switzerland	CHF	1,165	100.00	353 85.84%
					373 14.16%
375	ThyssenKrupp Aufzüge Gesellschaft m.b.H., Vienna, Austria		370	100.00	711
376	ThyssenKrupp Aufzüge Ltd., Nottingham, Great Britain	GBP	20,990	100.00	725
377	ThyssenKrupp Aufzüge Norge A/S, Oslo, Norway	NOK	5,200	100.00	353
378	ThyssenKrupp DVG dvigala d.o.o., Trzin, Slovenia	SIT	25,215	100.00	711

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
379	ThyssenKrupp Elevator A/S, Glostrup, Denmark	DKK	512	100.00	353
380	ThyssenKrupp Elevator A/S, Oslo, Norway	NOK	100	100.00	377
381	ThyssenKrupp Elevator B.V., Krimpen aan den IJssel, Netherlands		4,977	100.00	728
382	ThyssenKrupp Elevator Finland Oy, Helsinki, Finland		42	100.00	351
383	ThyssenKrupp Elevator Ireland, Ltd., Dublin, Ireland		63	100.00	376
384	ThyssenKrupp Elevator Lithuania UAB, Vilnius, Lithuania	LTL	691 <sup>2)</sup>	100.00	711
385	ThyssenKrupp Elevator Manufacturing France S.A.S., Angers, France		4,602	100.00	373
386	ThyssenKrupp Elevator Sp. z o.o., Warsaw, Poland	PLN	10,000	100.00	353
387	ThyssenKrupp Elevator Sverige AB, Stockholm, Sweden	SEK	8,542	100.00	353
388	ThyssenKrupp Elevator UK Ltd., Nottingham, Great Britain	GBP	2,300	100.00	376
389	ThyssenKrupp Koncar dizala d.o.o., Zagreb, Croatia	HRK	17,204	100.00	353
390	ThyssenKrupp Lift Kft, Budapest, Hungary	HUF	101,480	100.00	375 99.90%
					336 0.10%
391	ThyssenKrupp Liften Ascenseurs S.A., Brussels, Belgium		2,480	100.00	351 99.96%
					500 0.03%
					335 0.01%
392	ThyssenKrupp Liften B.V., Krimpen aan den IJssel, Netherlands		1,875	100.00	381
393	ThyssenKrupp Rulletrappet A/S, Oslo, Norway	NOK	100	100.00	377
394	ThyssenKrupp Vytahy s.r.o., Bratislava, Slovakia	SKK	8,000 <sup>2)</sup>	100.00	375
395	ThyssenKrupp Vytahy s.r.o., Prague, Czech Republic	CZK	41,398	100.00	353
396	TOB ThyssenKrupp Elevator Ukraine, Kiew, Ukraine	UAH	690 <sup>2)</sup>	100.00	353
397	Trapo Kung AG, Basel, Switzerland	CHF	500	100.00	374
<b>Southern Europe/Africa/Middle East (SEAME)</b>					
398	ASEL Ascensores S.L., Madrid, Spain		7	100.00	423
399	C.A.F. Assisténcia a Elevadores, S.A., Queluz, Portugal		150	100.00	414
400	Colla Ascensori S.r.l., Casale Monferato, Italy		100	100.00	401
401	Cont Ascensori S.r.l., Alessandria, Italy		72	100.00	418
402	ELF Elevatori S.r.l., Rome, Italy		11	100.00	409
403	Lariana Ascensori S.r.l., Como, Italy		12 <sup>2)</sup>	100.00	418
404	Marco Bonfedi Ascensori Scale Mobili S.r.l., Milan, Italy		50	100.00	418
405	Massida Ascensori S.r.l., Cagliari, Italy		10 <sup>2)</sup>	70.00	418
406	Rossi Ascensori S.r.l., Prato-Firenze, Italy		10 <sup>2)</sup>	100.00	418
407	Sabia S.r.l., Modena, Italy		15 <sup>2)</sup>	100.00	418
408	Scam Ascensori S.r.l., Mestre, Venezia, Italy		16 <sup>2)</sup>	100.00	418
409	SIAR S.r.l., Rome, Italy		47 <sup>2)</sup>	100.00	418
410	Thyssen Technik Arabia Ltd., Riyadh, Saudi Arabia	SAR	2,000	100.00	351 90.00%
					337 10.00%
411	ThyssenKrupp Asansör Sanayi ve Tic. A.S., Istanbul, Turkey	TRL	943,271,000	75.50	351 51.00%
					335 24.50%
412	ThyssenKrupp Assanbar PJSC (Private Joint Stock Company), Mashhad, Iran	IRR	8,702,400	51.00	335 46.00%
					423 5.00%
413	ThyssenKrupp Eletec Internacional S.A., Madrid, Spain		31,366	100.00	707 74.01%
					415 25.99%
414	ThyssenKrupp Elevadores, S.A., Lisbon, Portugal		3,586	100.00	423
415	ThyssenKrupp Elevadores, S.L., Madrid, Spain		4,146	99.94	423 73.49%
					707 26.45%
416	ThyssenKrupp Elevator Egypt Ltd., Cairo, Egypt	EGP	2,400	100.00	335
417	ThyssenKrupp Elevator Israel LP, Rishon Le'zion, Israel	ILS	40,000	100.00	336 49.90%
					423 49.90%
					788 0.20%
418	ThyssenKrupp Elevator Italia S.p.A., Milan, Italy		490	100.00	726 98.00%
					335 2.00%

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency		Share holdings %	Held by No.
			1,000	%		
419	ThyssenKrupp Elevator Jordan Ltd. Co., Amman, Jordan	JOD	1,569	100.00	335	
420	ThyssenKrupp Elevator Manufacturing Spain S.L., Andoain, Spain		281	100.00	415	87.02%
421	ThyssenKrupp Elevator Maroc S.A.R.L., Casablanca, Marruecos, Morocco	MAD	1,085	100.00	423	95.00%
422	ThyssenKrupp Elevator (South Africa) (Pty.) Ltd., Johannesburg, Republic South Africa	ZAR	111	100.00	335	
423	ThyssenKrupp Elevator Southern Europe, Africa & Middle East, S.L.U., Madrid, Spain		115,216	100.00	707	
424	ThyssenKrupp Elevator SRL, Bucharest, Rumania	RON	1,545 <sup>2)</sup>	100.00	423	100.00% <sup>3)</sup>
					413	0.00% <sup>3)</sup>
425	ThyssenKrupp Elevator (U.A.E.) Ltd., Dubai, United Arab Emirates	AED	300	100.00	335	
426	ThyssenKrupp Elevators Bulgaria EAD, Sofia, Bulgaria	BGN	1,000	100.00	423	
427	ThyssenKrupp K & M Elevators and Escalators A.E., Athens, Greece		2,240	100.00	335	51.00%
					423	49.00%
428	ThyssenKrupp Kazlift LLP, Almaty, Kazakhstan	KZT	130,126	100.00	423	
429	Tungstate Elevadores S.A., Queluz, Portugal		50	90.00	414	
430	2G S.r.l., Messina, Italy		47 <sup>2)</sup>	100.00	418	
<b>Americas (AMS)</b>						
431	Computerized Elevator Control Corp., New York, USA	USD	8	100.00	447	
432	Mainco Elevator & Electrical Corp., New York, USA	USD	5,005	100.00	447	
433	New York Elevator & Electrical Corporation, New York, USA	USD	6,252	100.00	450	
434	Niagara Elevator Inc., Hamilton, Canada	CAD	1	100.00	448	
435	Ontario Inc., Mississauga/Ontario, Canada	CAD	0	85.00	453	
436	ThyssenKrupp Elevadores, C.A., Caracas, Venezuela	VEB	3,076	100.00	413	
437	ThyssenKrupp Elevadores, S.A., São Paulo, Brazil	BRL	259,607	99.81	413	
438	ThyssenKrupp Elevadores, S.A., Guatemala, Guatemala	GTQ	10,178 <sup>2)</sup>	100.00	413	90.00%
					443	10.00%
439	ThyssenKrupp Elevadores S.A., Bogota, Colombia	COP	5,657,905 <sup>2)</sup>	100.00	413	94.00%
					438	1.50%
					441	1.50%
					442	1.50%
					443	1.50%
440	ThyssenKrupp Elevadores S.A., Panama, Panama	USD	867 <sup>2)</sup>	100.00	413	
441	ThyssenKrupp Elevadores S.A., Santiago de Chile-Nunoa, Chile	CLP	2,289,533	100.00	413	98.84%
					443	1.16%
442	ThyssenKrupp Elevadores S.A., Lima, Peru	PEN	12,556 <sup>2)</sup>	100.00	413	99.81%
					443	0.19%
443	ThyssenKrupp Elevadores S.A., Buenos Aires, Argentina	ARS	10,328 <sup>2)</sup>	100.00	413	95.00%
					441	5.00%
444	ThyssenKrupp Elevadores, S.A. de C.V., Mexico City, Mexico	MXN	75,036	100.00	413	99.93%
					443	0.07%
445	ThyssenKrupp Elevadores, S.R.L., Montevideo, Uruguay	UYU	550	100.00	413	95.00%
					443	5.00%
446	ThyssenKrupp Elevadores, S.R.L., Asunción, Paraguay	PYG	10,000 <sup>2)</sup>	100.00	413	99.90%
					443	0.10%
447	ThyssenKrupp Elevator Americas Corp., Delaware, USA	USD	0	100.00	730	
448	ThyssenKrupp Elevator Canada Ltd., Toronto, Canada	CAD	3,536	100.00	453	
449	ThyssenKrupp Elevator Capital Corp., Delaware, USA	USD	302,250	100.00	450	
450	ThyssenKrupp Elevator Corp., Delaware, USA	USD	26,261	100.00	447	
451	ThyssenKrupp Elevator Inc., San Juan, Puerto Rico	USD	1	100.00	450	
452	ThyssenKrupp Elevator Manufacturing Inc., Collierville/Tennessee, USA	USD	1	100.00	450	
453	ThyssenKrupp Northern Elevator Ltd., Scarborough/Ontario, Canada	CAD	100	100.00	719	

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>Asia/Pacific (AP)</b>					
454	Hang Pak Engineering Ltd., Hong Kong, PR China	HKD	306	100.00	335
455	PT. ThyssenKrupp Elevator Indonesia, Jakarta, Indonesia	IDR	4,486,250	100.00	335
456	Sun Rhine Enterprises Ltd., Taipei, Taiwan	TWD	138,075	100.00	335
457	Sun Rich Enterprises Ltd., Taipei, Taiwan	TWD	6,000	100.00	335
458	Thyssen Elevators Co., Ltd., Zhongshan, PR China	USD	31,680 <sup>2)</sup>	100.00	335
459	ThyssenKrupp Elevator & Escalator (Shanghai) Co.Ltd., Shanghai, PR China	USD	5,250 <sup>2)</sup>	100.00	720
460	ThyssenKrupp Elevator Asia Pacific Ltd., Hong Kong, PR China	HKD	58,000	100.00	335
461	ThyssenKrupp Elevator Australia Pty. Ltd., Sydney, Australia	AUD	1	100.00	475
462	ThyssenKrupp Elevator (BD) Pvt. Ltd., Dhaka, Bangladesh	BDT	10,000	100.00	464
463	ThyssenKrupp Elevator (HK) Ltd., Hong Kong, PR China	HKD	129,970	100.00	335
464	ThyssenKrupp Elevator (India) Pvt. Ltd., New Delhi, India	INR	681,620	100.00	335 100.00% <sup>3)</sup>
					336 0.00% <sup>3)</sup>
465	ThyssenKrupp Elevator Installation and Maintenance (China) Co. Ltd., Guanzhou, PR China	USD	6,500 <sup>2)</sup>	100.00	720
466	ThyssenKrupp Elevator Japan Ltd., Tokyo, Japan	JPY	47,000	100.00	335
467	ThyssenKrupp Elevator (Korea) Ltd., Seoul, Korea, Republic	KRW	873,220	100.00	335
468	ThyssenKrupp Elevator Malaysia Sdn. Bhd., Selangor, Malaysia	MYR	500	100.00	335
469	ThyssenKrupp Elevator New Zealand Pty. Ltd., Auckland, New Zealand	NZD	1	100.00	461
470	ThyssenKrupp Elevator Queensland Pty. Ltd., Melbourne, Australia	AUD	1	100.00	475
471	ThyssenKrupp Elevator (Singapore) Pte.Ltd., Singapore, Singapore	SGD	4,800	100.00	335
472	ThyssenKrupp Elevator (Thailand) Co., Ltd., Bangkok, Thailand	THB	155,776	100.00	335
473	ThyssenKrupp Elevator Vietnam Co. Ltd., Hanoi, Vietnam	USD	100	100.00	335
474	ThyssenKrupp Elevators (Shanghai) Co., Ltd., Shanghai, PR China	USD	13,940 <sup>2)</sup>	100.00	720
475	ThyssenKrupp Lifts Pacific Pty. Ltd., Surry Hills, Australia	AUD	10,800	100.00	335
<b>Escalators/Passenger Boarding Bridges(ES/PBB)</b>					
476	ThyssenKrupp Elevator (ES/PBB) GmbH, Essen		25	100.00	335
477	ThyssenKrupp Fahrstufen GmbH, Hamburg		1,311	100.00	351
478	AVIOTEAM Servizio e Manutenzioni S.r.l., Rome, Italy		52 <sup>2)</sup>	65.00	479
479	ThyssenKrupp Airport Services S.L., Mieres / Asturias, Spain		150 <sup>2)</sup>	100.00	482
480	ThyssenKrupp Airport Systems Co. (Zhongshan) Ltd., Guangdong, PR China	USD	2,550	100.00	720
481	ThyssenKrupp Airport Systems Inc., Fort Worth/Texas, USA	USD	3,510	100.00	730
482	ThyssenKrupp Airport Systems, S.A., Mieres/Oviedo, Spain		1,743	100.00	415 100.00% <sup>3)</sup>
					486 0.00% <sup>3)</sup>
483	ThyssenKrupp Elevator (ES/PBB) Ltd., Newton Aycliffe, Great Britain	GBP	4,135	100.00	729
484	ThyssenKrupp Elevator Innovation Center, S.A., Mieres/Oviedo, Spain		902	100.00	486
485	ThyssenKrupp Escalator Co. (China) Ltd., Guangdong, PR China	USD	14,800 <sup>2)</sup>	100.00	720
486	ThyssenKrupp Norte S.A., Mieres/Oviedo, Spain		4,147	100.00	707 66.30%
					415 33.70%
<b>Accessibility (ACC)</b>					
487	ThyssenKrupp Accessibility Holding GmbH, Essen		25	100.00	335
488	ThyssenKrupp Treppenlite GmbH, Neuss		32	100.00	335
489	Lift Able Ltd., Cleveland, Great Britain	GBP	10	100.00	493
490	ThyssenKrupp Accesibilidad S.L., Madrid, Spain		3	100.00	707
491	ThyssenKrupp Access China, China - Shanghai, PR China	USD	500	100.00	720
492	ThyssenKrupp Access Corp., Kansas City/Missouri, USA	USD	0	100.00	730
493	ThyssenKrupp Access Ltd., Stockton-on-Tees, Great Britain	GBP	100	100.00	729
494	ThyssenKrupp Access Manufacturing, LLC, Delaware, USA	USD	2,500	100.00	492
495	ThyssenKrupp Accessibility B.V., Krimpen aan den IJssel, Netherlands		1,270	100.00	381
496	ThyssenKrupp Acessibilidades, Unipessoal, Lda., Sintra, Portugal		50	100.00	335
497	ThyssenKrupp Ceteco S.r.l., Pisa, Italy		500	100.00	418
498	ThyssenKrupp Monolift AB, Jarfalla, Sweden	SEK	100	100.00	381
499	ThyssenKrupp Monolift AS, Oslo, Norway	NOK	110	100.00	377
500	ThyssenKrupp Monolift N.V., Gent, Belgium		450	100.00	381

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
501	ThyssenKrupp Monolift S.A.S., Gennevilliers, France		40	100.00	371
502	ThyssenKrupp Monoliften B.V., Krimpen aan den IJssel, Netherlands		97	100.00	381
<b>SERVICES</b>					
<b>Corporate</b>					
503	ThyssenKrupp Services AG, Düsseldorf		283,383	99.84	676
504	Krupp Hoesch Stahlhandel Bayern GmbH, Düsseldorf		26	100.00	503
505	Krupp Hoesch Stahlhandel GmbH, Berlin		26	100.00	503
506	Thyssen Financial Services B.V., 's-Gravendeel, Netherlands		3,857	100.00	608
<b>Materials Services International</b>					
507	Dortmunder Eisenhandel Hansa GmbH, Dortmund		34	100.00	503 94.01%
					689 5.99%
508	Dr. Mertens Edelstahlhandel GmbH, Offenbach		1,023	100.00	519
509	Eisen und Metall GmbH, Stuttgart		1,023	51.00	503
510	Eisenmetall Handelsgesellschaft mbH, Gelsenkirchen		26	100.00	503
511	Erich Weit GmbH, Munich		356	100.00	518
512	Freiburger Stahlhandel GmbH, Freiburg i.Br.		2,200	51.00	503
513	Hövelmann & Co. Eisengroßhandlung GmbH, Gelsenkirchen		256	100.00	503
514	Jacob Bék GmbH, Ulm		2,807	79.96	503
515	Kunststoff-Service-Partner GmbH, Düsseldorf		10,000	100.00	526
516	Max Cochius GmbH, Berlin		920	75.00	503
517	Metall Service Partner GmbH, Gelsenkirchen		3,420	100.00	503 94.00%
					689 6.00%
518	Otto Wolff Handelsgesellschaft mbH, Düsseldorf		15,400	99.50	503
519	SBS Brenn- und Schneidbetrieb Rinteln GmbH, Rinteln		75	100.00	503
520	Thyssen Duro Metall GmbH, Kornwestheim		500	51.00	503
521	Thyssen Schulte Werkstoffhandel GmbH, Düsseldorf		10,226	99.50	503
522	ThyssenKrupp Aerospace Germany GmbH, Rodgau, Nieder-Roden	DEM	1,000	100.00	556
523	ThyssenKrupp Materials International GmbH, Düsseldorf		1,534	100.00	503 94.00%
					676 6.00%
524	ThyssenKrupp Metallcenter GmbH, Wörth a. Rhein		2,557	100.00	503
525	ThyssenKrupp Nutzeisen GmbH, Düsseldorf		500	100.00	608
526	ThyssenKrupp Röhm Kunststoffe GmbH, Düsseldorf		5,113	65.45	503
527	ThyssenKrupp Schulte GmbH, Düsseldorf		26	100.00	503
528	ThyssenKrupp Services Immobilien GmbH, Düsseldorf		50	100.00	503
529	ThyssenKrupp Stahlkontor GmbH, Düsseldorf		600	99.96	503
530	Alfaplast AG, Steinhausen, Switzerland	CHF	250	100.00	586
531	Apollo-Sunlight Aerospace Materials Co. Ltd., Shanghai, PR China	USD	2,000	60.00	558
532	Aviation Metals Ltd., Birmingham, Great Britain	GBP	65	40.00	558
533	Carolina Building Materials Inc., Carolina, Puerto Rico	USD	450	100.00	518
534	Cimex-Nor S.A., San Sebastian, Spain		618	74.00	503
535	FERROGLAS Glasbautechnik Gesellschaft m.b.H., Hörsching, Austria		218	70.00	629
536	Indu-Light AG, BeRomeünster/Luzern, Switzerland	CHF	150	53.33	540
537	Interlux Hirsch Gesellschaft m.b.H., Vienna, Austria		182	100.00	546
538	LAMINCIER S.A., Munguia, Spain		180 <sup>2)</sup>	100.00	503 60.00%
					534 40.00%
539	Locatelli Aciers S.A.S., Oyonnax, France		142	100.00	571
540	Neomat AG, BeRomeünster/Luzern, Switzerland	CHF	200	100.00	586
541	Nordisk Plast A/S, Auning, Denmark	DKK	4,000	100.00	545
542	Notz Plastics AG, Biel/Bienne, Switzerland	CHF	1,000	100.00	586
543	OOO ThyssenKrupp Materials, Moscow, Russia	RUB	328,369	88.78	503
544	PALMETAL Controlo e Armazenagem S.A., Palmela, Portugal		1,000	90.00	534
545	RIAS A/S, Roskilde, Denmark	DKK	23,063	54.15	526

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
546	Röhm Austria G.m.b.H., Vienna, Austria		727	100.00	526 82.30%
					629 17.70%
547	Röhm Italia S.r.l., Garbagnate Milanese, Italy		100	100.00	526
548	Steba AG, Pfäffikon, Switzerland	CHF	500	100.00	540
549	STEBA Direktverkauf Kunststoffe + Plexiglas GmbH, Hunzenschwil, Switzerland	CHF	20	100.00	548
550	Stokvis Plastics B.V., Roosendaal, Netherlands		500	100.00	526
551	Thyssen Trading S.A., São Paulo, Brazil	BRL	19,738 <sup>2)</sup>	100.00	503
552	ThyssenKrupp Aerospace Australia Pty. Ltd., Wetherill Park New South Wales, Australia	AUD	2,549	100.00	556
553	ThyssenKrupp Aerospace Finland Oy, Mänttä, Finland		59	100.00	556
554	ThyssenKrupp Aerospace France SAS, Coignieres, France		1,856	100.00	556
555	ThyssenKrupp Aerospace India Private Ltd., Bangalore, India	INR	100	100.00	556 99.99%
					558 0.01%
556	ThyssenKrupp Aerospace International Holdings Ltd., Birmingham, Great Britain	GBP	650	100.00	558
557	ThyssenKrupp Aerospace Nederland BV, Eindhoven, Netherlands		18	100.00	556
558	ThyssenKrupp Aerospace UK Ltd., Birmingham, Great Britain	GBP	3,295	100.00	729
559	ThyssenKrupp Autómatica Industria de Peças Ltda., São Paulo, Brazil	BRL	335 <sup>2)</sup>	80.00	587
560	ThyssenKrupp Cadillac Plastic SAS, Mitrzy-Mory, France		1,053	100.00	526
561	ThyssenKrupp Christon N.V., Lokeren, Belgium		7,033	100.00	569 53.50%
					521 46.50%
562	ThyssenKrupp Energostal S.A., Torun, Poland	PLN	15,000	84.00	503
563	ThyssenKrupp Ferostav, spol. s r.o., Nové Zámky, Slovakia	SKK	44,952	80.00	503
564	ThyssenKrupp Ferroglobus Kereskedelmi ZRt, Budapest, Hungary	HUF	3,244,000	100.00	503
565	ThyssenKrupp Ferroglobus S.R.L., Timisoara, Rumania	RON	28 <sup>2)</sup>	100.00	564
566	ThyssenKrupp Ferrosta spol. s.r.o., Prague, Czech Republic	CZK	200	90.00	503
567	ThyssenKrupp Fortinox S.A., Buenos Aires, Argentina	USD	2,100	80.00	503
568	ThyssenKrupp Materials Austria GmbH, Vienna, Austria		2,455	100.00	711
569	ThyssenKrupp Materials Belgium N.V./S.A., Lokeren, Belgium		1,200	100.00	728 85.87%
					521 14.13%
570	ThyssenKrupp Materials d.o.o., Belgrade, Serbia		1,900	100.00	503
571	ThyssenKrupp Materials France S.A.S., Maurepas, France		21,033	100.00	724
572	ThyssenKrupp Materials Holding (Thailand) Ltd., Samut Prakarn Province, Thailand	THB	1,000	99.95	503 49.00%
					580 50.95%
573	ThyssenKrupp Materials Ibérica S.A., Martorell, Spain		7,681	100.00	707
574	ThyssenKrupp Materials Korea Company Ltd., Seoul, Korea, Republic	KRW	4,000,000	60.00	503
575	ThyssenKrupp Materials Middle East FZE, Jebel Ali, United Arab Emirates	AED	3,000	100.00	503
576	ThyssenKrupp Materials Nederland B.V., Amsterdam, Netherlands		9,076	100.00	728
577	ThyssenKrupp Materials Switzerland AG, Bronschhofen, Switzerland	CHF	4,600	100.00	503
578	ThyssenKrupp Materials (Shanghai) Co., Ltd., Shanghai, PR China	CNY	23,000 <sup>2)</sup>	70.00	503
579	ThyssenKrupp Materials Sverige AB, Göteborg, Sweden	SEK	23,080	100.00	503
580	ThyssenKrupp Materials (Thailand) Co., Ltd., Bangkok, Thailand	THB	110,000	70.00	503 49.00%
					572 21.00%
581	ThyssenKrupp Materials (UK) Ltd., Smethwick, Great Britain	GBP	12,032	100.00	729
582	ThyssenKrupp Materials Vietnam LLC, Hanoi, Vietnam	USD	1,000	80.00	503
583	ThyssenKrupp Otto Wolff N.V./S.A., Mechelen, Belgium		711	100.00	526
584	ThyssenKrupp Plastic Ibérica SL, Massalfassar (Valencia), Spain		3,000	100.00	526
585	ThyssenKrupp Portugal - Aços e Serviços, Lda., Carregado, Portugal		1,150	100.00	503
586	ThyssenKrupp Röhm B.V., Nijkerk, Netherlands		4,500	100.00	526
587	ThyssenKrupp Serviços do Brasil Ltda., São Paulo, Brazil	BRL	129,329 <sup>2)</sup>	100.00	503
588	ThyssenKrupp Stahlunion Polska Sp. z o.o., Katowice, Poland	PLN	100	100.00	518
589	ThyssenKrupp-Jupiter Stomana OOD, Sofia, Bulgaria	BGN	500	80.00	503
<b>Materials Services NA</b>					
590	Summit Personnel Services (2002), Inc., Windsor/Ontario, Canada	CAD	0	100.00	591
591	ThyssenKrupp Industrial Services Canada, Inc., Windsor/Ontario, Canada	CAD	0	100.00	719

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
592	ThyssenKrupp Industrial Services NA, Inc., Southfield/Michigan, USA	USD	25	100.00	730
593	ThyssenKrupp Logistics, Inc., Wilmington/Delaware, USA	USD	1	100.00	596
594	ThyssenKrupp Materials, LLC, Southfield/Michigan, USA	USD	1	100.00	596
595	ThyssenKrupp Materials CA Ltd., Concord / Ontario, Canada	CAD	14,778	100.00	596
596	ThyssenKrupp Materials NA, Inc., Southfield / Michigan, USA	USD	2	100.00	730
597	ThyssenKrupp OnlineMetals, LLC, Southfield/Michigan, USA	USD	1,600	100.00	596
598	ThyssenKrupp Securitization Corp., Southfield, MI, USA	USD	0	100.00	730
599	TKB, Inc., Southfield / Michigan, USA	USD	2,000	100.00	596
<b>Industrial Services</b>					
600	Deutsche Gesellschaft für Verkehrsmittelwartung Pura mbH, Düsseldorf		280	100.00	608
601	DSU Beteiligungs-Gesellschaft für Dienstleistungen und Umwelttechnik mbH, Duisburg		30	100.00	610
602	GVD Gesellschaft für Verpackungstechnik und Dienstleistungen mbH, Duisburg		250	100.00	608
603	Nickel GmbH, Duisburg		67	100.00	608
604	Peiniger International GmbH, Gelsenkirchen		1,023	100.00	671
605	Siegfried Schlüssler Feuerungsbau GmbH, Lüneburg		135	74.00	613
606	Thyssen Altwert Umweltservice GmbH, Düsseldorf		6,740	100.00	693
607	ThyssenKrupp Anlagenservice GmbH, Oberhausen		4,536	100.00	503 94.71%
					689 5.29%
608	ThyssenKrupp Industrial Services Holding GmbH, Düsseldorf		50,000	100.00	503 94.90%
					689 5.10%
609	ThyssenKrupp Industrieservice GmbH, Düsseldorf		15,200	100.00	608
610	ThyssenKrupp MillServices & Systems GmbH, Duisburg		1,200	50.00	608
611	ThyssenKrupp Rema GmbH, Oberhausen		50	100.00	608
612	ThyssenKrupp Sicherheitsdienstleistungen GmbH, Düsseldorf		102	100.00	608
613	ThyssenKrupp Xervon Energy GmbH, Duisburg		1,300	100.00	614
614	ThyssenKrupp Xervon GmbH, Düsseldorf		12,000	100.00	671
615	ThyssenKrupp Xervon Utilities GmbH, Düsseldorf		25	100.00	614
616	DSU - Romania S.r.l., Bucharest, Rumania	RON	6,968	100.00	601
617	RIP Comércio S.A., São Paolo, Brazil	BRL	619 <sup>2)</sup>	51.00	587
618	RIP Serviços Industriais S.A., São Paulo, Brazil	BRL	20,647 <sup>2)</sup>	51.00	587
619	RIP Serviços Siderúrgicos Ltda., Rio de Janeiro, Brazil	BRL	10	100.00	618 99.99%
					617 0.01%
620	Rosendaal Services N.V., Kapellen, Belgium		125	100.00	614 97.00%
					604 3.00%
621	Sumatec/ Astel-Peiniger (M) Joint Venture, Selangor Darul Ehsan, Malaysia	MYR	56.00	634	
622	ThyssenKrupp Industrial Services, a.s., Prague, Czech Republic	CZK	1,000	51.00	608
623	ThyssenKrupp Palmers Ltd., West Midlands, Great Britain	GBP	0	100.00	729
624	ThyssenKrupp Safway, Inc., Fort Saskatchewan/Alberta, Canada	CAD	2	100.00	625
625	ThyssenKrupp Safway, Inc., Wilmington/Delaware, USA	USD	1	100.00	596
626	ThyssenKrupp Services Industriels S.A.S., Creutzwald, France		316	100.00	724
627	ThyssenKrupp Services Ltd., Birmingham, Great Britain	GBP	125	100.00	628
628	ThyssenKrupp Services (UK) Ltd., Business Park Coventry West Midlands, Great Britain	GBP	656	100.00	729
629	ThyssenKrupp Xervon Austria GmbH, Vienna, Austria		1,453	100.00	711
630	ThyssenKrupp Xervon Co. Ltd., Shanghai, PR China	CNY	5,805 <sup>2)</sup>	100.00	614
631	ThyssenKrupp Xervon Corp. Sdn. Bhd., Kuala Lumpur, Malaysia	MYR	2,000	49.00	634
632	ThyssenKrupp Xervon Egypt SAE, Cairo, Egypt	EGP	6,750	100.00	633 98.96%
					614 1.04%
633	ThyssenKrupp Xervon Gulf LLC, Sharjah, United Arab Emirates	AED	500	100.00	614
634	ThyssenKrupp Xervon Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	MYR	2,650 <sup>2)</sup>	100.00	614
635	ThyssenKrupp Xervon Norway AS, Oslo, Norway	NOK	20,000	100.00	614
636	ThyssenKrupp Xervon Polska Sp. z o.o., Warsaw, Poland	PLN	7,150	100.00	614
637	ThyssenKrupp Xervon S.A., Taragona, Spain		598	100.00	707
638	ThyssenKrupp Xervon Saudi Arabia L.L.C., Al-Khubar, Saudi Arabia	SAR	1,000	100.00	633

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
639	ThyssenKrupp Xervon Sweden AB, Stockholm, Sweden	SEK	1,200	100.00	671
640	ThyssenKrupp Xervon U.A.E. - L.L.C. For Industrial Services, Abu Dhabi, United Arab Emirates	AED	2,000	100.00	633
	<b>Special Products</b>				
641	Aloverzee Handelsgesellschaft mbH, Düsseldorf		26	100.00	503
642	Thyssen Rheinstahl Technik GmbH, Düsseldorf		8,948	100.00	503 74.80%
643	Thyssen Rheinstahl Technik Projektgesellschaft mbH, Düsseldorf		10,000	100.00	503
644	ThyssenKrupp AT.PRO tec GmbH, Essen		42	61.19	654
645	ThyssenKrupp Bauservice GmbH, Hückelhoven		2,557	100.00	655 94.90%
646	ThyssenKrupp Coferal GmbH, Essen		25	100.00	654
647	ThyssenKrupp Energievertriebs GmbH, Essen		5,113	100.00	655
648	ThyssenKrupp GfT Bautechnik GmbH, Essen		500	70.00	655
649	ThyssenKrupp GfT Gleistechnik GmbH, Essen		1,000	100.00	655
650	ThyssenKrupp GfT Tiefbautechnik GmbH, Essen		26	100.00	648
651	ThyssenKrupp Langschiene GmbH, Essen		1,000	100.00	649
652	ThyssenKrupp Mannex GmbH, Düsseldorf		10,000	100.00	503
653	ThyssenKrupp Metallurgie GmbH, Essen		7,107	100.00	655 64.86%
					608 35.14%
654	ThyssenKrupp MinEnergy GmbH, Essen		1,023	100.00	655
655	ThyssenKrupp Special Products GmbH, Essen		10,900	100.00	503
656	B.V. Nedeximpo' Nederlandse Export- en Importmaatschappij, Amsterdam, Netherlands		1,362	100.00	576
657	Thyssen Sudamerica N.V., Willemstad, Netherlands Antilles	USD	5,463	100.00	576
658	ThyssenKrupp Comércio de Combustíveis e Gases Ltda., Rio de Janeiro, Brazil	BRL	10	100.00	654 95.00%
					7 5.00%
659	ThyssenKrupp GfT Polska Sp. z o.o., Krakow, Poland	PLN	14,812	100.00	649
660	ThyssenKrupp Mannex Asia Pte. Ltd., Singapore, Singapore	USD	154	100.00	652
661	ThyssenKrupp Mannex Pty. Ltd., Sydney, Australia	AUD	213	100.00	503
662	ThyssenKrupp Mannex UK Ltd., Woking, Great Britain	GBP	2,175	100.00	729
663	ThyssenKrupp MinEnergy (Tianjin) Co., Ltd., Tianjin, PR China	USD	200 <sup>2)</sup>	100.00	654
664	ThyssenKrupp Steelcom N.Z. Ltd., New Zealand	NZD	0	100.00	648
665	ThyssenKrupp Steelcom Pty. Ltd., North Sydney, Australia	AUD	0	100.00	648
666	ThyssenKrupp-Dopravné Stavby Slovensko s.r.o., Bratislava, Slovakia	SKK	1,000 <sup>2)</sup>	51.00	649
667	UAB ThyssenKrupp Baltija, Klaipeda, Lithuania	LTL	10 <sup>2)</sup>	51.00	648
	<b>Terminated Businesses</b>				
668	Health Care Solutions GmbH, Düsseldorf		4,173	100.00	503
669	ThyssenKrupp Facilities Services GmbH, Düsseldorf		1,816	100.00	503 94.90%
					676 5.10%
670	ThyssenKrupp Information Services GmbH, Düsseldorf		41,600	100.00	689
671	ThyssenKrupp Systems & Services GmbH, Düsseldorf		59,310	100.00	503 94.90%
					676 5.10%
672	Vermögensverwaltungsgesellschaft KWT mbH, Grünwald		1,278	100.00	669
673	Vermögensverwaltungsgesellschaft TIS mbH, Grünwald		513	100.00	670
674	Vermögensverwaltungsgesellschaft Xtend mbH, Grünwald		10,516	100.00	503
675	Xtend new media Holding GmbH, Munich		100	100.00	670
	<b>CORPORATE</b>				
	<b>Corporate Headquarters</b>				
676	ThyssenKrupp AG, Duisburg und Essen		1,317,092	<sup>4)</sup>	
677	Banter See Vermögensverwaltung GmbH, Düsseldorf		486	100.00	693
678	Blohm + Voss Holding GmbH, Hamburg		48,573	100.00	676
679	Bucketwheel Engineering GmbH, Essen		26	100.00	140

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency		Share holdings %	Held by No.
			1,000	or Domestic Currency		
680	CCI Crane Cooperation International Handelsgesellschaft mbH, Ludwigsfelde		1,534	100.00	676	
681	GLH GmbH, Essen	DEM	30,000	100.00	706	
682	Hoesch AG, Düsseldorf		50	100.00	676	
683	Konsortium für Kurssicherung GbR, Düsseldorf		50,503	97.49	1	42.58%
					94	20.93%
					676	16.05%
					138	11.43%
					503	5.76%
					335	0.72%
684	Krupp Entwicklungszentrum GmbH, Essen		1,534	100.00	735	
685	Krupp Industrietechnik GmbH, Essen		51,129	100.00	689	94.90%
					676	5.10%
686	Krupp Informatik GmbH, Düsseldorf		51	100.00	140	
687	MONTAN GmbH Assekuranz-Makler, Düsseldorf		184	53.11	697	
688	Reisebüro Dr. Tigges GmbH, Essen		300	76.00	503	
689	Thyssen Stahl GmbH, Düsseldorf		935,147	100.00	676	82.64%
					735	17.36%
690	ThyssenKrupp Academy GmbH, Düsseldorf		25	100.00	676	
691	ThyssenKrupp AdMin GmbH, Düsseldorf		25	100.00	693	
692	ThyssenKrupp DeliCate GmbH, Düsseldorf		26	100.00	693	
693	ThyssenKrupp Dienstleistungen GmbH, Düsseldorf		15,500	100.00	676	
694	ThyssenKrupp Erste Beteiligungsgesellschaft mbH, Düsseldorf		25	100.00	689	
695	ThyssenKrupp Materials Zweite Beteiligungsgesellschaft mbH, Düsseldorf		25	100.00	676	
696	ThyssenKrupp Reinsurance AG, Essen		3,000	100.00	697	
697	ThyssenKrupp Risk and Insurance Services GmbH, Essen		3,000	100.00	676	
698	ThyssenKrupp Steel Beteiligungen GmbH, Düsseldorf		446,436	100.00	689	94.90%
					676	5.10%
699	ThyssenKrupp TKW Verwaltungs GmbH, Bochum		512	100.00	693	
700	ThyssenKrupp Zweite Beteiligungsgesellschaft mbH, Düsseldorf		25	100.00	689	
701	Vermögensverwaltungsgesellschaft EZM mbH, Grünwald		4,142	100.00	698	
702	Vermögensverwaltungsgesellschaft KSH mbH, Grünwald		5,113	100.00	676	
703	Waggonbau Brüninghaus Verwaltungsgesellschaft mbH, Düsseldorf		5,216	100.00	676	
704	Budcan Holdings Inc., Kitchener/Ontario, Canada	CAD	0	100.00	716	
705	CD Amalgamations Inc., Hamilton/Ontario, Canada	CAD	31	100.00	704	
706	GLH, LLC, Fond du Lac/Wisconsin, USA	USD	108,993	100.00	730	
707	Grupo ThyssenKrupp S.L., Madrid, Spain		16,156	100.00	676	
708	Krupp Automotive Investments of America Inc., Troy/Michigan, USA	USD	1	100.00	716	
709	Thyssen Acquisition Corp., Dover/Delaware, USA	USD	2	100.00	730	
710	Thyssen Stahlunion Holdings Ltd., Smethwick, Great Britain	GBP	16,114	100.00	729	
711	ThyssenKrupp Austria Beteiligungs GmbH, Vienna, Austria		35	100.00	713	
712	ThyssenKrupp Austria GmbH, Vienna, Austria		35	100.00	676	
713	ThyssenKrupp Austria GmbH & Co. KG, Vienna, Austria		35	100.00	676	
714	ThyssenKrupp Automotive Tallent Services Ltd., Durham, Great Britain	GBP	1,167	100.00	72	
715	ThyssenKrupp Budd Canada Inc., Kitchener/Ontario, Canada	CAD	21,875	100.00	704	
716	ThyssenKrupp Budd Company, Troy/Michigan, USA	USD	1	100.00	709	
717	ThyssenKrupp Camford Engineering PLC, Newton Aycliffe, Great Britain	GBP	5,207	100.00	148	
718	ThyssenKrupp Camford Ltd., Newton Aycliffe, Great Britain	GBP	25	100.00	72	
719	ThyssenKrupp Canada, Inc., Alberta, Canada	CAD	1,000	100.00	676	
720	ThyssenKrupp (China) Ltd., Beijing, PR China	USD	200,000	100.00	676	
721	ThyssenKrupp Finance Canada, Inc., Calgary, Canada	CAD	1	100.00	676	
722	ThyssenKrupp Finance Nederland B.V., Krimpen aan den IJssel, Netherlands		2,300	100.00	676	
723	ThyssenKrupp Finance USA, Inc., Wilmington/Delaware, USA	USD	3	100.00	730	

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## FULLY CONSOLIDATED GROUP COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency		Share holdings %	Held by No.
			96,578	100.00		
724	ThyssenKrupp France S.A.S., Rueil-Malmaison, France		96,578	100.00	676	
725	ThyssenKrupp Intermediate U.K. Ltd., County Durham, Great Britain	GBP	28,145	100.00	729	
726	ThyssenKrupp Italia S.p.A., Terni, Italy		200,000	100.00	676	
727	ThyssenKrupp Knowsley Ltd., Merseyside, Great Britain	GBP	25,610	100.00	138	
728	ThyssenKrupp Nederland B.V., Roermond, Netherlands		13,613	100.00	676	
729	ThyssenKrupp UK Plc., County Durham, Great Britain	GBP	76,145	100.00	676	100.00% <sup>3)</sup>
					262	0.00% <sup>3)</sup>
730	ThyssenKrupp USA, Inc., Troy/Michigan, USA	USD	247,989	100.00	676	
731	Transit America Inc., Philadelphia/Pennsylvania, USA	USD	50,000	100.00	709	
<b>Corporate Real Estate</b>						
732	GVZ Ellinghausen Entwicklungs GmbH, Essen		50	82.00	676	
733	Hellweg Liegenschaften GmbH, Bochum		50	94.00	735	
734	Immover Gesellschaft für Grundstücksverwaltung mbH, Essen		4,602	100.00	748	
735	Krupp Hoesch Stahl GmbH, Dortmund		181,510	100.00	676	
736	Liegenschaftsgesellschaft Lintorf mbH, Düsseldorf		25	94.00	689	
737	Stahlhauser Liegenschaften Verwaltungsgesellschaft mbH, Essen		25	94.00	748	88.00%
					676	6.00%
738	Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co.KG Industrie, Essen		692	100.00	138	94.90%
					734	5.10%
739	Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co.KG Stahl, Essen		511	100.00	689	94.90%
					734	5.10%
740	ThyssenKrupp ExperSite GmbH, Kassel		26	100.00	669	
741	ThyssenKrupp Grundbesitz Verwaltungs GmbH, Essen		25	100.00	676	
742	ThyssenKrupp Grundstücksgesellschaft Dinslaken mbH, Essen		8,692	100.00	748	94.90%
					676	5.10%
743	ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Krupp Hoesch Stahl, Essen		1,000	100.00	735	
744	ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Stahl, Essen		1,000	100.00	739	
745	ThyssenKrupp Immobilienentwicklungs Concordiahütte GmbH, Oberhausen		25	100.00	138	94.80%
					676	5.20%
746	ThyssenKrupp Immobilienentwicklungs Krefeld GmbH, Oberhausen		25	100.00	689	
747	ThyssenKrupp Liegenschaften Umformtechnik Verwaltungs GmbH, Essen		25	100.00	138	94.80%
					676	5.20%
748	ThyssenKrupp Real Estate GmbH, Essen		15,441	100.00	676	
749	Vermögensverwaltungsgesellschaft S + S mbH, Grünwald		2,557	100.00	748	51.00%
					676	49.00%
750	Kappel Immobilien AG, Kappel, Switzerland	CHF	3,100	100.00	676	
751	Rhenus Immobilien Gesellschaft m.b.H., Vienna, Austria		70	100.00	711	

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## NON CONSOLIDATED COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>STEEL</b>					
<b>Corporate TKS</b>					
752	CTA Termoelétrica do Atlântico Ltda., Rio de Janeiro, Brazil	BRL	10	99.00	7
<b>Steelmaking</b>					
753	DE-VerwaltungsGmbH, Duisburg		25	100.00	1
<b>STAINLESS</b>					
<b>ThyssenKrupp Acciai Speciali Terni</b>					
754	Terni - Società per l'Industria e l'Elettricità s.r.l., Terni, Italy		10	100.00	104
<b>ThyssenKrupp VDM</b>					
755	VDM-Unterstützungskasse GmbH, Werdohl		26	100.00	123
<b>TECHNOLOGIES</b>					
<b>Corporate</b>					
756	AWG Industrieanlagen und Wassertechnik GmbH Berlin, Berlin	DEM	50	100.00	155
757	Thyssen TPS Vermögensverwaltungs GmbH, Essen		26	100.00	138
758	Thyssen Krupp Industries (Thailand) Ltd., Bangkok, Thailand	THB	1,000	100.00	138
759	ThyssenKrupp Automotive France S.A.R.L., Rueil Malmaison, France		8	100.00	724
760	ThyssenKrupp Automotive Italia S.r.l., Turin, Italy		99	100.00	138 99.00%
761	ThyssenKrupp Technologies HELLAS Marketing Services S.A., Athens, Greece		60	100.00	138 99.98%
					216 0.02%
<b>Plant Technology</b>					
762	Polysius Wohnungsbau GmbH, Münster	DEM	200	100.00	153
763	Polysius-Hilfe GmbH, Münster	DEM	50	100.00	153
764	Edeleanu SDN. BHD., Kuala Lumpur, Malaysia	MYR	1,000	100.00	155
765	Krupp Uhde Venezuela, C.A., Caracas, Venezuela	VEB	5,500 <sup>2)</sup>	100.00	155
766	Maerz Ofenbau SRL, Timisoara, Rumania		204	100.00	161
767	RCE Industrieofenbau GmbH, Radentheim, Austria		35	100.00	161
768	Uhde do Brasil Ltda., São Paulo, Brazil	BRL	798	100.00	155 100.00% <sup>3)</sup>
					150 0.00% <sup>3)</sup>
769	Uhde Edeleanu s.r.o., Brno, Czech Republic	CZK	1,000 <sup>2)</sup>	100.00	155
770	Uhde Engineering Consulting (Shanghai) Co., Ltd., Shanghai, PR China		364 <sup>2)</sup>	100.00	720
771	Uhde Inventa-Fischer Chemical Fiber Equipment (Shanghai) Ltd., Shanghai, PR China	USD	200	100.00	720
<b>Marine Systems</b>					
772	Blohm + Voss international GmbH, Hamburg		26	100.00	207
773	Blohm + Voss (Korea) Ltd., Pusan, Korea, Republic	KRW	75,000	75.00	204
774	Maritime Development Enterprise Sdn. Bhd., Kuala Lumpur, Malaysia	MYR	100	100.00	207
775	Maritime Services Consultant Enterprise Sdn.Bhd., Petaling Jaya, Malaysia	MYR	300	100.00	207
776	ThyssenKrupp Marine Systems Australia Pty Ltd, Canberra, Australia	AUD	101	100.00	207
777	United Stirling, Malmö, Sweden	SEK	100	100.00	225
<b>Mechanical Components</b>					
778	Berco Undercarriages (India) Private Ltd., Andhra Pradesh, India	INR	500	100.00	239 99.00%
					229 1.00%
779	Definox (Beijing) Stainless Steel Equipment Ltd., Beijing, PR China	CNY	1,341 <sup>2)</sup>	100.00	246
780	Roballo France S.A.R.L., Rueil-Malmaison, France		180	100.00	724
<b>Automotive Solutions</b>					
781	IGM Internationale Gesellschaft für Montageelemente mbH, Bremen		26	100.00	289
782	ThyssenKrupp Drauz Nothelfer S.L., Barcelona, Spain		200	100.00	707
783	ThyssenKrupp Krause S.r.l., Turin, Italy		120	100.00	726 98.00%
					289 2.00%

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## NON CONSOLIDATED COMPANIES (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>ELEVATOR</b>					
<b>Southern Europe/Africa/Middle East (SEAME)</b>					
784	Aliança Ibérica Reparadora de Ascensores, Lda., Amadora, Portugal		170 <sup>2)</sup>	100.00	414
785	Ascensores Falcao S.A., Massamá, Portugal		50 <sup>2)</sup>	100.00	414
786	ASREM-Transport Vertical S.A., PORTO, Portugal		0 <sup>2)</sup>	100.00	414
787	EDAFA Elevadores Lda., QUARTEIRA, Portugal		5 <sup>2)</sup>	100.00	414
788	ThyssenKrupp Elevator (Management) Ltd., Rishon Le'zion, Israel	ILS	<sup>2)</sup>	100.00	336 50.00%
					423 50.00%
789	ThyssenKrupp Elevatori d.o.o., Belgrade, Serbia-Montenegro	YUN	8,532 <sup>2)</sup>	100.00	375
<b>Asia/Pacific (AP)</b>					
790	TK Lift & Eskalator Sdn. Bhd., Shah Alam, Malaysia	MYR	500	100.00	468
<b>SERVICES</b>					
<b>Corporate</b>					
791	ThyssenKrupp HiServ s.r.o., Kosice, Slovakia	SKK	200 <sup>2)</sup>	100.00	503
<b>Materials Services International</b>					
792	ThyssenKrupp Maßblech GmbH, Duisburg		104	100.00	529 50.25%
					24 49.75%
793	FE-STAV, spol s.r.o i.L., Bratislava, Slovakia	SKK	2,000	100.00	563
794	Metalfast Ltd., Highworth Swindon, Great Britain	GBP	12 <sup>2)</sup>	100.00	581
795	OST-PLUS s.r.o., Teplice, Czech Republic	CZK	1,000 <sup>2)</sup>	90.00	511
796	TOB ThyssenKrupp Materials Ukraine, Kiev, Ukraine	UAH	37 <sup>2)</sup>	100.00	562
797	Vetchberry Ltd., Birmingham, Great Britain	GBP	3,500	100.00	581
<b>Industrial Services</b>					
798	DvB Aufbereitungs-GmbH zur Behandlung von Metallprodukten, Duisburg		102 <sup>2)</sup>	100.00	610
799	ThyssenKrupp Xervon Dubai (L.L.C.), Dubai, United Arab Emirates	AED	300 <sup>2)</sup>	100.00	633
<b>Special Products</b>					
800	Thyssen Project Service Ltd., Smethwick, Great Britain	GBP	1	100.00	729
801	ThyssenKrupp Mannex Sverige AB, Göteborg, Sweden	SEK	2,000	100.00	652
<b>CORPORATE</b>					
<b>Corporate Headquarters</b>					
802	Krupp Industries Ltd., Surrey, Great Britain	GBP	100 <sup>2)</sup>	100.00	725

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## EQUITY-STATED COMPANIES (\*=Joint Venture) (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>STEEL</b>					
<b>Corporate TKS</b>					
803	Walzen-Service-Center GmbH, Oberhausen*		1,023	50.00	1
804	Acciai di Qualità, Centro Lavorazione Lamiere S.p.A., Geonova, Italy		1,731 <sup>2)</sup>	24.90	726
<b>Steelmaking</b>					
805	Hüttenwerke Krupp Mannesmann GmbH, Duisburg*		103,000 <sup>2)</sup>	50.00	1
806	RKE N.V., Antwerpen, Belgium		645 <sup>2)</sup>	38.54	1
807	Transport- en Handelmaatschappij 'Steenkolen Utrecht' B.V., Rotterdam, Netherlands*		8,204 <sup>2)</sup>	50.00	19
<b>Industry</b>					
808	SUNSCAPE ISOCAB NEW BUILDING MATERIALS LIMITED, Rizhao City, PR China	USD	11,960 <sup>2)</sup>	27.50	28
809	Thyssen Ros Casares S.A., Valencia, Spain*		5,000	50.00	24
<b>Auto</b>					
810	ANSC-TKS Galvanizing Co., Ltd., Dalian, Liaoning Province, PR China*	CNY	972,353 <sup>2)</sup>	50.00	1
811	TKAS (Changchun) Steel Service Center Ltd., Changchun, PR China*	USD	12,000 <sup>2)</sup>	50.00	720
<b>Processing</b>					
812	Kreislaufsystem Blechverpackungen Stahl GmbH (KBS), Düsseldorf		385 <sup>2)</sup>	40.00	88
<b>STAINLESS</b>					
<b>ThyssenKrupp Acciai Speciali Terni</b>					
813	Euroacciai S.r.l., Sarezzo (BS), Italy		1,500 <sup>2)</sup>	30.23	104
814	Ilserv S.r.l., Terni, Italy		1,924 <sup>2)</sup>	35.00	104
815	Terni Frantumati S.p.A., Terni, Italy		930 <sup>2)</sup>	21.00	104
<b>ThyssenKrupp Mexinox</b>					
816	Fischer Mexicana S.A. de C.V., Puebla, Mexico*	MXN	108,544 <sup>2)</sup>	50.00	110
<b>TECHNOLOGIES</b>					
<b>Plant Technology</b>					
817	Uhdenora S.p.A., Milan, Italy*		3,600 <sup>2)</sup>	50.00	155
<b>Marine Systems</b>					
818	Atlas Elektronik GmbH, Bremen*		31,240 <sup>2)</sup>	51.00	138
819	Cryotrans Schiffahrts GmbH & Co. KG MS "Gaschen Moon", Emden		0	1.23	208
820	Cryotrans Schiffahrts GmbH & Co. KG MS "Gaschen Star", Emden		0	8.32	208
821	DOLORES Schiffahrtsgesellschaft mbH & Co. KG, Emden		15,625	8.32	212
822	MARLOG Marine Logistik GmbH & Co. KG, Kiel*		1,500 <sup>2)</sup>	50.00	210
823	MarineForce International LLP, London, Great Britain*	GBP	693 <sup>2)</sup>	50.00	210
<b>Mechanical Components</b>					
824	Huizhou Sumikin Forging Company Ltd., Huizhou, PR China*	USD	29,680 <sup>2)</sup>	34.00	720
<b>Automotive Solutions</b>					
825	BMB Steering Innovation GmbH, Schönebeck*		511	50.00	292
<b>Transrapid</b>					
826	Transrapid International GmbH & Co. KG, Berlin*		4,602	50.00	334
<b>ELEVATOR</b>					
<b>Americas (AMS)</b>					
827	Ascenseurs Nova Inc., Montreal St. Leonard, Canada	CAD	5	40.00	453
828	Braun ThyssenKrupp Elevator LLC, Madison (Wisconsin), USA*	USD	1,000 <sup>2)</sup>	50.00	450
<b>SERVICES</b>					
<b>Materials Services International</b>					
829	Aceros de America Inc., San Juan, Puerto Rico*	USD	1,000	50.00	518
830	Dufer S.A., São Paulo, Brazil	BRL	40,000 <sup>2)</sup>	49.00	503
831	Ferona Thyssen Plastics, s.r.o., Olomouc, Czech Republic*	CZK	16,000 <sup>2)</sup>	50.00	503
832	Leong Jin Corporation Pte. Ltd., Singapor, Singapor	SGD	20,000 <sup>2)</sup>	30.00	503

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

**EQUITY-STATEDED COMPANIES (\*=Joint Venture) (as of September 30, 2008)**

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
833	Polarputki Oy, Helsinki, Finland*		1,009 <sup>2)</sup>	50.00	503
834	Resopal S.A., Madrid, Spain		750 <sup>2)</sup>	20.00	584
<b>Industrial Services</b>					
835	LTS Nordwest GmbH, Oldenburg*		500 <sup>2)</sup>	50.00	609
<b>Special Products</b>					
836	Brouwer Shipping & Chartering GmbH, Hamburg		100 <sup>2)</sup>	30.00	654
837	TGHM GmbH & Co. KG, Dortmund*		511 <sup>2)</sup>	50.00	676
838	BCCW (Tangshan) Jiahua Coking & Chemical Co., Ltd., Tangshan, Hebei Province, PR China	CNY	1,130,000 <sup>2)</sup>	25.00	654
839	MRT Track & Services Co., Inc., New Jersey, USA*	USD	375	50.00	649
<b>CORPORATE</b>					
<b>Corporate Real Estate</b>					
840	COMUNITHY Immobilien GmbH, Düsseldorf		100 <sup>2)</sup>	49.00	748

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## OTHER ASSOCIATED AFFILIATES (\*=Joint Venture) (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>STEEL</b>					
<b>Auto</b>					
841	JEVISE Corporation, Tokyo, Japan*	JPY	10.000 <sup>2)</sup>	50.00	1
<b>STAINLESS</b>					
<b>ThyssenKrupp VDM</b>					
842	MOL Katalysatortechnik GmbH, Merseburg		77 <sup>2)</sup>	20.12	123
<b>TECHNOLOGIES</b>					
<b>Plant Technology</b>					
843	PAN Grundstücksverwaltung GmbH, Mainz		26 <sup>2)</sup>	26.00	762
844	Shedden (Malaysia) Sdn. Bhd., Petaling Jaya, Malaysia	MYR	2.284	40.00	199
<b>Marine Systems</b>					
845	Marlog Verwaltungsgesellschaft mbH, Kiel		25 <sup>2)</sup>	50.00	210
846	MARTIME - Gesellschaft für maritime Dienstleistungen mbH, Elsfleth/Unterweser		520 <sup>2)</sup>	35.00	212
847	MS "MARITIM FRANKFURT" Schiffahrtskontor "MARITIM" GmbH & Co. KG, Kiel		1.218 <sup>2)</sup>	42.09	210
848	MS "MARITIM KIEL" Schiffahrtskontor "MARITIM" GmbH & Co. KG, Kiel		1.335 <sup>2)</sup>	33.33	210
849	MTG Marinetechnik GmbH, Hamburg		3.068 <sup>2)</sup>	49.00	207
				20.00%	210
				19.00%	818
				10.00%	
850	Australian Marine Technologies Pty. Ltd., Williamstown, Victoria, Australia	AUD	400 <sup>2)</sup>	50.00	776
851	Bollfilter Japan Ltd., Kobe, Japan	JPY	10.000	25.00	204
852	LISNAVE-ESTALEIROS NAVAIS S.A., Lisbon, Portugal		5.000 <sup>2)</sup>	20.00	216
853	Simplex Turbolo Company Ltd., Wherwell, Great Britain	GBP	6	25.10	204
<b>Automotive Solutions</b>					
854	ABC Sistemas e Módulos Ltda., São Paulo, Brasilien	BRL	600 <sup>2)</sup>	33.33	302
<b>Transrapid</b>					
855	Transrapid International Verwaltungsgesellschaft mbH, Berlin		80	50.00	334
<b>SERVICES</b>					
<b>Materials Services International</b>					
856	BITROS - Thyssen Special Steels S.A., Aspropyrgos, Greece		1.000 <sup>2)</sup>	40.00	503
857	Sidecontrol S.L., Candia, Spain		36 <sup>2)</sup>	50.00	534
<b>Materials Services NA</b>					
858	Metal Partners, LLC, Rochester/NY, USA	USD	0 <sup>2)</sup>	49.00	596
<b>Industrial Services</b>					
859	NORA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gelsenkirchen KG, Düsseldorf		10 <sup>2)</sup>	95.00	614
860	SIB Schell Industrieanlagen-Bau GmbH, Duisburg		102	50.00	607
<b>Special Products</b>					
861	Solid Slab Track GmbH, Görschen		100	49.00	649
862	TGHM Verwaltungsgesellschaft mbH, Dortmund		26 <sup>2)</sup>	50.00	676
863	Indo German International Private Ltd., New Delhi, India	INR	38.975 <sup>2)</sup>	46.16	652
<b>CORPORATE</b>					
<b>Corporate Headquarters</b>					
864	Grundstücksgesellschaft Schlossplatz 1 mbH & Co.KG, Berlin		10.000 <sup>2)</sup>	20.00	676
<b>Corporate Real Estate</b>					
865	Gewerkschaft Hermann V GmbH, Essen		26	33.33	735
866	Wohnpark Duisburg Biegerhof GmbH, Düsseldorf		50	50.00	734
867	Wuppermann Bildungswerk Leverkusen GmbH, Leverkusen		57 <sup>2)</sup>	45.45	735

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

## OTHER SHAREHOLDINGS (as of September 30, 2008)

No.	Name and domicile of company	Foreign Currency	Capital stock in €1,000 or Domestic Currency	Share holdings %	Held by No.
<b>CORPORATE</b>					
<b>Corporate Real Estate</b>					
868	VBW Bauen und Wohnen GmbH, Bochum		6,574	13.06	735
	Eigenkapital		64,212		
	Jahresergebnis		5,468		

<sup>1)</sup> in accordance with IFRS regulations <sup>2)</sup> fiscal year not 09/30 <sup>3)</sup> splinter investment as of fourth digit behind decimal point <sup>4)</sup> parent company

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, November 17, 2008

ThyssenKrupp AG  
The Executive Board

Schulz

Middelmann

Berlien

Eichler

Fechter

Köhler

Labonte

Mörsdorf

# Auditors' Report

We have audited the consolidated financial statements prepared by the ThyssenKrupp AG comprising the balance sheet, the income statement, statement of recognised income and expense, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from October 1, 2007 to September 30, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW) and in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in

consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, November 17, 2008

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
(formerly  
KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft)

Prof. Dr. Nonnenmacher  
Wirtschaftsprüfer  
(German public auditor)

Gewehr  
Wirtschaftsprüfer  
(German public auditor)

# 04

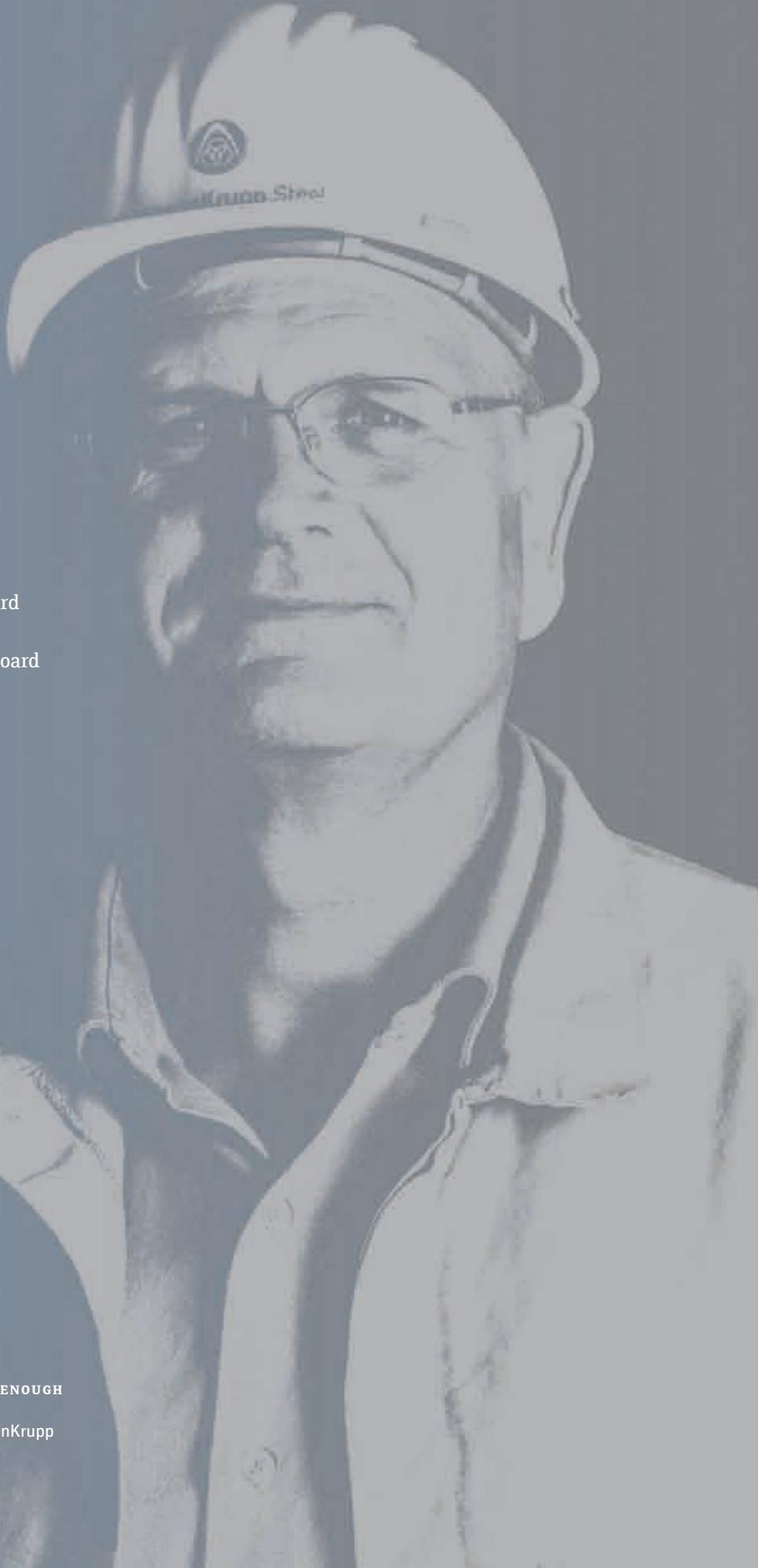
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- 251 --- Multi-year overview
- 253 --- Other directorships held by Executive Board members
- 254 --- Other directorships held by Supervisory Board members
- 256 --- Index
- 258 --- Glossary
- 259 --- List of abbreviations
- 260 --- Contact and 2009/2010 dates

**ONE OF US. FULL OF IDEAS. ONE OF THEM HELPS SAVE ENOUGH ENERGY EACH YEAR TO HEAT 1,500 HOMES.**

Rainer Evers, instrumentation and control foreman, ThyssenKrupp in Duisburg

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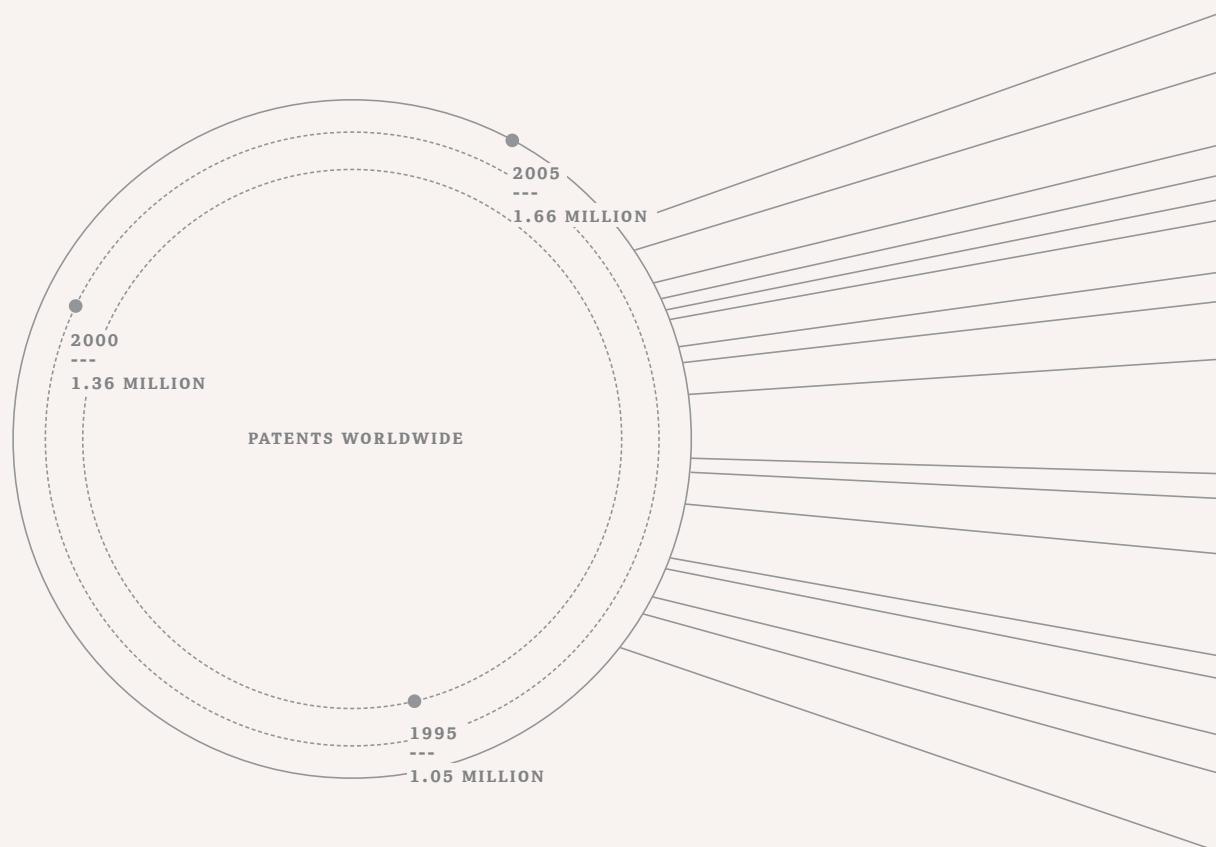


## Potential for innovation.

### Made usable.

Without innovation there is no progress. Without ideas there are no solutions. In the future we will need even more innovators, so we need to increase the pool of people with the necessary potential. Worldwide.

---



INTERNATIONAL PATENT APPLICATIONS. ABSOLUTE FIGURES  
FROM 1995, 2000 AND 2005. TOP 5 FOR PATENT APPLICATIONS  
BY COUNTRY 2005.

Whereas in the past the majority of inventions came from the traditional industrialized nations, today innovations are developed on a much wider basis.

Source: WIPO Statistics Database, July 2008

TOP 5 2005

**342,885**

JAPAN

**177,555**

USA

**84,515**

CHINA

**48,878**  
GERMANY

**84,487**  
KOREA

# 04

## Additional information

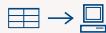
On the following pages we have compiled a selection of additional information. These facts and figures will help round out your picture of the ThyssenKrupp Group. We also offer several aids aimed at helping you find specific subjects of interest more easily and quickly. Should you have any further questions, our press and investor relations teams will be pleased to help. Or visit us on the internet – at [www.thyssenkrupp.com](http://www.thyssenkrupp.com).



## THYSSENKRUPP GROUP

							Year ended Sept. 30, 2008	Year ended Sept. 30, 2007
		Year ended Sept. 30, 2003 <sup>1)</sup>	Year ended Sept. 30, 2004 <sup>1)</sup>	Year ended Sept. 30, 2005	Year ended Sept. 30, 2006	Year ended Sept. 30, 2007	Change	Change %
<b>Earnings situation (based on continuing operations)</b>								
Net sales	million €	33,487	37,303	42,927	47,125	51,723	53,426	1,703 3
Gross margin	million €	5,962	6,648	7,232	7,983	9,432	9,276	(156) (2)
EBITDA	million €	2,350	3,036	3,809	4,700	5,254	4,976	(278) (5)
EBIT	million €	963	1,683	2,250	3,044	3,728	3,572	(156) (4)
Income from continuing operations before taxes (EBT)	million €	800	1,477	1,677	2,623	3,330	3,128	(202) (6)
Net income	million €	552	904	1,079	1,704	2,190	2,276	86 4
Earnings per share (income from continuing operations)	€	1.18	1.67	0.85	3.24	4.30	4.59	0.29 7
Earnings per share	€	1.09	1.81	2.08	3.24	4.30	4.59	0.29 7
Gross margin	%	17.8	17.8	16.8	16.9	18.2	17.4	(0.8) —
EBITDA margin	%	7.0	8.1	8.9	10.0	10.2	9.3	(0.9) —
EBIT margin	%	2.9	4.5	5.2	6.5	7.2	6.7	(0.5) —
EBT margin	%	2.4	4.0	3.9	5.6	6.4	5.9	(0.5) —
Return on equity (before taxes)	%	10.4	17.7	21.1	29.4	31.9	27.2	(4.7) —
Personnel expense per employee	€	49,534	50,116	48,349	49,879	48,775	48,609	(166) 0
Sales per employee	€	194,005	215,553	235,955	252,609	275,146	272,824	(2,322) (1)
<b>Assets situation</b>								
Non-current assets	million €	16,834	16,331	15,230	15,054	15,385	18,308	2,923 19
Current assets	million €	13,367	14,810	20,792	21,408	22,689	23,334	645 3
Total assets	million €	30,201	31,141	36,022	36,462	38,074	41,642	3,568 9
Total equity	million €	7,671	8,327	7,944	8,927	10,447	11,489	1,042 10
Liabilities	million €	22,530	22,814	28,078	27,535	27,627	30,153	2,526 9
Accrued pension and similar obligations	million €	7,401	7,221	8,994	8,111	7,139	6,550	(589) (8)
Gross financial debt non-current	million €	—	3,618	3,224	2,946	2,813	3,068	255 9
Gross financial debt current	million €	—	652	1,776	858	825	1,348	523 63
Gross financial debt non-current/current	million €	4,948	4,270	5,000	3,804	3,638	4,416	778 21
Trade accounts payable	million €	3,075	3,678	4,048	4,729	4,960	5,731	771 16
Stockholders' equity ratio	%	25.4	26.7	22.1	24.5	27.4	27.6	0.2 —
Gearing	%	55.2	34.0	2.2	(8.4)	(2.1)	13.8	15.9 —
Inventory turnover	days	62.7	61.2	64.8	62.2	61.7	64.0	2.3 4
Average collection period	days	57.6	56.3	58.3	56.5	52.7	53.1	0.4 1

<sup>1)</sup> The key figures relating to earnings situation, assets situation, value management, cash flows/investments up to and including fiscal year 2003/2004 are based on US GAAP.



## THYSSENKRUPP GROUP

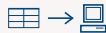
		Year ended Sept. 30, 2003 <sup>1)</sup>	Year ended Sept. 30, 2004 <sup>1)</sup>	Year ended Sept. 30, 2005	Year ended Sept. 30, 2006	Year ended Sept. 30, 2007	Year ended Sept. 30, 2008	Change	Year ended Sept. 30, 2008 Year ended Sept. 30, 2007
<b>Value management</b>									
Capital employed (average)	million €	19,530	18,870	18,388	17,056	18,000	19,478	1,478	8
ROCE	%	7.2	12.0	14.4	17.9	20.7	18.3	(2.4)	—
Weighted average cost of capital (WACC)	%	9.0	9.0	9.0	9.0	9.0	8.5	(0.5)	—
TKVA	million €	(352)	572	997	1,510	2,108	1,916	(192)	(9)
<b>Cash flows/investments</b>									
Operating cash flows	million €	2,027	2,559	2,351	3,467	2,220	3,679	1,459	66
Cash flows from disposals	million €	420	733	2,480	344	673	329	(344)	(51)
Cash flows from investments	million €	(1,589)	(1,712)	(1,559)	(2,040)	(2,997)	(4,227)	(1,230)	41
Free cash flow	million €	888	1,580	3,272	1,771	(104)	(219)	(115)	111
Cash flows from financing activities	million €	(1,064)	(865)	(3)	(2,012)	(670)	(705)	(35)	5
Investments <sup>2)</sup>	million €	1,604	1,734	1,903	2,077	3,001	4,282	1,281	43
Cash and cash equivalents	million €	713	1,437	4,823	4,551	3,861	2,832	(1,029)	(27)
Net financial debt/(receivables)	million €	4,235	2,833	177	(747)	(223)	1,584	1,807	—
Internal financing capability		1.7	2.6	(2.6)	2.0	1.0	0.9	(0.1)	(10)
Debt to cash flow ratio		2.1	1.1	0.1	—	—	0.4	—	—
<b>ThyssenKrupp AG</b>									
Net income	million €	406	301	920	1,118	309	1,175	866	280
Dividend pay out	million €	249	299	412 <sup>3)</sup>	489	635	603 <sup>4)</sup>	(32)	(5)
Dividend per share	€	0.50	0.60	0.80 <sup>3)</sup>	1.00	1.30	1.30 <sup>4)</sup>	0.0	0

<sup>1)</sup> The key figures relating to earnings situation, assets situation, value management, cash flows/investments up to and including fiscal year 2003/2004 are based on US GAAP.

<sup>2)</sup> Cash flows from investment before cash and cash equivalents from acquisition of consolidated companies.

<sup>3)</sup> incl. €0.10 special dividend

<sup>4)</sup> proposal to the Annual General Meeting



# Other directorships held by Executive Board members

## Dr.-Ing. Ekkehard D. Schulz

Chairman

---

- AXA Konzern AG \*
- Bayer AG \*
- MAN AG (Vice Chair) \*
- RWE AG \*
- Within the Group:
  - ThyssenKrupp Services AG (Chair)
  - ThyssenKrupp Steel AG (Chair)
  - ThyssenKrupp Technologies AG (Chair)

## Dr. Ulrich Middelmann

Vice Chairman

---

- Commerzbank AG \*
- E.ON Ruhrgas AG
- LANXESS AG \*
- LANXESS Deutschland GmbH
- Hoberg & Driesch GmbH (Chair)
- Within the Group:
  - ThyssenKrupp Elevator AG (Chair)
  - ThyssenKrupp Reinsurance AG (Chair)
  - ThyssenKrupp Stainless AG (Chair)
  - ThyssenKrupp Steel AG
  - ThyssenKrupp Acciai Speciali Terni S.p.A./Italy
  - ThyssenKrupp (China) Ltd./PR China
  - ThyssenKrupp Risk and Insurance Services GmbH (Chair)

## Dr. Olaf Berlien

---

- Dresdner Bank AG
- Within the Group:
  - ThyssenKrupp Marine Systems AG (Chair)
  - ThyssenKrupp Services AG
  - Berco S.p.A./Italy (President)
  - ThyssenKrupp (China) Ltd./PR China (Chairman)

## Edwin Eichler

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- Heidelberger Druckmaschinen AG \*
- Within the Group:
  - ThyssenKrupp Industries and Services Qatar LLC/Qatar

## Jürgen H. Fechter

---

- Within the Group:
  - ThyssenKrupp Nirosta GmbH (Chair)
  - ThyssenKrupp Technologies AG
  - ThyssenKrupp vdm GmbH (Chair)
  - Grupo ThyssenKrupp s.l./Spain
  - Shanghai Krupp Stainless Co., Ltd./PR China (Vice Chairman)
  - ThyssenKrupp Acciai Speciali Terni S.p.A./Italy (President)
  - ThyssenKrupp Mexinox s.a. de c.v./Mexico (Chairman)
  - ThyssenKrupp Stainless USA, LLC/USA

## Dr.-Ing. Karl-Ulrich Köhler

---

- Hüttenwerke Krupp Mannesmann GmbH (Chair)
- ANSC-TKS Galvanizing Co., Ltd./PR China (Chairman)
- Within the Group:
  - Eisen- und Hüttenwerke AG (Chair)
  - Hoesch Hohenlimburg GmbH (Chair)
  - Rasselstein GmbH (Chair)
  - ThyssenKrupp Stainless AG
  - ThyssenKrupp Umformtechnik GmbH
  - ThyssenKrupp csa Companhia Siderúrgica do Atlântico Ltda./Brazil

## Ralph Labonte

---

- PEAG Personalentwicklungs- und Arbeitsmarktagentur GmbH (Chair)
- Within the Group:
  - Polysius AG (Vice Chair)
  - Rothe Erde GmbH
  - ThyssenKrupp Bilstein Suspension GmbH
  - ThyssenKrupp Drauz Nothelfer GmbH
  - ThyssenKrupp Marine Systems AG
  - ThyssenKrupp Steel AG
  - Berco S.p.A./Italy
  - ThyssenKrupp System Engineering GmbH

## Dr.-Ing. Wolfram Mörsdorf

---

- GETRAG Getriebe- und Zahnrädfabrik Hermann Hagenmeyer GmbH & Cie. KG
- INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH
- SONA BLW Präzisionsschmiede GmbH
- Within the Group:
  - Rothe Erde GmbH
  - ThyssenKrupp Services AG
  - ThyssenKrupp Presta AG/Liechtenstein
  - ThyssenKrupp Waupaca, Inc./USA (Chairman)

\* Membership of statutory supervisory boards within the meaning of Art. 125 of the German Stock Corporation Act (AktG) (as of September 30, 2008)

\* Exchange-listed company

• Membership of comparable German and non-German control bodies of business enterprises within the meaning of Art. 125 of the German Stock Corporation Act (AktG) (as of September 30, 2008)

# Other directorships held by Supervisory Board members

## 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

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- Allianz SE
- Axel Springer AG
- Siemens AG (Chair)
- Compagnie de Saint-Gobain/France

## Bertin Eichler, Frankfurt/Main

Vice Chairman

Member of the Executive Committee of the German Metalworkers' Union (IG Metall)

---

- BGAG Beteiligungsgesellschaft der Gewerkschaften GmbH (Chair)
- BMW AG

## Markus Bistram, Dinslaken

Trade union secretary at the Düsseldorf branch office of IG Metall

---

Within the Group:

- ThyssenKrupp Nirosta GmbH
- ThyssenKrupp Stainless AG
- ThyssenKrupp Technologies AG

## Theo Frielinghaus, Ahlen

Engineering technician

Chairman of the Works Council of Polysius AG

---

Within the Group:

- Polysius AG
- ThyssenKrupp Technologies AG

## Heinrich Hentschel, Emden

Technical clerk/Hydrostatics

Member of the Works Council of TKMS Blohm+Voss Nordseewerke GmbH

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## Prof. Jürgen Hubbert, Sindelfingen

Former Member of the Executive Board of DaimlerChrysler AG

---

- HWA AG (Chair)
- Häussler Group (Advisory Board Chair)
- TÜV Süddeutschland Holding AG  
(Member of Stockholder Committee)

## Klaus Ix, Siek

Fitter

Chairman of the Works Council of ThyssenKrupp Fahrstufen GmbH

---

Within the Group:

- ThyssenKrupp Elevator AG
- ThyssenKrupp Fahrstufen GmbH  
(Vice Chair)

· Membership of statutory supervisory boards within the meaning of Art. 125 of the German Stock Corporation Act (AktG) (as of September 30, 2008)

· Membership of comparable German and non-German control bodies of business enterprises within the meaning of Art. 125 of the German Stock Corporation Act (AktG) (as of September 30, 2008)

**Hüseyin Kavvesoglu, Maxdorf**

Foreman  
Chairman of the Works Council Union  
ThyssenKrupp Services

---

Within the Group:

- ThyssenKrupp Industrieservice GmbH
- ThyssenKrupp Services AG

**Dr. Martin Kohlhaussen, Bad Homburg**

Former Chairman of the Supervisory Board  
of Commerzbank AG

---

- Hochtief AG (Chair)

**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

---

- Deutsche Telekom AG (Chair)
- E.ON AG
- Henkel Management AG
- HSBC Trinkaus & Burkhardt AG
- Dr. Ing. h.c. F. Porsche AG
- Porsche Automobil Holding SE
- Dr. August Oetker KG  
(Member of the Advisory Board)
- Henkel AG & Co. KGaA  
(Member of the Stockholder Committee)
- Novartis AG/Switzerland  
(Member of the Board of Directors)

**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

---

- Rölf's WP Partner AG Wirtschaftsprüfungsgesellschaft

**Dr. Heinrich v. Pierer, Erlangen**

(until November 15, 2008)  
Former Chairman of the Supervisory Board  
of Siemens AG

---

- Hochtief AG
- Münchener Rückversicherungs-Gesellschaft AG
- Koç Holding A.S./Turkey

**Dr. Kersten v. Schenck, Bad Homburg**

Attorney and notary public

---

- Praktiker Bau- und Heimwerkermärkte AG  
(Chair)
- Praktiker Bau- und Heimwerkermärkte Holding AG (Chair)

**Peter Scherrer, Brussels**

General Secretary of the European  
Metalworkers' Federation

---

- Vodafone Holding GmbH

**Thomas Schlenz, Duisburg**

Shift Foreman  
Chairman of the Group Works Council  
of ThyssenKrupp AG

---

- PEAG Personalentwicklungs- und  
Arbeitsmarktagentur GmbH
- Within the Group:
- ThyssenKrupp Services AG

**Dr. Henning Schulte-Noelle, Munich**

Chairman of the Supervisory Board  
of Allianz SE

---

- Allianz SE (Chair)
- E.ON AG

**Wilhelm Segerath, Duisburg**

Automotive Bodymaker  
Chairman of the General Works Council  
of ThyssenKrupp Steel AG and  
Chairman of the Works Council Union  
ThyssenKrupp Steel

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**Christian Streiff, Paris**

President of PSA Peugeot Citroën S.A.

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- Continental AG
- Ecole Nationale Supérieure des Mines  
de Paris/France

**Prof. Dr. Gang Wan, Shanghai**

resigned from the Supervisory Board at  
the close of the Annual General Meeting  
on January 18, 2008. At this date he held  
no other directorships.

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# Glossary

## A

### AOD converter

Converter in which argon and oxygen are blown in to reduce the carbon content of the steel (AOD = Argon Oxygen Decarburization)

### Average collection period

Trade accounts receivable divided by sales, multiplied by 360 (the lower the ratio, the faster customers pay)

## B

### Best owner

New owner of a (part) company offering the best opportunity to develop the activities

### BRIC states

Brazil, Russia, India and China

## C

### Capital Employed

Interest-bearing invested capital

### Coating

Corrosion protection for carbon steel by the application of a metallic or organic coating

### Compliance

Adherence to laws and company policies

### Corporate governance

Designation in international parlance for company management and company controlling focused on responsible, long-term value creation

### Cost of capital

Strategically defined minimum return required by capital providers

### Cross selling

Selling additional related products or services to an existing customer

## D

### DAX

Deutscher Aktienindex (German Stock Index), compiled by Deutsche Börse. The index reflects the performance of the 30 largest and strongest selling German stocks, including ThyssenKrupp stock

### Declaration of Conformity

Declaration by executive board and supervisory board in accordance with Art. 161 Stock Corporation Act (AktG) on the implementation of the recommendations of the Government Commission on the German Corporate Governance Code

## E

### EBIT

Earnings Before Interest, Taxes

### EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization

### EBT

Earnings Before Taxes

### Emerging markets

Up and coming markets of Asia, Latin America and Eastern Europe

### E-procurement

Purchasing materials using modern electronic media, particularly the internet

### Equity ratio

Ratio of total equity to balance sheet total (the higher the ratio, the lower the indebtedness)

### ERP

Enterprise Resource Planning

## F

### First-stage processing

Initial processing of materials in service centers (e.g. blanking, surface treatment)

### Free cash flow (before dividend)

Operating cash flows less cash flows from investing activities

## G

### Gearing

Ratio of financial liabilities to total equity (the lower the ratio, the higher the share of total equity in the interest-bearing capital employed)

### Gross income

Net sales less cost of sales

## G

### HPO process

Particularly environmentally friendly and cost-efficient process which uses propylene and hydrogen peroxide to produce propylene oxide (HPO = Hydrogen Peroxide Propylene Oxide)

## I

### Internal financing strength

Ratio of operating cash flows to cash flows from investing activities

### International Financial Reporting Standards (IFRS)

The standard international accounting rules are intended to make company data more comparable. Under an EU resolution, accounting and reporting at exchange-listed companies must be done in accordance with these rules.

### Inventory turnover

Inventories divided by sales, multiplied by 360 (the lower the ratio, the faster the inventory turnover)

## M

### Mid Term Incentive Plan (MTI)

Mid-term variable compensation for executive board members and other selected executives through stock rights.

## R

### Rating

Ratings are used to assess the future ability of a company to meet its payment obligations on time and in full. They are based on an analysis of quantitative and qualitative factors, including an evaluation of the company's business and financial risk profile.

### ROCE

Return on Capital Employed

## S

### Slab

Compact block of crude steel as starting product for sheet or strip

### Supply chain management

Integrated planning, control and monitoring of all logistics activities in a supply chain

## T

### Tailored blank

Metal blank comprising individual steel sheets of different grade, gauge and finish which are welded together and are suitable for deep drawing

### ThyssenKrupp best

Program to improve efficiency in all areas of the company. Best stands for "business excellence in service and technology"

### ThyssenKrupp Value Added (TKVA)

Central indicator for value-based management, comparing earnings before taxes and interest without cost of capital

### Tinplate

Thin steel sheet for the packaging industry electrolytically coated with tin or chromium

## V

### VOD converter

Converter for the production of high-purity stainless steel grades by the vacuum oxygen decarburization process

# List of abbreviations

## A

**AktG**  
German Stock Corporation Act (Aktiengesetz)

## C

**CESR**  
Committee of European Securities Regulators  
**CGU**  
Cash Generating Unit  
**CSR**  
Corporate Social Responsibility

## D

**DAX**  
German stock index  
**DEHSt**  
German emissions trading office  
**DJ STOXX**  
Dow Jones STOXX  
**DRS**  
German Accounting Standard  
**DSR**  
German Accounting Standards Board

## G

**GDP**  
Gross Domestic Product

## E

**EPS**  
Earnings per share

## H

**HGB**  
German Commercial Code

## I

**IAS**  
International Accounting Standard  
**IASB**  
International Accounting Standards Board  
**IFRIC**  
International Financial Interpretations Committee  
**IFRS**  
International Financial Reporting Standards

## IT

Information Technology

## M

**MitbestG**  
German Codetermination Law  
**MPa**  
Megapascal  
**MTI**  
Mid Term Incentive Plan

## P

**PoC**  
Percentage of Completion

## R

**ROCE**  
Return on Capital Employed

## S

**SIC**  
Standing Interpretations Committee  
**SPE**  
Special Purpose Entity

## T

**TKVA**  
ThyssenKrupp Value Added

## U

**US GAAP**  
United States Generally Accepted Accounting Principles

## V

**VorstOG**  
Management Compensation Disclosure Act

## W

**WACC**  
Weighted Average Cost of Capital  
**WpHG**  
German Securities Trading Act

# Contact and 2009/2010 dates

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**2009/2010 dates**

**January 23, 2009**

Annual General Meeting

**January 26, 2009**

Payment of dividend for the 2007/2008 fiscal year

**February 13, 2009**

Interim report

1st quarter 2008/2009 (October to December)

Conference call with analysts and investors

**May 13, 2009**

Interim report

1st half 2008/2009 (October to March)

**May 14, 2009**

Analysts' and investors' conference

**August 14, 2009**

Interim report

9 months 2008/2009 (October to June)

Conference call with analysts and investors

**November 27, 2009**

Annual press conference

Analysts' and investors' conference

**January 21, 2010**

Annual General Meeting

**Forward-looking statements**

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond ThyssenKrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. ThyssenKrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

**Variances for technical reasons**

For technical reasons (e.g. conversion of electronic formats) there may be variances between the accounting documents contained in this annual report and those submitted to the electronic Federal Gazette (Bundesanzeiger). In this case, the version submitted to the electronic Federal Gazette shall be binding.

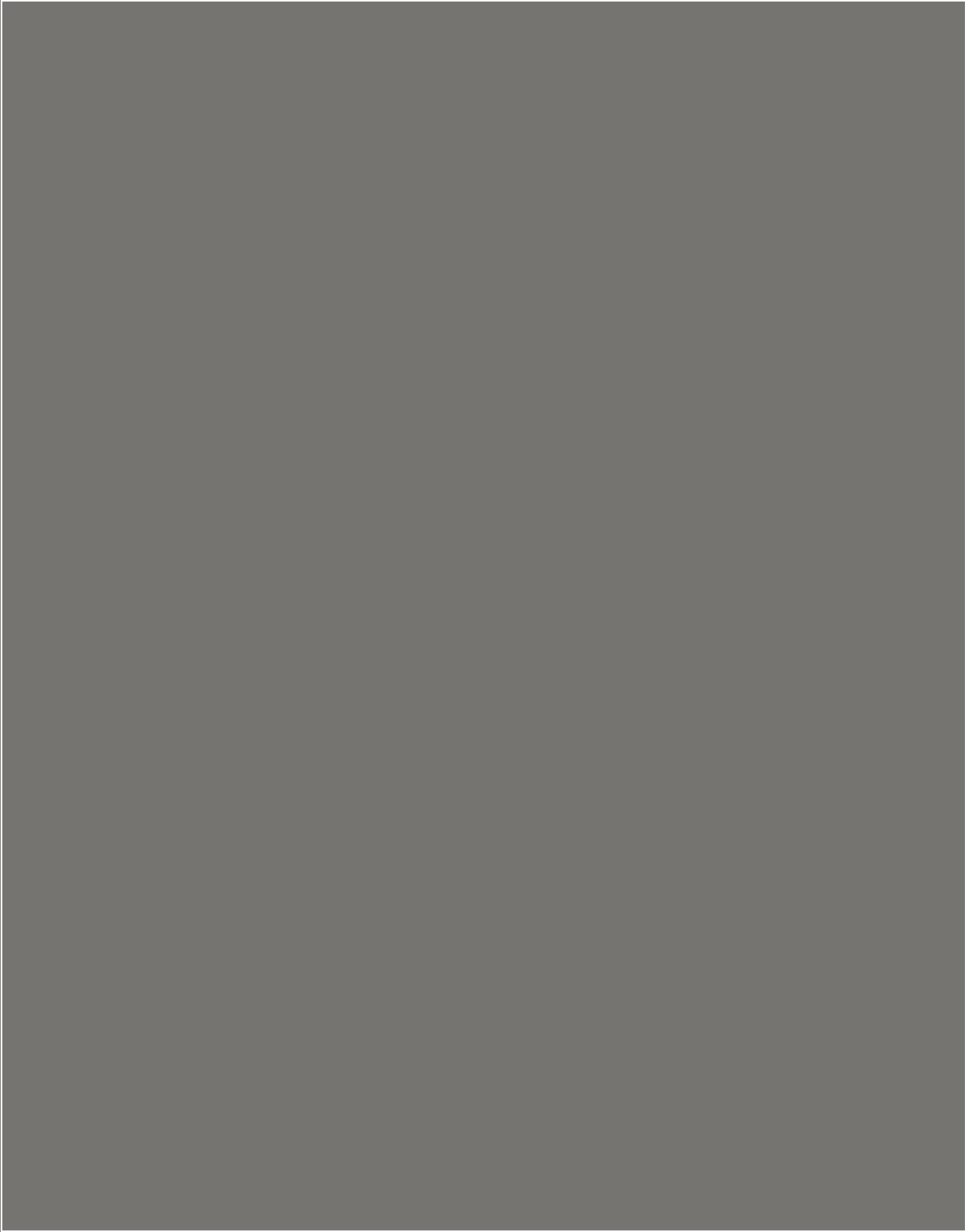
This English version of the interim report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

Both language versions of the annual report can be downloaded from the internet at <http://www.thyssenkrupp.com>. An interactive online version of the annual report for the media is also available on our website.

On request we would be pleased to send you further copies and additional information about the ThyssenKrupp Group free of charge.

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