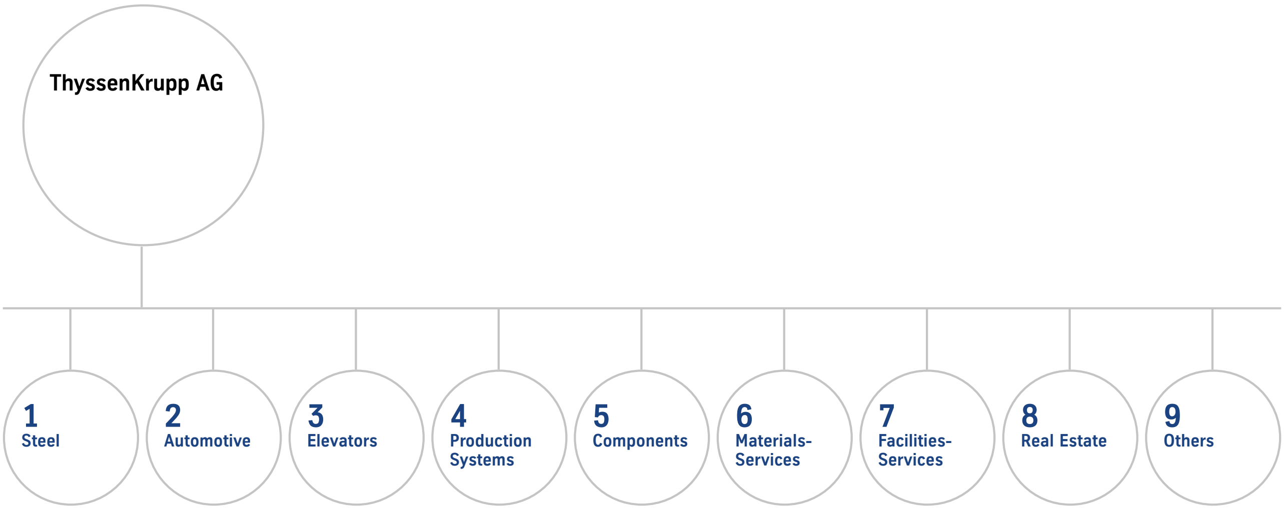
1999/2000 Annual Report

minutes. by ThyssenKrupp

ThyssenKrupp

GROUP STRUCTURE
for reporting 1999/2000



BRIEF PORTRAIT

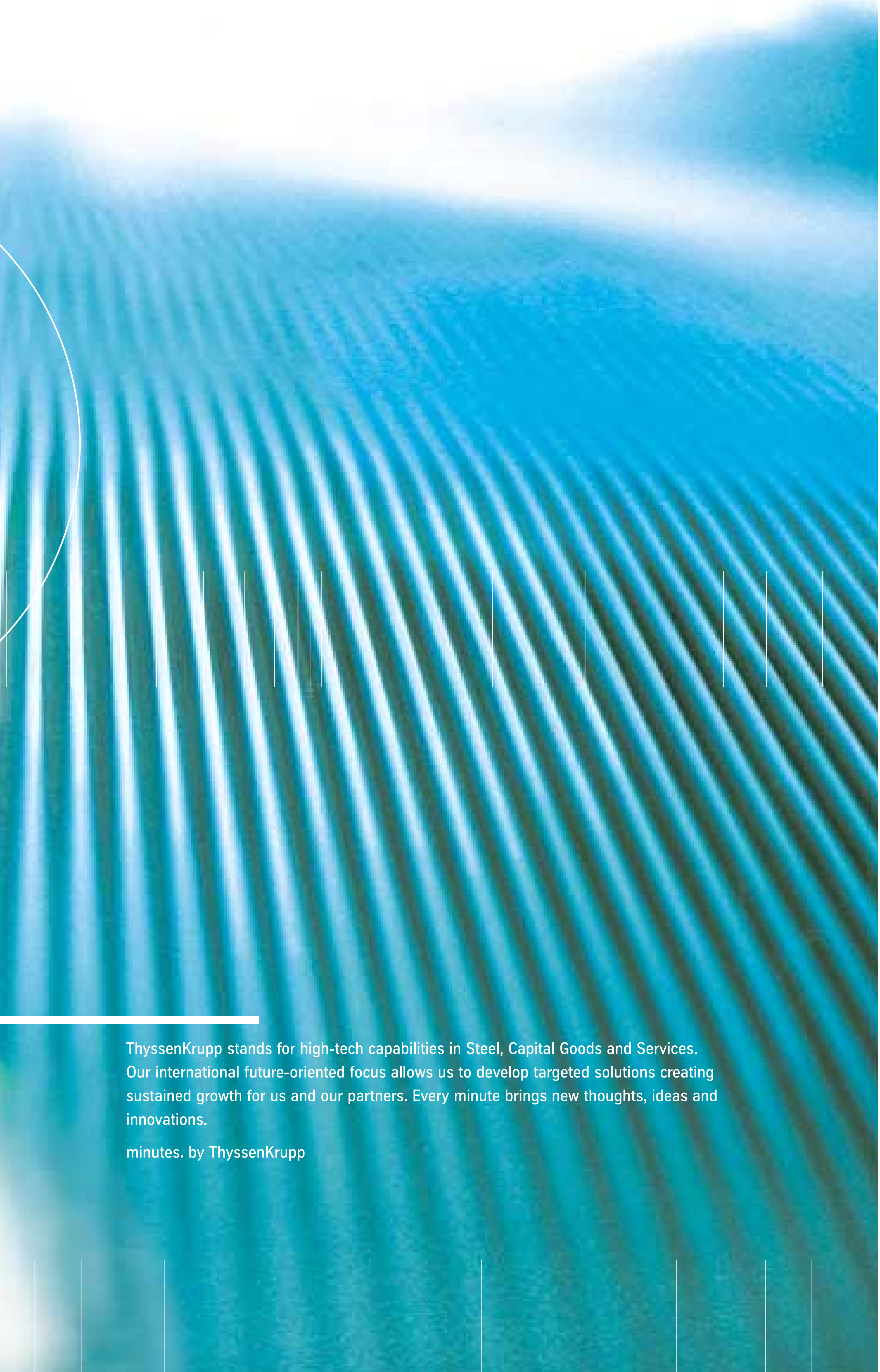
ThyssenKrupp is an international group with high levels of capability in three main areas, Steel, Capital Goods and Services. The Group possesses valuable expertise along the entire value chain which it systematically translates into competitive advantages. ThyssenKrupp holds top three market positions in most of its activities.

More than 193,000 employees on all five continents generated sales of some 37 billion Euros in 1999/2000; pre-tax earnings amounted to 1.1 billion Euros.

We are well represented on the markets of Europe and North America. In the future we will be focusing increasingly on the growth markets of Southeast Asia, Latin America and Eastern Europe. We are systematically developing these markets by establishing our own production and service sites as well as through acquisitions and alliances with local partners. Already more than 60% of Group sales are with customers outside Germany and around 45% of our employees work at foreign subsidiaries.

We aim to strengthen our service activities and double the current 15% share of services in sales in the medium term. Our service offensive can only succeed in the Internet age if we can exploit the advantages of the new information and communication technologies for ourselves and our customers. We are working on this, and have introduced e-commerce into procurement, sales, services, customer relations and internal processes.

Our workforce is open-minded, efficient, creative and motivated. It is this that enables ThyssenKrupp to successfully meet the constantly growing demands of the markets.



ThyssenKrupp stands for high-tech capabilities in Steel, Capital Goods and Services. Our international future-oriented focus allows us to develop targeted solutions creating sustained growth for us and our partners. Every minute brings new thoughts, ideas and innovations.

minutes. by ThyssenKrupp

THE GROUP IN FIGURES

		pro forma 1997/1998	pro forma 1998/1999	1998/1999	**1999/2000**
Order intake	Million Euros	36,265	31,964	29,381	38,942
Sales	Million Euros	35,884	32,378	29,794	37,209
EBITDA	Million Euros	3,043	2,545	2,391	3,383
Income before income taxes and minority interest	Million Euros	1,335	601	609	1,090
Group's net income	Million Euros	695	270	262	527
Earnings per share	Euros	1.35	0.52	0.54	1.02
Normalized earnings per share	Euros	1.45	0.79	0.82	1.02
Net cash provided by operating activities	Million Euros	–	–	1,505	1,329
Capital investments	Million Euros	–	–	3,646	2,495
Return on equity	%	17.2 [1]	7.4	7.5	12.4
ROCE	%	10.3	6.3	6.3	8.7
Economic value added	Million Euros	248	(532)	(547)	(72)
Net financial payables	Million Euros	3,741 [1]	6,193	6,193	7,730
Stockholders' equity	Million Euros	7,750 [1]	8,106	8,106	8,797
Gearing	%	48.3 [1]	76.4	76.4	87.9
Employees (09/30)		183,937	184,770	184,770	193,316

[1] only Thyssen and Krupp consolidated, without Dover Elevators and Mannesmann Handel

		1998/1999	**1999/2000**
Distribution	Million Euros	368	386 [2]
Dividend per share	Euros	0.71581	0.75 [2]

[2] Proposal to the Annual Stockholders' Meeting

As of the beginning of the 1998/1999 fiscal year, the accounting of ThyssenKrupp AG is based on US-GAAP.

For purposes of better comparability, the commentary concerning order intake, sales and income before income taxes and interest is based on pro forma figures. In addition to the Thyssen values, the pro forma figures for both 1997/1998 and 1998/1999 contain the information for Krupp, Dover Elevators and Mannesmann Handel for twelve months; this applies regardless of the date of first consolidation.

In drawing up the 1999/2000 financial statements, prior-year figures were adjusted – see note (26) to the consolidated financial statements.

8.34 a.m.

To our stockholders

ThyssenKrupp has over 140,000 stockholders in whose interest the Executive Board and Supervisory Board act. The following section provides a letter from the two Executive Board Chairmen and a report by the Supervisory Board, including a review of the past fiscal year and a look forward to the future operating and strategic development of the Group. Detailed information on the ThyssenKrupp stock is also presented.

3.12 p.m.

3.13 p.m.

5.15 p.m.

5.16 p.m.

8.37 a.m.

8.38 a.m.

3.14 p.m.

5.17 p.m.

Executive Board

Dr. Gerhard Cromme
Chairman
born 1943
member of the Executive Board since 1989
responsible for the Corporate Development and Communication directorates and the Automotive segment

Prof. Dr. Ekkehard Schulz
Chairman
born 1941
member of the Executive Board since 1991
responsible for the Central Bureau, Senior Executives and Technology directorates and the Steel segment

Dr. Hans-Erich Forster
born 1940
member of the Executive Board since 1996
responsible for the MaterialsServices and FacilitiesServices segments

Dieter Hennig
born 1939
member of the Executive Board since 1992
responsible for the Personnel and Social Policy directorate and for Administrative Services

Membership of the Executive Board includes periods at the predecessor companies.

Dr. Gerhard Jooss
born 1941
member of the Executive Board since 1989
responsible for the Corporate Accounting, Taxes and Customs, Foreign Organization, Materials Management and Information Technology directorates

Dr. Ulrich Middelmann
born 1945
member of the Executive Board since 1992
responsible for the Controlling and Mergers & Acquisitions directorates

Prof. Dr. Eckhard Rohkamm
born 1942
member of the Executive Board since 1991
responsible for the Elevators, Production Systems and Components segments and in the Others segment for Engineering, Shipyards, Plastics Machinery and Civil Engineering

Jürgen Rossberg
born 1939
member of the Executive Board since 1987
responsible for the Legal Affairs, Organizational Development and Internal Auditing directorates and for the Real Estate segment

Dr. Heinz-Gerd Stein
born 1940
member of the Executive Board since 1982
responsible for the Finance and Investor Relations directorates and for Insurance Services

SALES
Million Euros

INCOME[2)]
Million Euros

[1)] pro forma

[2)] before income taxes and minority interest

Dear Stockholders:

In the second fiscal year after the merger of Thyssen and Krupp, your company was economically successful: With sales of 37 billion Euros, we earned more than 1 billion Euros before taxes. It is intended that you profit therefrom, and therefore we are proposing to the Annual Stockholders' Meeting in March 2001 that a dividend of 0.75 Euros per share will be distributed; this means a dividend yield of 4.9%.

After the economically unsatisfactory merger year – 1998/1999 was marked by clear economic weakness – ThyssenKrupp noticeably gained speed in 1999/2000. Sales rose around 15% to 37 billion Euros, and order intake rose by 22% to 39 billion Euros. The jump in profits was even greater, namely, from 0.6 billion Euros in 1998/1999 to 1.1 billion Euros now. The EBITDA also conformed to this growth tempo and rose by 33% to 3.4 billion Euros.

Income more than 1 billion Euros

Above all, we thank all our employees, who perform outstanding work each day in the different parts of the group around the world, for the fact that this development was possible. For this, we would like to sincerely thank everyone on behalf of the Executive Board.

ThyssenKrupp is often viewed as a classic representative of the so-called Old Economy and, as such, is currently being treated with reticence by the financial markets. But our range is in no way old. ThyssenKrupp is also not purely a steel producer. This is still not sufficiently perceived by outsiders.

As well as specialized high-quality steel products we offer our customers a well-rounded line of high-tech industrial products, as well as industrial services along the entire value chain. We are systematically expanding our competitive positions by means of the use of the most modern technologies. We are using the information and communications technologies – tools of the New Economy – for the continuous optimization of the business processes, services and customer bonds. Our strengths are industrial know-how gained over decades of experience, high service competence and uninterrupted innovation strength and flexibility.

At first, the Group's strategic realignment of November 1999 on the basis of these basic values was thoroughly honored by the capital markets. The core points of the strategy were the consistent optimization of the company portfolio, the listing of the Steel segment on the stock exchange, which was planned for the fall of 2000, a service offensive and an e-commerce offensive. Additional building blocks were the conversion of the accounting to US GAAP and the introduction of a Long-Term Management Incentive Plan; both have been implemented in the interim.

Portfolio optimization continued

We have moved forward with portfolio optimization. Since the merger, we have acquired or sold companies or activities with a sales volume of more than 5 billion Euros. In the last fiscal year alone, the acquisitions totaled 1.2 billion Euros, and the sales totaled 0.8 billion Euros. This volume consists of a number of smaller and medium-size steps which are, in and of themselves, less spectacular than, for example, the unrealized acquisition of Atecs Mannesmann, which we had sought in March 2000. Atecs Mannesmann would have been particularly well suited to ThyssenKrupp Automotive, and the merger would have been a strong growth-oriented system partnership in automobile supply. But we do not desire to expand at any price. Thus, we did not pursue the project any further when our strict economic criteria could no longer be satisfied.

After careful deliberation, we canceled the Steel stock exchange listing in August 2000: The reason for this was the capital market's weak valuation of steel securities – despite the outstanding cost and market positioning of the ThyssenKrupp Steel Group. Our company policy is focused on a long-term increase of the enterprise value; we are neither willing nor authorized to engage in value destruction.

The worldwide market situation in shipbuilding and plant construction has caused us to have to reconsider the divestiture strategy with regard to Shipyards and Engineering.

We had good reasons to adjust our strategic focus to the changing conditions. We will also do this in the future when necessary. However, there is no reason to call the fundamental value-oriented strategy into question. We will continue portfolio optimization, expand our fields of activity with growth potential and further strengthen the Group's service orientation, with a particular emphasis on e-commerce and information technologies.

We will bundle the activities with a strong market and technology position and a high share of engineering services in a new segment under unified leadership: Activities of Components, Production Systems, Engineering and Shipyards will belong to ThyssenKrupp Technologies in the future. Our goal is to develop the individual areas according to their capacity and achieve greater value added by means of tight portfolio management.

In the future, ThyssenKrupp will consist of six operating units, which will be run directly by ThyssenKrupp AG. These are Steel, Automotive, Elevators, Technologies, Materials und Serv. We will thus have three main areas of activity, in which we already predominantly hold top-3 positions worldwide today:

- Steel (over 12 billion Euros in sales) – with ThyssenKrupp Steel, world market leader in stainless steel and no. 2 in flat carbon steel in Europe, focused on higher value flat products.

- Capital goods (over 14 billion Euros in sales) – with excellent products and market positions in the area of Automotive (about 6 billion Euros in sales) and Elevators (about 3 billion Euros in sales), as well as future-oriented engineering activities at Technologies (about 5 billion Euros in sales).

- Services (over 12 billion Euros in sales) – with market-leading positions in the area of material services in Materials (about 10 billion Euros in sales) and good starting base in the growth markets of Industrial Service and Information Technologies at Serv (about 2 billion Euros in sales).

Demanding financial targets

Our medium-range financial goals remain unchanged: We are striving for pre-tax profit of over 1.5 billion Euros, EBITDA of over 3 billion Euros and ROCE of more than 12%. In the past fiscal year, the pre-tax result was 1.1 billion Euros. We have already achieved the EBITDA goal with over 3.4 billion Euros, and ROCE increased from 6.3% to 8.7%. For the current fiscal year, we see good chances of moving further ahead. For example, our orientation mark for earnings is at the good 1997/1998 value of 1.3 billion Euros. This development is the basis for a continued high operating cash flow to finance future material and financial investments.

We are on the road to solidifying and further expanding the position of ThyssenKrupp in the top international group of steel, capital goods and service providers on a lasting basis. Join us on the road to continued success.Thank you for your confidence.

Dr. Gerhard Cromme Prof. Dr. Ekkehard Schulz

Chairmen of the Executive Board

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. Heinz Kriwet, Düsseldorf
Chairman

Dieter Schulte, Duisburg
Vice Chairman
Chairman of the German Trade Union Federation

Dr. Karl-Hermann Baumann, Munich
Chairman of the Supervisory Board of Siemens AG

Wolfgang Boczek, Bochum
(since October 28, 1999)
Materials tester
Chairman of the Works Council Union of Thyssen Umformtechnik + Guss

Carl L. von Boehm-Bezing, Bad Soden
Member of the Executive Board of Deutsche Bank AG

Dr. Klaus Götte, Munich
Chairman of the Supervisory Board of MAN AG

Gerd Kappelhoff, Witten
Trade union secretary at the Düsseldorf branch office of IG Metall

Dieter Kroll, Voerde
Skilled steelmill worker
Chairman of the Group Works Council of ThyssenKrupp AG and Chairman of the Works Council of Thyssen Krupp Stahl AG Duisburg-Hamborn/Beckerwerth

Reinhard Kuhlmann, Frankfurt/Main
Secretary General of European Metalworkers' Trade Union Federation

Dr. Manfred Lennings, Essen
(until May 24, 2000)
Independent industrial consultant

Werner Nass, Dortmund
Salaried employee
Chairman of the European Works Council of ThyssenKrupp AG

Dr. Mohamad-Mehdi Navab-Motlagh, Tehran
Vice Minister for International Affairs and Foreign Investment and President of the Organization for Investment, Economic and Technical Assistance of Iran

Dr. Friedel Neuber, Duisburg
Chairman of the Executive Board of Westdeutsche Landesbank Girozentrale

Paul Ring, Hagen
(until December 31, 1999)
Industrial electrician
Chairman of the Group Works Council of ThyssenKrupp AG

Dr. Kersten von Schenck, Bad Homburg
(since March 24, 2000)
Attorney and notary

Thomas Schlenz, Hamminkeln
Shift foreman
Chairman of the Works Council Union of ThyssenKrupp Materials & Services

Dr. Henning Schulte-Noelle, Munich
Chairman of the Executive Board of Allianz AG

Wilhelm Segerath, Duisburg
Automotive bodymaker
Chairman of the General Works Council of Thyssen Krupp Stahl AG

Dr. Walter Seipp, Königstein i. Ts.
Honorary Chairman of the Supervisory Board of Commerzbank AG

Ernst-Otto Tetau, Brietlingen
(since February 16, 2000)
Machine fitter
Chairman of the Works Council of Blohm + Voss GmbH and Chairman of the Works Council Union of ThyssenKrupp Industries

Bernhard Walter, Bad Homburg
Former Speaker of the Executive Board of Dresdner Bank AG

Dieter Wittenberg, Dortmund
Director of Thyssen Krupp Industries AG

Supervisory Board Committees

Executive Committee (Präsidium)
Dr. Heinz Kriwet (Chairman)
Dieter Schulte
Dieter Kroll
Dr. Friedel Neuber

Committe in accordance with Art. 27 para. 3 of the German Codetermination Act
Dr. Heinz Kriwet (Chairman)
Dieter Schulte
Dieter Kroll
Dr. Friedel Neuber

Personnel Committee
Dr. Heinz Kriwet (Chairman)
Dieter Schulte
Dieter Kroll
Dr. Friedel Neuber

Accounting and Investment Committee
Dr. Heinz Kriwet (Chairman)
Dieter Schulte
Dr. Klaus Götte
Werner Nass
Dr. Mohamad-Mehdi Navab-Motlagh
Wilhelm Segerath

Report of the Supervisory Board

Transparency and responsibility toward the investors is the established practice at ThyssenKrupp. For example, the Supervisory Board was actively engaged in written and verbal exchanges with the Executive Board in 1999/2000, in order to be able to efficiently accompany the development of the company. The following report summarizes the focal points of activity in the reporting period.

Dr. Heinz Kriwet
Chairman of the
Supervisory Board

In the 1999/2000 fiscal year, the Supervisory Board performed the functions for which it is responsible according to statute and the articles of association. It was informed by the Executive Board on a regular basis, by means of written and verbal reports, concerning the development of business, the status of the Group and all substantial business events. All important events were thoroughly discussed in conversations between the Executive Board and the Chairman of the Supervisory Board and conversations in the Supervisory Board Executive Committee (Präsidium) and in full session.

During the reporting period, four regular meetings took place. Between meetings, the Supervisory Board was also informed concerning projects and events which were urgent or of particular importance to the company, and consent was requested when necessary.

In addition to the full session of the Supervisory Board, there are four committees which are composed equally of representatives of the stockholders and the employees. The Executive Committee and Personnel Committee, which is composed of the same persons, met four times during the reporting year and focused on addressing the issues of strategic and organizational focus of the Group, as well as personnel matters relating to the Executive Board. The Committee in accordance with Art. 27 para. 3 German Codetermination Act did not have to be convened. The Accounting and Investment Committee met twice during the reporting year. The composition of the individual committees is indicated in the list of Supervisory Board members.

Focus on strategy

A regular component of the deliberations during full session was the continuing and detailed notification concerning the development of the Group and the individual segments with respect to sales, earning trends and employment and concerning the financial situation of the Group. At the meeting on December 03, 1999, the Supervisory Board discussed the company planning and investment planning for the 1999/2000 fiscal year and the introduction of a Long-Term Management Incentive Plan for the managers of the Group. An additional focal point was the strategic realignment of the Group, which was a substantial topic of the deliberations in the ensuing meetings as well. In this connection, the competitive positions and development opportunities of the individual segments and the status of divestitures were discussed in detail with the Executive Board. At all four meetings, the Supervisory Board dealt with the listing of Thyssen Krupp Steel AG on the stock exchange which was planned for September 2000, but was not carried out – in spite of the good performance of the company – as a result of the unfavorable capital market environment. The topic of several meetings was also the participation of ThyssenKrupp AG in the German Industry Foundation Initiative for the compensation of forced laborers.

The submission of a bid for the acquisition of Atecs Mannesmann AG was the subject matter of detailed discussions, in particular, at the meeting on March 31, 2000. In the ensuing negotiations it was not possible to implement the acquisition. At that meeting, the Supervisory Board also addressed a report concerning the status of the synergies which had been achieved in the course of the merger of Thyssen and Krupp.

At its meeting on July 14, 2000, the Supervisory Board dealt in detail with the economic situation of the Production Systems segment. The course of business here turned out to be more difficult than had initially been expected. At that meeting, the Supervisory Board was informed about and approved the measures which had been taken by the Executive Board.

Unqualified audit opinion for financial statements

The annual financial statements which the Executive Board had prepared in accordance with the German Commercial Code for the fiscal year from October 01, 1999, to September 30, 2000, and the management report of ThyssenKrupp AG were jointly audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main, and PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, in accordance with the resolution of the Annual Stockholders' Meeting of ThyssenKrupp AG on May 24, 2000, and the subsequent engagement award by the Supervisory Board. The auditors of the financial statements issued an unqualified audit opinion.

The consolidated financial statements of ThyssenKrupp AG were prepared using US GAAP. By utilization of the exemption provision of Art. 292a of the German Commercial Code ("HGB"), consolidated financial statements were not prepared in accordance with the provisions of the German Commercial Code. The preparation of the US GAAP consolidated financial statements was carried out in Euros. In addition, the consolidated annual report was supplemented and additional explanations were given in accordance with Art. 292a HGB.

The consolidated financial statements submitted in accordance with US GAAP, as well as the management report, were likewise given an unqualified audit opinion. The audit opinion restriction of the consolidated financial statements dated September 30, 1999, related to the equity valuation of the RAG equity interest, which was carried out with that company solely on the basis of the pro rata HGB equity capital of RAG Aktiengesellschaft and not – as prescribed in accordance with US GAAP – on the basis of the US GAAP equity capital of RAG Aktiengesellschaft. In the meantime, RAG has determined the stockholders' equity in accordance with US GAAP by way of a transition statement. This equity capital was the basis of the equity valuation, and therefore the grounds for the qualification have been eliminated. In this context, the way in which the Ruhrgas equity interest is valued was changed from the cost of purchase method to the equity method. Further adjustments were made to the valuation of inventories and the calculation of accrued liabilities for restructuring. As these adjustments impacted deferred taxes, this item was also revised. All changes were incorporated in the prior-year financial statements and explained in detail in the Notes.

Additional focal points of the audit of the public accounting firms were the conversion to the year 2000 and the early risk recognition system. The last year 2000 conversion measures were completed according to plan. With reference to the existing risk management system the auditors stated in summary that the Executive Board has carried out the measures required under Art. 91 para. 2 of the German Stock Corporation Act and that the ThyssenKrupp risk management system is capable of identifying at an early stage developments which could jeopardize the continued existence of the Company.

All Supervisory Board members received the annual financial statement documents and the audit reports. They were discussed in detail in the Accounting and Investment Committee on December 07, 2000, and January 09, 2001, and at the balance sheet meeting of the Supervisory Board on January 10, 2001. In both bodies, the auditors of the financial statements were present during the deliberations concerning the annual financial statements and the consolidated financial statements. They reported on the substantial results of the audits and were available to the Supervisory Board for supplemental information. At the meetings of the Accounting and Investment Committee in the 2000/2001 fiscal year, there were also detailed deliberations concerning the adjustments to the prior-year statements and the risk management system.

On the basis of its own audit of the annual financial statements, the consolidated financial statements, the management report, the consolidated management report and the proposal for the appropriation of retained earnings, the Supervisory Board consented to the result of the audit by the auditors of the financial statements. It approved the annual financial statements, which are thus adopted. The Supervisory Board concurred with the proposal of the Executive Board for the appropriation of the retained earnings.

Dividend proposal 0.75 Euros approved

At the end of the ThyssenKrupp AG Annual Stockholders' Meeting on May 24, 2000, the term in office of the stockholder representatives on the Supervisory Board ended. With the exception of Dr. Manfred Lennings, who did not submit his name for re-election, the Annual Stockholders' Meeting re-elected all of the stockholder representatives to the Supervisory Board. Dr. Kersten von Schenck was elected as a member of the Supervisory Board as Dr. Lennings' successor. The Supervisory Board elected Dr. Kriwet as Chairman.

At this time, the Supervisory Board once again thanks Dr. Lennings and Mr. Ring, who also left the Supervisory Board in the course of the fiscal year, for their constructive work and their commitment in the interests of the company and its employees.

In addition, the Supervisory Board thanks the Executive Board, company managements, all employees and the employee representatives for their responsible and committed work, which has been the basis for the successful development of the company.

Düsseldorf, January 10, 2001
The Supervisory Board

Dr. Heinz Kriwet
Chairman

ThyssenKrupp stock

Stocks offer considerable opportunities for price increases, but corresponding price drops are also possible: ThyssenKrupp stockholders experienced this fact during the last fiscal year. The span of prices ranged from 18.70 Euros on September 30, 1999, to the high for the year 33.60 Euros on January 05, 2000, and back down to 15.39 Euros on September 29, 2000. On the basis of the price on September 29, an above-average dividend yield of 4.9% is calculated for ThyssenKrupp stock.

KEY FIGURES THYSSENKRUPP STOCK

		1998/1999	**1999/2000**
Capital stock	Million Euros	1,315.3	1,317.1
Number of shares	Million shares	514.5	514.5
Stock exchange value on 09/29 – 09/30	Million Euros	9,621	7,918
Closing price on 09/29 – 09/30	Euros	18.70	15.39
High price	Euros	24.55	33.60
Low price	Euros	12.84	15.27
Dividend	Euros	0.71581	0.75
Dividend total	Million Euros	368.3	385.9
Dividend yield	%	3.8	4.9
Earnings per share	Euros	0.52 [1)]	1.02
Normalized earnings per share	Euros	0.79 [1)]	1.02

[1)] pro forma

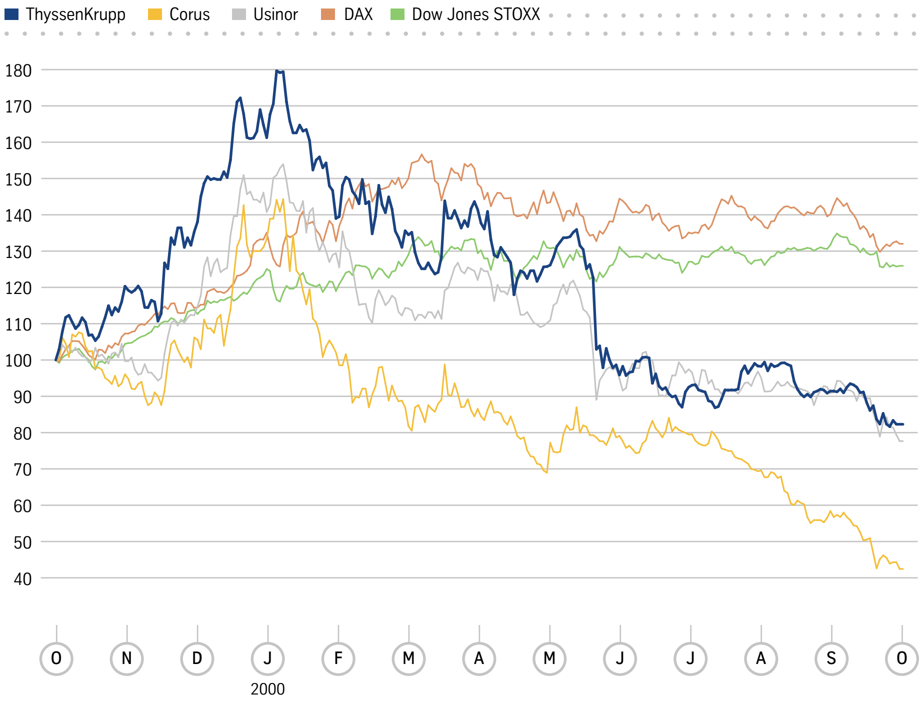
Unsatisfactory price development

At the beginning of the past fiscal year, ThyssenKrupp stock profited from the general positive development in the capital markets. Following the announcement of the strategic realignment in November 1999 – and simultaneously driven by the increased demand for steel stocks – the stock rose dynamically and reached 33.60 Euros, the highest level of the year on January 5, 2000, which also marked a new historical peak. This level is clearly attributable to an overheating of steel stocks at the turn of 1999/2000. Thus the stock was already under pressure by the second half of January of 2000, and it continued to fall in the following weeks and months. It posted a substantial price decline of 16% on May 24, the date of the Annual Stockholders' Meeting and the publication of the interim report. The drop in price – which coincided with substantial price losses by other European steel stocks – was predominantly attributable to sales on the basis of the changing view of the steel cycle, and less attributable to earnings for the half year, which were, in part, below expectations.

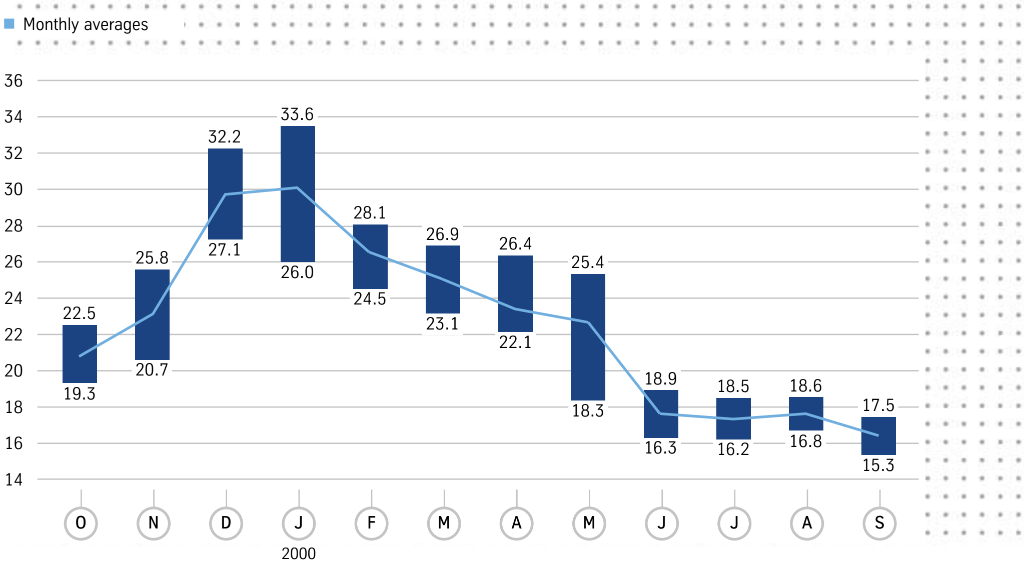
By mid-August, the stock had recovered to 18.50 Euros and thus once again reached the level of September 30, 1999. In the ensuing weeks, particularly in the second half of September, the price went back down. During that period of time, the stock lost over 17% and, by the end of the fiscal year, had performed substantially worse than the DAX and Dow Jones STOXX indices.

DEVELOPMENT OF THE THYSSENKRUPP STOCK IN COMPARISON

indexed, from 09/30/1999 to 09/29/2000, in %



HIGHS AND LOWS OF THYSSENKRUPP SHARES
Euros



The sharply fluctuating volatility of the stock is illustrated by the monthly highs and lows. The spread in the months of January and May was substantially broader than at the end of the fiscal year.

ThyssenKrupp stock closed on September 29, 2000, at 15.39 Euros, 17.7% lower than the price on September 30 of the previous year. In contrast, DAX rose by 32%, and Dow Jones STOXX rose by nearly 26% during the same period.

The market capitalization of ThyssenKrupp fell during the reporting year by 1.7 billion Euros to 7.9 billion Euros and is thus below the equity capital value of the Group of 8.8 billion Euros. The 0.9 ratio of market capitalization to the book value of equity capital clearly shows the undervaluation of the stock at the end of the fiscal year.

During the months of October through December 2000, the 1st quarter of the current fiscal year, ThyssenKrupp stock performed better than the market. It was listed at 16.50 Euros on December 29, 2000. Viewed in terms of the 2000 calendar year, ThyssenKrupp stock lost about 45% due to the high level at the beginning of the year, in spite of the recovery at the end of the year. DAX and Dow Jones STOXX slipped by 7.5% and 4%, respectively, during the same period.

Listing on leading stock exchanges in Europe and in electronic systems

ThyssenKrupp stock is admitted for official trading on the Frankfurt Stock Exchange, the most important and highest-volume domestic stock exchange, as well as the North Rhine-Westphalian Stock Exchange in Düsseldorf, as the company’s home stock exchange. In addition, it is integrated into the

Xetra electronic trading system. This system offers investors the opportunity to have their securities transactions executed from 9:00 a.m. to 8:00 p.m. on trading days. In addition, it is among the stocks on which options are traded on Eurex Deutschland (futures exchange). Various issuers have also issued numerous option certificates on ThyssenKrupp stock. In foreign countries, private and institutional investors are able to buy the stock on the London Stock Exchange, the highest-volume stock exchange in Europe, and on the Swiss Exchange (SWX) in Zurich.

High stock exchange sales

During the reporting year, about 450 million shares of ThyssenKrupp stock were traded on German stock exchanges. Thus, daily sales volume averaged 1.5 million shares. In London, sales reached a considerable level with over 170 million shares, while sales volume in Zurich was comparatively low at 3.5 million shares. Based on free float in the amount of 70%, the free capital stock was turned over about 1.7 times in the fiscal year. The total of sales and the turnover ratio illustrate the good liquidity of ThyssenKrupp stock.

Good liquidity of ThyssenKrupp stock

Included in important indices

ThyssenKrupp is among the 30 largest exchange-listed companies whose stock prices are included in the German Stock Index (DAX). According to the two important criteria on September 29, 2000 – market capitalization of 7.9 billion Euros and stock exchange sales of 9.7 billion Euros – our stock is in 26th and 21st place, respectively, in the DAX.

In addition to being represented in other indices of the DAX family such as DAX100 and the CDAX Basic Resources sector index, ThyssenKrupp stock is also included in significant European stock indices, such as Dow Jones STOXX, Dow Jones EURO STOXX and several of their sub-indices. In addition, the price development also goes into various indices of the worldwide MSCI (Morgan Stanley Capital International) index family and the Financial Times' Eurotop 300 Index. Representation of ThyssenKrupp stock in diverse indices increases the stock's level of recognition and simultaneously strengthens demand from a technical investment standpoint.

Earnings per share increased to 1.02 Euros

The primary indicator for the valuation of the stock is the EPS (earnings per share). It is calculated by dividing the Group's annual net income by the weighted average of the issued shares. For 1999/2000, the EPS is 1.02 Euros. One-time effects are, in principle, not eliminated in the EPS under US GAAP. There were no facts comparable to the previous year, in the course of the correction of which it was possible to calculate normalized earnings per share. Minority interest has already been eliminated in the EPS. A correction of accounting policies, such as a change of expense reserves, is not necessary, since such reserves cannot be created under US GAAP. The adjustments and valuation changes carried out in 1999/2000 were incorporated in the restatement of the prior-year statements required under US GAAP. The two years are thus comparable. No large restructuring reserves were created.

MASTER DATA CONCERNING THE THYSSENKRUPP STOCK

Securities identification numbers		
Germany		750 000
Great Britain		5636927
Switzerland		412 006
ISIN International Stock Identification Number		DE 000 750 0001
Symbols		
Stock exchange		TKA
Reuters	Frankfurt Stock exchange	TKAG.F
	Xetra trading	TKAG.DE
Bloomberg		TKA

Dividends at a satisfactory level

4.9% dividend yield

It will be proposed to the Annual Stockholders' Meeting that it resolve payment of a dividend in the amount of 0.75 Euros per share. Thus, dividends once again will be at a satisfactory level. For tax reasons, the dividend payment will not be coupled with a corporate income tax credit. Based on the stock price of 15.39 Euros on September 29, 2000, the dividend yield is 4.9 %.

Capital stock converted to Euros

By resolution of the Annual Stockholders' Meeting of May 24, 2000, the capital stock in the amount of DM2,572,445,220.00 was converted to 1,315,270,355.81 Euros at the official conversion rate (1 Euro = DM1.95583). This corresponds to an arithmetic portion per share of 2.55646 Euros. As a smoothing operation, a 1,821,596.83 Euros capital increase to 1,317,091,952.64 Euros was simultaneously adopted from Company funds without the issuance of new shares. Thus, an arithmetic portion of exactly 2.56 Euros is allocable to each no-par-value share of the capital stock, which is divided into 514,489,044 shares. A stockholder's interest in the company is not changed by the Euro conversion or capital increase.

The conversion of the capital stock to Euros and the capital increase from Company funds was registered in the Commercial Register of ThyssenKrupp AG at the Düsseldorf Municipal Court on June 08, 2000. From a technical standpoint with respect to the stock exchange, the resolutions were implemented on July 17, 2000.

About 142,000 stockholders

The stockholder survey which was conducted on September 30, 1999, has revealed that ThyssenKrupp AG has about 142,000 stockholders, 135,000 of whom are private investors. They hold 16% of the capital stock. An additional 7,000 institutional investors, including the major stockholders, hold 84% of the capital. Domestic investors hold 67% of the capital stock and foreign investors hold 33%.

On May 24, 2000, the Annual Stockholders' Meeting consented to the merger contract between ThyssenKrupp AG and Thyssen Beteiligungsverwaltung GmbH. The merger became effective upon registration in ThyssenKrupp AG's Commercial Register on September 13, 2000. Half of the ThyssenKrupp shares previously held by Thyssen Beteiligungsverwaltung GmbH in the amount of 7% of the capital stock were transferred to each of the former shareholders of Thyssen Beteiligungsverwaltung GmbH (Allianz AG and Commerzbank AG).

One in three shares held abroad

As of September 30, 2000, about 30% of the capital stock is in the fixed possession of the following stockholders:

- Alfried Krupp von Bohlen und Halbach Foundation 17.36%
- IFIC Holding AG/IFIC 7.69%
- Fritz Thyssen Foundation 4.96%

The free float in the capital stock totals about 70%.

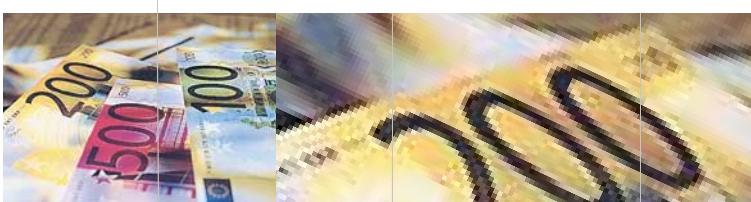
Action which is oriented to the capital market

ThyssenKrupp is actively taking on the intensified competition for capital which results from the increasing concentration and globalization of the trading and financial markets. Our guiding principle of strengthening the earning power of the enterprise and increasing the enterprise value on a lasting basis is in conformity with the interests of all stakeholders. Value-oriented management increases the satisfaction of the stockholders and improves the evaluation of the enterprise by financial analysts in the capital market. But it also satisfies the interests of customers through innovative demand-oriented products and services. Finally, the employees are motivated by challenging tasks and secure jobs.

The Long-Term Management Incentive Plan for selected managers will contribute to harmonizing their interests with those of the stockholders. This creates an incentive to engage in consistent value management which is oriented to the capital market.

The conversion to U.S. accounting (US GAAP) which was completed with the 1998/1999 annual financial statements was a signal for more openness and transparency toward the participants in the capital market. In the next stage, we will expand our regular reporting in the year 2001 by means of quarterly reports.

Capital stock converted to Euros



Corporate Governance geared to added valve

In the management policy we are acting in accordance with the Code of Best Practice, i.e., the principles of corporate governance for exchange-listed companies created by the so-called Corporate Governance Policy Commission. They serve the implementation of leadership and control of the Group which is responsible and geared toward value creation. They foster and deepen the trust of stockholders, third-party investors, employees, business partners and the public in the national and international markets.

Investor relations intensified

At ThyssenKrupp, investor relations means the continuing, open and transparent dialogue with private and institutional investors, as well as financial analysts. A series of instruments are available to our investor relations team for this purpose.

The Annual Stockholders' Meeting in May 2000 was the central event, particularly for our private stockholders. The Executive Board and the stockholders took advantage of the opportunity to discuss the Group's strategy in detail.

Intensive contact also exists with the financial analysts. The analysts' meetings which take place twice a year are highly popular and well attended. Between the individual meetings, the Executive Board reports to analysts concerning current developments within the companies in conference calls. The high quality of the dialogue with the analysts is also reflected in the numerous research reports concerning ThyssenKrupp.

In numerous expert discussions, we have informed institutional investors concerning the strategic realignment and the status of its implementation. In several road shows, we have explained our strategy to the investors at the most important domestic and foreign financial centers.

Your contact with the ThyssenKrupp IR-team:

Contact

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General information concerning ThyssenKrupp can also be retrieved on the Internet at the address www.thyssenkrupp.com. There you will also find detailed information concerning ThyssenKrupp stock on the Investor Relations pages, such as ad hoc statements, price information or analyst research.

Available online:
www.thyssenkrupp.com

Economic development

The 1999/2000 fiscal year was characterized by strong business growth, an increase in consolidated earnings, further portfolio optimization, and investments in the expansion of our competencies and market positions. Given the current state of the economy, our outlook for the current year is quite respectable. You will find more on this topic on the following pages.

THYSSENKRUPP GROUP 1999/2000

STEEL

Sales	Million Euros	12,676
Income [1]	Million Euros	606
Employees	(09/30)	53,856

1 Steel

AUTOMOTIVE

Sales	Million Euros	6,108
Income [1]	Million Euros	295
Employees	(09/30)	39,920

2 Automotive

ELEVATORS

Sales	Million Euros	3,098
Income [1]	Million Euros	204
Employees	(09/30)	27,102

3 Elevators

MATERIALSSERVICES

Sales	Million Euros	10,135
Income [1]	Million Euros	153
Employees	(09/30)	13,591

6 Materials-Services

FACILITIESSERVICES

Sales	Million Euros	2,001
Income [1]	Million Euros	79
Employees	(09/30)	24,794

7 Facilities-Services

REAL ESTATE

Sales	Million Euros	369
Income [1]	Million Euros	58
Employees	(09/30)	815

8 Real Estate

[1] before income taxes and minority interest

PRODUCTION SYSTEMS

Sales	Million Euros	1,393
Income [1]	Million Euros	(82)
Employees	(09/30)	8,578

4 Production Systems

COMPONENTS

Sales	Million Euros	1,325
Income [1]	Million Euros	85
Employees	(09/30)	9,841

5 Components

OTHERS

Sales	Million Euros	3,440
Income [1]	Million Euros	133
Employees	(09/30)	13,827

9 Others

1999/2000 course of business

In its second year, ThyssenKrupp has again worked successfully. After completion of the merger, the strategic realignment is bearing its first fruits. Benefiting from the good economy, sales and earnings rose: Compared to the pro forma figures for the previous year, sales increased by 15% to 37.2 billion Euros; earnings improved by 81% to 1.1 billion Euros.

Economic tailwind

The economic environment has predominantly had a favorable effect on the course of business of ThyssenKrupp. The pace of the economy increased substantially in nearly all regions in the world. World economic growth accelerated to more than 4% in the year 2000; world trade actually grew by 11%. The upward movement of prices intensified, driven by a drastic increase in crude oil prices.

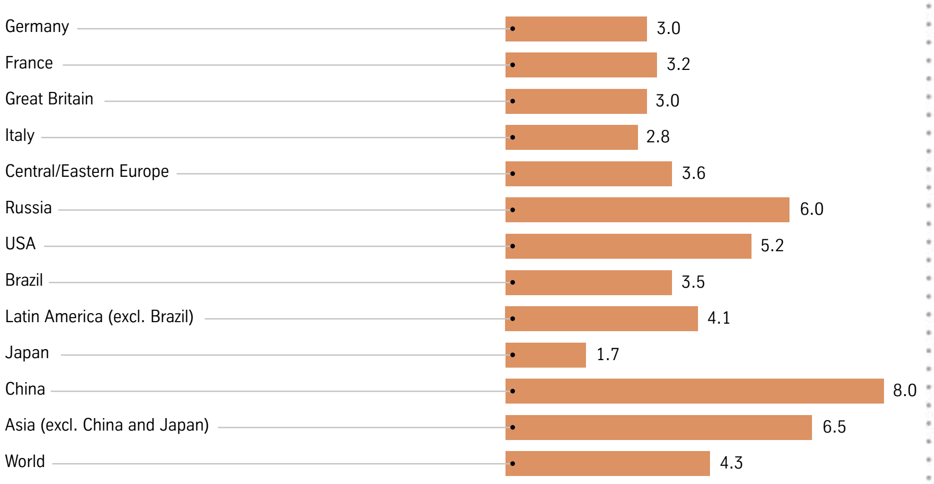
The international growth was supported in particular by an uninterrupted robust U.S. economy, which was able to increase its growth rate by a good 5% as a result of the strong domestic demand. The situation in the emerging markets has improved perceptibly. Latin America is back on the road to growth; most of the countries in Asia have achieved high growth rates. On the other hand, economic development in Japan has been very restrained.

○ 3% growth in Germany

In Europe, the economic upswing continued in spite of higher crude oil prices. In Germany, the gross domestic product rose by 3%. The main pillars of this upward development were an export boom – due in no small part to the weaker Euro – and the strongly increased capital expenditures for plant and equipment.

Pace of economic growth increased in 2000

GROSS DOMESTIC PRODUCT 2000*
Real change compared to previous year in %



* Estimate

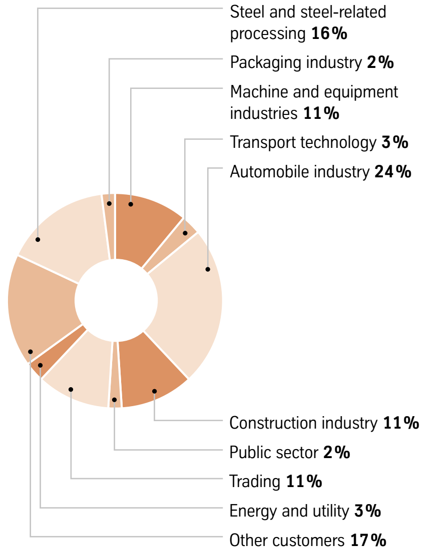
Sector development mostly favorable

In the year 2000, the international steel market was surprisingly dynamic. At about 840 million t, world steel production reached a new record mark – an increase of 7% compared to the previous year. The high demand for steel even led to a temporary supply shortage. The favorable volume situation was accompanied by a significant increase in the price level, particularly in the first half of the year. At the middle of the year, the situation eased for seasonal and inventory-cyclical reasons. As a result, the upward trend in steel prices was halted and price quotations declined, particularly in the Asian and North American markets.

The Western European steel markets developed in a more favorable manner. Here prices have stabilized at a high level since mid-2000 for a large majority of flat products. As a result of demand, the German steel industry was largely able to exhaust its capacities; crude steel production increased significantly.

Stainless steel flat products also registered sharply expanding demand worldwide in the year 2000; production increased by 10% to 19 million t. The prices for stainless products rose sharply in the year 2000 – substantially affected, however, by the sharp cost increases for the alloy element nickel during the year.

SALES BY CUSTOMER GROUPS 1999/2000



Auto sector activity positive

International auto sector activity developed better than expected. In the year 2000, more than 58 million vehicles were produced worldwide, and thus the previous year's record mark was exceeded by 4%. In the NAFTA region, production (18 million vehicles) was likewise above the high level of the previous year. Light trucks, such as minivans, sport utility vehicles and pick-up trucks, components for which are supplied by ThyssenKrupp Automotive and its subsidiary The Budd Company, were able to further expand their market share. The automobile industry in Latin America recovered substantially; in Brazil, production increased by one fourth. The Asian automobile market also developed in a positive manner.

With 17.2 million vehicles manufactured in Western Europe, the record numbers of the previous year were slightly exceeded. At 5.5 million vehicles, on the other hand, production in Germany was somewhat lower than in the previous year; however, higher exports were almost able to compensate for the sharply declining domestic demand.

The German construction industry was once again weak in the year 2000. While construction investments stagnated in Western Germany, there were substantial declines in Eastern Germany, particularly in residential construction. On the other hand, construction sector activity in the other Western European countries, Central and Eastern Europe and North America developed more favorably.

The capital investment climate in Western Europe brightened noticeably in the course of the economic recovery. The German mechanical engineering industry particularly benefited from this in the year 2000. With high double-digit growth rates in order intake, production expanded by about 6%. German machine tool manufacture developed in a similarly favorable manner. American machine tool manufacturers once again posted higher volume after the substantial decline in 1999.

High sales growth

The favorable economic environment noticeably revived the business development of ThyssenKrupp. New orders increased by 33% to 38.9 billion Euros; on a pro forma basis, the increase totaled 22%. The pro forma statement for the previous year also contains the figures of the former Krupp companies for the months of October and November 1998, the figures of Dover Elevators for the months of October through December 1998 and the figures of the Mannesmann Handel Group for the months of October 1998 through March 1999.

Sales up 15%

Consolidated sales rose by 25% to 37.2 billion Euros. Compared to the comparable pro forma figures for the previous year, sales rose by 15% or 4.8 billion Euros. In the following commentary, the business development in the reporting year will be compared with that of the previous year on a pro forma basis.

Further progress has been made in the internationalization of the Group. ThyssenKrupp is represented in over 80 countries with its own companies, branch offices and offices. The main sales areas are Western Europe and North America. Sales from customers abroad increased in 1999/2000 to 24.2 billion Euros; the share of foreign sales was thus 65%.

In the Steel segment, sales increased by 21% to 12.7 billion Euros as a result of the brisk steel business cycle. In the case of Flat Carbon Steel, the increase of sales was primarily attributable to a substantial rise in shipping quantities, particularly in the case of hot-rolled and coated flat products. At the same time, the average revenue level was increased. The development was even more dynamic in the case of Stainless. The cause for this was the substantially increased price level which, however, was largely attributable to the sharp increase in the price of the alloy metal nickel. This applied both to the corresponding stainless flat products and nickel base alloys. On balance, an increase in sales was also posted among the investee companies which still remain.

The Automotive segment sales rose by 17% to 6.1 billion Euros. Critical in this regard were the continued high demand for commercial vehicles such as sport utility vehicles in the North American market, the rise in the value of the dollar, order calls in Germany at a continued high level and the revival of the Brazilian automobile sector activity following the market slump in the previous year. As a result, it was possible to more than compensate for declining sales resulting from individual model phase-outs in the European market.

THYSSENKRUPP IN FIGURES

		pro forma 1998/1999	1998/1999	**1999/2000**
Order intake	Million Euros	31,964	29,381	38,942
Sales	Million Euros	32,378	29,794	37,209
EBITDA	Million Euros	2,545	2,391	3,383
Income [1]	Million Euros	601	609	1,090
Employees (09/30)		184,770	184,770	193,316

[1] before income taxes and minority interest

SALES BY SEGMENT
Million Euros

	pro forma 1998/1999	1998/1999	**1999/2000**
Steel	10,452	9,802	12,676
Automotive	5,208	4,863	6,108
Elevators	2,756	2,537	3,098
Production Systems	1,257	1,257	1,393
Components	1,184	1,004	1,325
MaterialsServices	8,886	7,940	10,135
FacilitiesServices	1,298	1,269	2,001
Real Estate	426	413	369
Others			
Engineering	1,816	1,622	1,824
Remaining Others	1,852	1,710	1,616
Corporate	256	247	142
Sales of segments	**35,391**	**32,664**	**40,687**
Sales among the segments	(3,013)	(2,870)	(3,478)
Group	**32,378**	**29,794**	**37,209**

In the Elevators segment, sales [3.1 billion Euros] exceeded the previous year's level by more than 12%. In particular, the North American business and our improved market position in Latin America contributed to this expansion. The integration of the new acquisitions from the previous year – Dover Elevators, Access Industries and Elevadores Sûr – and the realization of the various synergies proceeded successfully.

In Production Systems, sales rose by 11% to 1.4 billion Euros. While the Metal Cutting business unit suffered a slight decrease and Autobody Manufacturing Systems remained at the level of the previous year, Assembly Plant was able to considerably expand its business. With respect to order intake, all business units achieved high double-digit growth rates.

In spite of continued weak construction sector activity in Germany and the tense competitive and price situation, the Components segment was able to increase sales by 12% to 1.3 billion Euros. The increase is primarily the result of gains in market share.

The MaterialServices segment grew faster than the market and thus consolidated its strong competitive positions. Sales [10.1 billion Euros] were 14% above the previous year. The causes of this were the sharply expanding quantity and price increase in the international materials markets as well as an expansion of our service business.

The FacilitiesServices segment's completed fiscal year was marked by increasing internationalization and above-average growth. The plan to offer a full range of facilities services – from classical

Manufacture of bumpers and bumper reinforcements

industrial service to comprehensive IT operation – was further implemented by means of targeted new acquisitions in all areas. Thanks to this and other factors, sales increased by 54% to 2.0 billion Euros.

The Real Estate segment realized sales of 369 million Euros, 13% less than in the previous year. The primary source of sales was the Residential Real Estate business unit, which manages about 55,000 apartments in the Rhine/Ruhr area of Germany.

The remaining operating Group activities are combined in Others. In addition to Engineering, these are, specifically, Shipyards, Plastics Machinery and Civil Engineering. The segment's sales of 3.4 billion Euros were 6% lower than the previous year.

Portfolio further optimized

The strategic goal of portfolio optimization is to increase the enterprise value on a lasting basis by concentrating on activities which have excellent technology, market positions and growth prospects on a worldwide scale. ThyssenKrupp made additional progress in this regard in the reporting period through acquisitions and sales of companies:

Market positions further expanded

- To strengthen the market position in the Asian region, Steel took over the electrical sheet activities of Raymond Ltd. of India on a majority basis. With the sale of HSP Hoesch Spundwand und Profil, it was possible to dispose of further portions of the remaining long product activities. Hoesch Hohenlimburg sold a cold forming plant and its crane boom/components business.
- In the U.S., Automotive acquired the crankshaft and camshaft machining activities from Cummins. These activities are now carried out under the name TKA Atlas Corp. Stahl Specialty Company, one of the leading aluminum foundries, was acquired; with two plants in Missouri, it supplies, in particular, lightweight components for the North American automobile industry. In a joint venture between The Budd Company and Visteon, BV Chassis Systems was established for the production of complete axle modules. In Asia the joint venture Krupp Presta HuiZhong Automotive Shanghai Co. Limited manufactures steering columns. The German foundry Walter Hundhausen was sold.
- With the purchase of Comercial de Aceros HEVA, the MaterialServices segment expanded the structural stainless steel business in Spain. Additional acquisitions of equity interests strengthened the international position as a materials service provider.
- FacilitiesServices was able to substantially strengthen its leading market position in industrial services through the acquisition of the British Commando Group, the remaining 50% of the shares in the U.S. company Safway Steel Products and, in Germany, Peiniger, Kessler + Luch and Raab Karcher Facility Management. In England, Commando is among the leading providers of technical services for the domestic automobile industry. Safway is one of the largest scaffolding service companies in the U.S. where it is represented virtually everywhere. Kessler + Luch has specialized in building control, air conditioning and heating technology, while the current PeinigerRöRo Group offers the complete spectrum of services in connection with the repair and maintenance of structures and technical facilities. The Information Services business unit has expanded its position as a vendor-independent system house by means of the acquisition of the HiServ Group, the IT service provider of the former Hoechst Group. It now has computer centers worldwide and is one of the leading SAP service providers in Europe.

○ In the Others segment, there was a series of further divestitures. This included the sale of GKI-OFU Industrieofenbau, Krupp Kunststofftechnik and Lübecker Maschinenbau. The project and component business of Thyssen Rheinstahl Technik was contributed to a joint venture with Ferrostaal; following a transition phase of three years, the plan is for the shares to pass to Ferrostaal in their entirety.

During the 1999/2000 fiscal year, ThyssenKrupp carried out acquisitions with total sales volume of 1.2 billion Euros; divestitures reached a volume of 0.8 billion Euros.

Number of employees increased

45% of employees work outside Germany

The number of employees further increased as a result of the expansion of business activities. ThyssenKrupp employed 193,316 employees worldwide on September 30, 2000, an increase of 8,546 or 4.6% over a year earlier. The number of employees at foreign ThyssenKrupp companies has increased by 12.6% to 86,253.

In Germany, the personnel level declined slightly by 1.0% to 107,063 employees. The percentage of foreign employees in the domestic companies fell to 11%. During the reporting period, the domestic companies hired 5,440 new employees, of whom 2,580 were temporary. ThyssenKrupp's personnel expense amounted to 9.1 billion Euros.

EMPLOYEES BY SEGMENT

	09/30/1999	09/30/2000
Steel	54,388	53,856
Automotive	37,594	39,920
Elevators	26,126	27,102
Production Systems	8,383	8,578
Components	9,191	9,841
MaterialsServices	12,815	13,591
FacilitiesServices	15,565	24,794
Real Estate	831	815
Others		
Engineering	9,594	8,049
Remaining Others	8,723	5,778
Corporate	1,560	992
Group	**184,770**	**193,316**
Domestic	108,169	107,063
Foreign	76,601	86,253

Long-term purchasing policy

Following a decline in the previous year, prices rose in several procurement markets in 1999/2000 as a result of cyclically increased demand. Material expense, related to the Group's sales, came to 21.6 billion Euros. It was possible to avoid substantial supply bottlenecks through a predominantly long-term purchasing policy.

There was additional easing with respect to several energy prices. Since the liberalization of the German electricity market in 1998, ThyssenKrupp has been able to realize substantial price reductions through bundling and soliciting bids for electricity needs. Substantial price reductions were also achieved in the case of electricity-intensive products. Recently, however, trends in the opposite direction could also be seen. The electrical utility companies have repositioned themselves through mergers and alliances. The downward movement in electricity prices has thus ended for the time being; the increased procurement costs of the electric utility companies and new statutory provisions have also contributed in this regard.

The way has also now been paved for more competition in the gas market as well. ThyssenKrupp has systematically prepared itself for the opening up of the market and is already realizing price reductions from the supplier companies.

With the substantial worldwide recovery of steel production, iron ore prices rose, although the increases remained substantially below the price discounts of the previous year. The primary supplier countries were Brazil, Australia and Canada. Coal prices continued to display a downward trend; however, acquisition costs for imported coal rose as a result of increased sea freights and the increased dollar exchange rate.

The price quotes for nickel and chromium continued to rise sharply; it was not until the third quarter of 2000 that the price trend was stopped or reversed, primarily as a result of the reduction of the in some cases high inventories. Steel scrap and alloy scrap have also sharply increased in price. Greater purchases from the CIS states have had a price-dampening effect in the case of alloyed scrap.

As a result of the consistent continuation of worldwide supplier management in the year under review, additional price improvements have been achieved for parts, components and subsystems. In the transport area, it was possible to counteract the sometimes not insignificant price demands through the systematic bundling of the transport potential. The use of various e-business solutions on a trial basis has proven its value in purchasing.

405 million Euros for environmental protection

In 1999/2000, we spent 405 million Euros in Germany alone for the operation of the environmental protection equipment of our plants; this is 4% more than in the previous year. Water protection was the most expensive: Nearly 45% of operating costs were allocable to clean water. Keeping the air clean made up 35%, and the recycling of residual substances made up 15%.

The project which is currently the most important with respect to environmental protection is the recently commenced construction of the new coking plant in Duisburg-Schwelgern, which will supply

Environmental protection made to measure

coke for the plants of ThyssenKrupp Steel. Thanks to the modern components of the coking plant and the closure of the old facility, dust and carbon monoxide emissions in coke production will be cut in half and emissions of aromatic hydrocarbons will be reduced to only one twentieth.

647 million Euros for research and development

In the Group, around 3,000 employees are employed in more than 30 development centers working on R&D projects and quality assurance measures. Through active exchange of knowledge and experience and close cooperation in a network, each benefits from the knowledge his colleagues have gained in the other Group companies. In addition, we are cooperating closely with institutions of higher learning, research institutions and the development departments of our customers and suppliers.

In the past fiscal year, 116 million Euros was spent on free research and development tasks. In addition, there was another 531 million Euros for customer-related research and quality measures. The areas of emphasis were the development of new steel grades, weight-optimized vehicle components and innovative mechanical engineering concepts. The considerable increase of the expenses was caused in particular by the improvement of our Group-wide quality measures.

Capital investment in growth areas

ThyssenKrupp made capital investments of 2.5 billion Euros in the reporting period, 32% less than in the previous year. Of that amount, 2.1 billion Euros was allocable to property, plant and equipment and intangible assets; the remaining 0.4 billion Euros was allocable to the acquisition of companies and equity interests. The expansion of our market positions in business fields with particular growth potential was at the forefront of our investments.

2.1 billion Euros for property, plant and equipment

Capital investments in the Steel segment reached 985 million Euros. The investment goal in the Flat Carbon Steel business unit was the optimization and expansion of the facilities. The areas of emphasis were the linking of the pickling line and the tandem mill in Duisburg and the construction of a new hot-dip coating facility in Dortmund. The Stainless business unit invested primarily in the expansion of production capacities. In the case of Acciai Speciali Terni in Italy, the increase of the hot strip capacity was at the forefront; in the case of Krupp Thyssen Nirosta in Krefeld, it was the expansion of the central finishing shop.

In the Automotive segment, investments rose to 676 million Euros; a major portion of this was order-related. In the U.S., Budd continued to advance technology for producing GRP parts and build up, among other things, a modern painting facility for automobile plastic outer shells. New hydroforming and laser welding equipment expanded forming capacities; in Springfield, Tennessee, Krupp Fabco built a new highly automated stamping plant in the immediate vicinity of the customer. Crankshaft manufacture and machining was further expanded in the U.S., Brazil and Europe. In Shanghai, we will be producing steering columns for the Chinese market jointly with a Chinese partner.

During the reporting year, Elevators invested 59 million Euros. The consolidation of the international competitive position through the improvement of the operational processes in the plants was at the forefront. In addition, process conversions in surface treatment were undertaken for reasons of environmental protection.

In the case of Production Systems, capital investments totaled 60 million Euros. In addition to optimization of production processes in the Metal Cutting business unit, there was an emphasis on expansion of the production sites in Autobody Manufacturing Systems and Assembly Plant.

In the Components segment, the investments reached 88 million Euros. They served primarily to streamline the production process and expand international production and distribution activities.

Capital investments in the MaterialServices segment totaled 139 million Euros and concentrated on the expansion of logistics capacities, as well as the improvement of worldwide first-stage processing and other services. In North America, Thyssen Inc. has acquired an interest in a joint venture for the development of an e-commerce website for materials services.

FacilitiesServices invested 339 billion Euros with emphasis on the Industrial Services business unit, mainly for the acquisition of companies.

Investment in Remaining Others related to the purchase of two merchant ships by Krupp Seeschiffahrt.

CAPITAL INVESTMENTS BY SEGMENT
Million Euros

	1998/1999	**1999/2000**
Steel	1,197	985
Automotive	386	676
Elevators	1,259	59
Production Systems	62	60
Components	110	88
MaterialsServices	181	139
FacilitiesServices	149	339
Real Estate	60	31
Others		
Engineering	23	25
Remaining Others	34	146
Corporate	231	11
Consolidation	(46)	(64)
Group	**3,646**	**2,495**
Intangible assets	81	90
Property, plant and equipment	1,946	2,008
Financial investments	1,619	397

Income, dividend

The favorable course of business during the year under review is reflected in our earnings, from which our stockholders will benefit in the form of a dividend increase to the rounded amount of 0.75 Euro.

During the 1999/2000 fiscal year, the ThyssenKrupp Group achieved income before income taxes and minority interest of 1,090 million Euros, as compared to prior year earnings of 609 million Euros. As measured on a pro forma basis, this resulted in a figure of 601 million Euros for 1998/1999. The difference between the two figures resulted from the accrued earnings of the former Krupp companies for the months of October and November 1998, the earnings of Dover Elevators for the months of October to December 1998, and the earnings of the Mannesmann Handel Group for the months of October 1998 to March 1999. After deducting income taxes and minority interest, this results in a consolidated net income for the year of 527 million Euros, which amounts to 1.02 Euros per share.

Example of the use of stainless steel: Zollhof in Düsseldorf, Germany

All segments, with the exception of Production Systems, contributed to this increase in profits. The Steel segment provided the largest contribution to earnings, with 606 million Euros. A detailed description of income by segment is provided in the financial report in the section titled “Management’s Discussion and Analysis Results of Operations and Financial Condition” (page 106).

ThyssenKrupp AG achieved income before income taxes of 447 million Euros. These earnings consist primarily of the transferred profits and dividend payouts of the Group companies, as well as profits earned on investments. Because of the tax losses carried forward at ThyssenKrupp AG, the accounts reflected a tax expense of 22 million Euros. The resulting net income for the year of 425 million Euros is to be used to pay a dividend totaling 386 million Euros. The difference of 39 million Euros will be added to the revenue reserves of ThyssenKrupp AG.

This results in a dividend proposal to the Annual Stockholders’ Meeting of 0.75 Euros per no-par-value share, which follows the payment of a dividend of 0.71581 Euros per share in the previous year. This amount reflects the positive economic development of the Group during the year under review, as well as proper endowment of reserves, while at the same time meeting the need for payment of a suitable dividend.

INCOME BY SEGMENT [1)]
Million Euros

	pro forma 1998/1999	1998/1999	**1999/2000**
Steel	277	251	606
Automotive	291	275	295
Elevators	142	154	204
Production Systems	(10)	(10)	(82)
Components	76	55	85
MaterialsServices	80	80	153
FacilitiesServices	67	62	79
Real Estate	56	56	58
Others			
Engineering	(3)	14	0
Remaining Others	68	68	133
Corporate	(393)	(330)	(331)
Consolidation	(50)	(66)	(110)
Group	**601**	**609**	**1,090**

1) before income taxes and minority interest

Start of new fiscal year and outlook

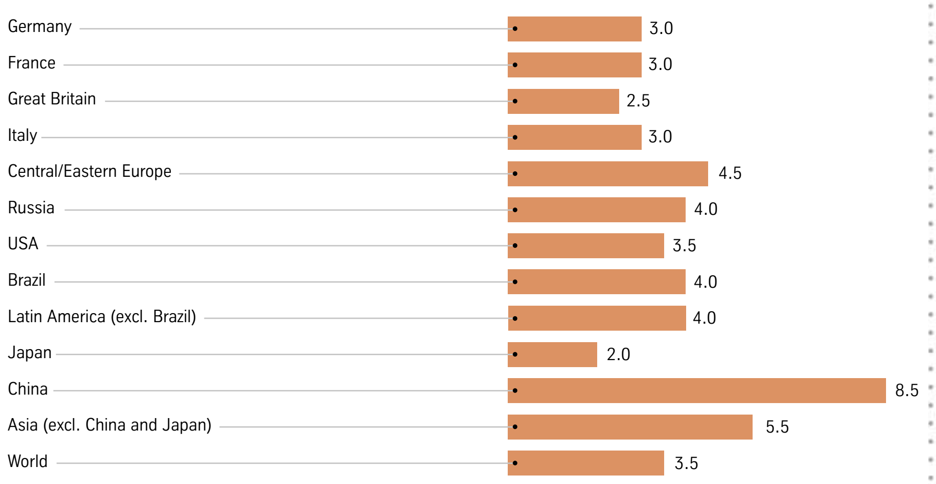
ThyssenKrupp has had a good start to the fiscal year: Sales and earnings show a positive trend. The economic indicators are still predominantly favorable for the further course of the fiscal year as well. The high demand on the part of major customers is unbroken. In 2000/2001, we are expecting an increase in sales to more than 39 billion Euros and a profit increase to about 1.3 billion Euros.

Economic development

Positive signals are still coming from the market environment in the current fiscal year. Important world regions remain on a growth course. After years of strong economic dynamics, the economy in the U.S. will cool somewhat, but considerable growth rates are nevertheless expected for 2001 with respect to gross domestic product. The highest growth rates will probably be achieved in the emerging markets of Latin America and Asia, as well as the countries of Central and Eastern Europe. Japan will also once again contribute to the world social product, which will probably increase by about 3.5% in the year 2001.

High world economic growth and good order situation

GROSS DOMESTIC PRODUCT 2001 [1]
Real change compared to previous year in %



[1] Estimate

The underlying economic conditions in Euroland remained largely favorable, even if it will not be possible to repeat the growth rates of the previous year in all of the countries. In addition to continued lively export demand, the driving forces in Germany are the brisk capital investment activity and – supported by the tax reform – higher private consumption. We are expecting a slight upward valuation of the Euro against the U.S. dollar due to the trend toward economic parity between the U.S. and Euroland.

The development of oil prices represents a threat to these growth prospects of the world economy. Sustained high, or even increasing, oil prices entail the risk of an economic weakening for the industrial countries.

ThyssenKrupp markets mainly positive

We see mainly good sales opportunities on the markets important for ThyssenKrupp. International steel demand will continue to increase; in 2001, world crude steel production could increase to 860 million t. Slightly higher steel consumption is expected in Germany. The use of stainless products will also continue to increase internationally; a production expansion by 5% to 20 million t is expected.

Worldwide automobile production will increase only slightly at best. Growth will come in substantial part from the new industrial countries of Asia and Latin America; the unit quantities in North America will probably fall below the high level of the year 2000. In Germany, about 5.5 million vehicles could be produced once again.

As a result of the brisk capital investment activity worldwide, we expect that production in mechanical engineering will continue to increase. German mechanical engineering, benefiting from a high order backlog, could increase by up to 6%.

The outlook for the German construction sector, particularly in the new federal states, remains subdued. On the other hand, high construction demand is once again forecast for the countries of Central and Eastern Europe.

Confidence with respect to 2000/2001

In light of these economic prospects, we expect a successful 2000/2001 fiscal year. In this connection, we do not assume any external shocks, such as further extreme oil price increases. The forecast slight upward valuation of the Euro against the U.S. dollar will have different effects in the segments of the Group. Steel is profiting from a stronger Euro, since a substantial part of raw material purchasing is handled in dollars; these positive effects outweigh the sales revenues which have to be invoiced on a dollar basis. In the other segments, the assumed weakening of the U.S. dollar will tend to have a negative effect; this is true, in particular, of Automotive and Elevators, which realize a substantial portion of sales and earnings in the U.S.

Specifically, we expect the following developments for 2000/2001:

Sales increase of 5% expected

- **Sales:** We plan sales growth of 5% to over 39 billion Euros.

  In the Steel segment, sales are expected to be at the previous year's level for the Flat Carbon Steel business unit; the high share of long-term supply contracts with fixed price agreements will have a stabilizing effect. Given high demand, Stainless is planning a slightly falling price level.

  At Automotive sales will remain at the previous year's level due to the expected development of the dollar exchange rate.

  Elevators is also expecting little change in sales compared to the previous year; in light of our considerable and growing U.S. business, the assumed lower dollar exchange rate will have an effect here as well.

  Production Systems plans a strong increase in sales, which will be realized in substantial part in the Metal Cutting business unit. A high level of orders were booked at the end of the 1999/2000 fiscal year and will have an effect on sales in the current fiscal year.

In the Components segment, all business units will contribute to a moderate increase in sales in 2000/2001.

In the case of MaterialsServices, sales will not match the growth rate of 1999/2000 as a result of the easing of prices for rolled steel, stainless steel and nonferrous metals, in particular in North America.

Signs indicate a strong increase in sales at FacilitiesServices. In addition to market growth, the newly acquired companies, in particular, will ensure an expansion of business volume.

The operating units of the Others segment will be reassigned to the segments in 2000/2001. In Engineering, sales are expected to increase slightly. Shipyards is expecting good activity.

- **Income and dividend:** Higher Group sales revenue, successful restructurings in individual segments and further realization of synergy effects lead to the expectation of higher Group earnings. For 2000/2001, an increase in earnings to about 1.3 billion Euros is sought. We assume that we will be able to pay our stockholders a pleasing dividend once again for 2000/2001. On a medium-range basis, we want to reach pre-tax earnings of more than 1.5 billion Euros. The return on capital employed (ROCE) should exceed 12%.

1.3 billion Euros profit expected

- **Capital investments:** In light of the EBITDA of 3.4 billion Euros which has already been achieved in the 1999/2000 fiscal year, ThyssenKrupp has a strong self-financing strength for further investments. In December 2000, the Supervisory Board adopted additional investments in the amount of 1.7 billion Euros; the overall approved investment volume is thus 4.0 billion Euros. The investments are financed in substantial part from cash flow. The plan is for the net financial debts, which temporarily rose to over 7.7 billion Euros in the wake of the high capital expenditures for fixed assets and financial investments of the last two years, to be reduced by more than 2 billion Euros on a medium-range basis.

- **Employees:** The number of employees will be changed only slightly as of September 30, 2001. However, a growing portion of the approximately 193,000 staff members will be employed at Group companies outside of Germany.

- **Procurement:** For 2000/2001, we are not expecting any bottlenecks in the procurement of raw materials and supplies or services. As a result of growth, material expense will be slightly above the magnitude of the previous year. World market prices for input materials for the production of steel will probably move within a relatively narrow range in accordance with the short-term demand of the

Seawater desalination plants with stainless steel heat exchangers

international steel industry. The picture of the future with respect to materials, components and subsystems is highly varied. Extremely differing price effects may arise as a function of our suppliers' utilization of capacity.

- **Research and development:** For the current year, we are planning expenditures for R&D projects which will be in an amount similar to those in the 1999/2000 fiscal year. The technology-oriented, R&D related measures concerning quality assurance and quality improvement will probably also be in the amount of the previous year. The focal points of our research and development work continue to be the Steel and Automotive segments, to which substantially more than half of our planned R&D funds will probably be allocated. In the case of Steel, the development of innovative material qualities is at the forefront. The plan is for further projects to investigate new approaches in steel use technology. In addition, we want to further develop the process technology for steel production and use the growing capacity of modern information technology for it. The use of new materials, innovative concepts of lightweight construction and an increasing trend toward electronics and mechatronics will characterize the R&D activity of the Automotive segment. The number of employees in research and development and in quality assurance will probably be at the previous year's level in 2000/2001.

- **Environmental protection:** In fiscal 2000/2001 we will spend some 400 million Euros in Germany alone on operating and maintaining pollution control equipment at our plants. The lion's share will be for water protection (45%) and emission control (35%). Getting our environmental management systems certified to the internationally recognized ISO 14001 standard will be a further priority, in particular for our worldwide production operations in the Steel, Automotive, Production Systems and Components segments. The biggest Group subsidiary ThyssenKrupp Stahl expects to be awarded this certification in the current fiscal year, a reflection of the importance we attach to environmental management. In line with the declaration by German industry on climate control we will continue to help reduce emissions of greenhouse gases: the target in Germany is a 35% reduction by 2012 versus 1990 levels. To this end we will constantly optimize our production processes and in particular invest in technologies to reduce energy consumption.

Strategy adapted

Future structure of the Group

In the course of the fiscal year, the strategic realignment of the Group which was adopted in November 1999 was adjusted to the changed environment in two respects:

- Firstly, in August 2000 we canceled the initial public offering of the Steel segment which had been planned for the fall. The reason for this decision was the weak stock exchange valuation of steel stocks, which even ThyssenKrupp Steel was unable to avoid – in spite of its outstanding market and cost position and rising earnings.

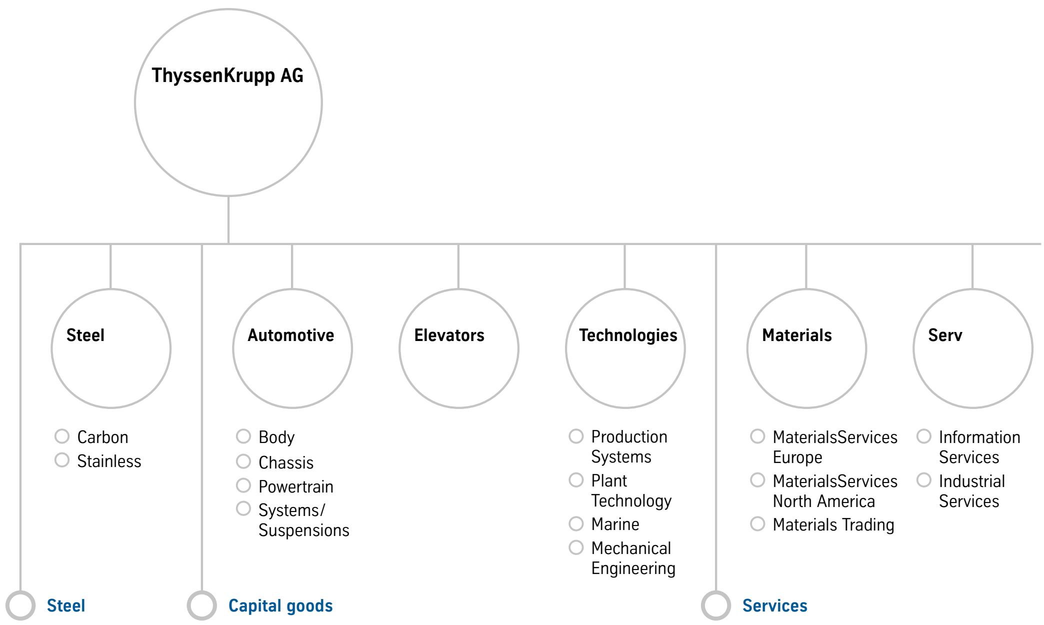
Anti-friction bearings
prior to shipment

- Secondly, the worldwide market situation in plant engineering has caused us to have to reconsider the planned Shipyards and Engineering divestitures.

The Group has a series of activities with regionally and globally strong technology positions and a high share of engineering services; these are Production Systems, Components, Shipyards and Engineering. In the future, these divisions will be combined in the ThyssenKrupp Technologies segment under uniform leadership and will be further developed according to their capacity.

In the future, the Group structure will have six operating units, which will be directly run by ThyssenKrupp AG. These operating units are Steel, Automotive, Elevators, Technologies, Materials and Serv. Thus, ThyssenKrupp will stand for three focal points of activities, in which we already predominantly hold top-3 positions worldwide: steel, capital goods and services.

Three main areas in the future



From the Group

The ThyssenKrupp Group has many faces, with more than 193,000 people shaping the future of our enterprise with their ideas and dedication. In the future we will be using e-commerce for a wide range of tasks – purchasing materials, providing services, selling products. But we will not forget that most computers are still operated by people, and it is people who make the decisions – for our company, our customers and our partners. Even in the electronic age, business is people's business.

Page 56 Focus on service

Page 60 E-commerce initiative

People at ThyssenKrupp

In the offices and plants of ThyssenKrupp, a fresh wind is blowing: Training positions, continuing education courses and suggestions for improvement are more important than ever. Job openings are first listed within the Group; to fill management trainee positions, ThyssenKrupp systematically reaches out to promising young people and university graduates, including contact via the Internet. The personal core competencies against which future senior executives must be measured have been developed in special workshops.

Dortmunder Oberflächenzenrum – new project for leading-edge technologies

Number of apprentices above our needs

As of September 30, 4,861 young people were learning a profession at ThyssenKrupp in Germany. This represents an apprenticeship rate of 4.8%. During the reporting period, 1,447 young people started training at ThyssenKrupp in Germany alone. The number of newly hired apprentices is thus far above our needs. The large number of training positions is the contribution which we have been making for years to the solution of the problems in the labor market.

One particular training project was the ThyssenKrupp Youth Infotainment Forum – the official youth information center for the Expo 2000 World Exhibition. ThyssenKrupp organized and financed the information center. The basic concept was developed with the participation of apprentices and trainees. About 650 apprentices were assigned for two weeks each at the Expo. The primary goals of the project were the communication of key qualifications and the promotion of Group identity and of awareness of potential for improvement. The enthusiasm of the young people and the positive resonance from visitors are signs that we have achieved these goals.

A positive echo and rising figures – this also applies to the extensive intra-Group continuing education program: In the 1999/2000 fiscal year, the number of continuing education participants increased to 64,551 (+ 5.4%) in Germany alone. The continuing education rate, i.e., the number of continuing education measures in relation to the number of employees, rose from 63% to the current level of 66%.

Best suggestion for improvement saves around 0.5 million Euros

Suggestions for improvement were made by many employees, either alone or in teams, during the past fiscal year. Annual savings which have been achieved total 23 million Euros. Processes, products, services, energy use, material use and logistics, as well as worker and health protection, have been improved. The number of suggestions was 26,598. The best suggestion for improvement is saving around 0.5 million Euros per year; a group of employees suggested that instead of being replaced, cold water pipes in the blast furnace plant should be refurbished by the insertion of plastic pipes. The suggestion system will be additionally intensified starting October 01, 2000, through the new Group Idea Contest.

23 million Euros saved through good ideas

Worker safety in our companies has been constantly improved in recent years. With only 18.46 accidents per 1 million work hours, accident frequency, based on the Group average, is lower than ever before. Absenteeism has also declined. The illness level declined from 5.2% to 5.0% in 1999/2000 compared to the previous year.

Personnel marketing and educational assistance with good resonance

The expansion of the intra-Group job market has proven itself for employees as well as companies. At any given time, around 600 job listings can be found on the Group's intranet. These listings are accessed about 700 times a day. It has been possible to fill nearly 35% of the posted positions from within the Group. The general conditions for employee moves within the Group have been made uniform through a new Group labor-management agreement. The international job listing advertiser on the intranet will be expanded in the future.

During the reporting period, the Group participated in a number of company contacts with universities and technical institutions of higher learning to introduce itself to students and university graduates as an attractive employer. The focus of personnel marketing is on particular, specifically profiled universities. Job listings are also increasingly being placed on the Internet; through a future online job application procedure, applications will be forwarded to the Group companies directly via the intranet.

ThyssenKrupp educational assistance

ThyssenKrupp started a new educational assistance program in the 1999/2000 winter semester. It is also open to students who have not had any contact in the past with ThyssenKrupp through job training or through their parents. In the future, the subsidized students will be accompanied from a technical and personal standpoint by senior executives from the Group, who will act as mentors. The plan is for them to become involved in operational projects to improve their contact with the Group and professional practice. Twenty-two new stipend recipients were accepted during the reporting period. Some of them are engaged in international technical or business administration studies at German and foreign institutions of higher learning, such as the Northern Institute of Technology of the technical university in Hamburg.

Company retirement benefits reoriented

With the Combination Pact which was introduced during the reporting year, we have offered new employee-financed retirement benefits which effectively supplement the statutory pension. This new orientation was supplemented in late 2000 by a deferred compensation model specifically for the Group's senior executives. Effective immediately, they can additionally improve their personal retirement, death and disability benefit situation by means of personal contributions.

Management competencies as a plan for success

In order to gear management development more closely to the strategic needs of the Group, about 120 senior executives have described important factors for leadership functions at ThyssenKrupp in Group-wide workshops. They have identified eight management competencies, which senior executives at ThyssenKrupp should have:

- leadership competence,
- value orientation,
- strategic and conceptual competence,
- competence with respect to implementation and changes,
- international competence,
- customer and market orientation,
- technical and interdisciplinary competence,
- integrity.

ThyssenKrupp management competencies were already used in the 2000 planning concerning potential and succession, which covers and evaluates suitable candidates for top management positions on a Group-wide basis.

Compensation policy geared more to the capital market

The principle of profit-oriented and performance-oriented variable compensation of our senior executives is to be applied on a Group-wide basis. The “Long-Term Management Incentive Plan” has created an additional capital-market-oriented compensation element for top management which conforms to the international standard. It recognizes increases in the enterprise value, and thus the operational and strategic work of our top senior executives. Following implementation of the first installment for about 220 top senior executives, the expansion of the group of participants to over 600 for the second installment was adopted for the year 2000. In addition to management board members and general managers of the Group companies, this expanded group also increasingly includes supervisory employees domestically and comparable senior executives abroad.

WORKFORCE THYSSENKRUPP

Employees (09/30)

	Germany	abroad	
1998	61%	39%	183,937
1999	59%	41%	184,770
2000	55%	45%	193,316

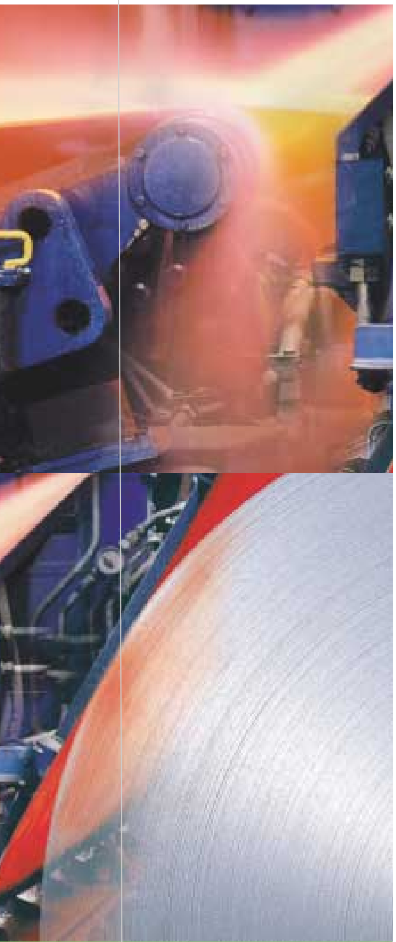
Safety at work – prerequisite for greater performance

Ideas for the future

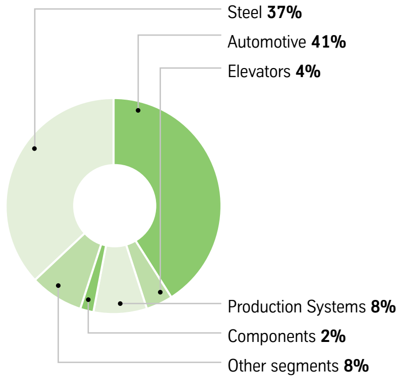
The motor for growth, competitive strength and economic success are our innovations with respect to products, production processes and service. In particular, high-performance materials and new surface-treatment and processing techniques for steel and stainless steel, lightweight construction designs in automobile construction, novel elevator concepts and environmentally friendly process techniques were at the forefront during the reporting period.

Innovative process techniques, optimal size units and site conditions are important competitive factors for the production of flat carbon steel. Following extensive studies, the Steel segment placed the first casting-rolling line in operation in an integrated steel plant in 1999. Compared to conventional three-stage production, casting and rolling in one process makes fabrication of high-quality flat carbon steels possible at substantially lower costs. Continuing development work will further expand this cost advantage.

Casting-rolling line in Duisburg sets new standards in steel production



1999/2000 RESEARCH AND DEVELOPMENT EXPENDITURE BY SEGMENT



World's first pre-industrial strip caster placed in operation

Eurostrip® cooperation successful

A revolutionary step in the production of stainless steel grades is the construction of the first pre-industrial strip caster in the world by Krupp Thyssen Stainless, the international leading producer of stainless steel flat products. The partners which are working together in the Eurostrip® cooperation project – Usinor and Voest-Alpine Industrieanlagenbau, along with ThyssenKrupp – placed the pre-industrial strip caster in operation in Krefeld on schedule. The casting process has been stabilized to the extent that it is now possible to pour complete meltings in a reproducible manner. This was the prerequisite for the planned expansion into a fully functioning, powerful industrial caster.

Undercoated sheets in vehicle construction

Coated sheets are particularly important to automobile industry customers. Organically strip-coated auto body sheets from ThyssenKrupp shorten the process steps in the automobile companies' enameling works. Thin sheets coated with a thin film are already being used in serial models. Sheets undercoated with multiple layers which can ultimately replace complete body serial enameling have been used in initial tests. The savings potential, particularly in connection with module fabrication, is considerable.

Innovation in corrosion protection

With the further development of a U.S. patent, SMR de Haan, a company of the FacilitiesServices segment, has succeeded in decisively improving the conserving – and thus the corrosion protection – of sheets in the steel and automobile industry. The self-developed dosing and spray system electrostatically ensures a uniform, very thin distribution of the oil film – even on formed sheets. By means of freely selectable magnetic valves, the spray width can be variably set at 50-millimeter intervals, thus preventing over-oiling, which impairs bonding and enameling. A laser measurement device also monitors the quality of the oil film. The machine can be set up as an individual component or integrated into an existing facility. It is currently in use on the new inspection lines of ThyssenKrupp Stahl AG and in the automobile industry.

Steel Innovation Prize for metal foil

Krupp VDM, one of the leading companies in the world in the area of nickel-based alloys, received the 2000 Steel Innovation Prize in the R&D category for the development of the new highly corrosion-resistant strip material Aluchrom. This steel alloy, which has a high aluminum content, is rolled into foil 25 thousandths of a millimeter in thickness making possible a completely novel concept for motor vehicle catalytic converters. In contrast to the conventional ceramic catalytic materials, these catalyst media of wound metal foil heat up quickly. They can also be equipped with electric resistance heating, in which case they very quickly reach the operating temperature necessary for exhaust gas cleaning.

Aluchrom for reduced emissions

Longitudinal swinging arm with greater design freedom

In order to reduce weight in vehicle construction, the Automotive segment has developed a new concept for lightweight steel construction compound steering axles. The intelligent core of this design is a torsion profile which has substantially lower wall thickness and a substantially greater moment of inertia than comparable conventional parts. This is achieved through the use of higher strength dual-phase steel. An additional innovation is the use of longitudinal swinging arms made from unflanged welded shells. The new concept offers greater design freedom and saves up to 25% of the costs and up to 30% of the weight.

The electronically controllable air spring damper module which was created in collaboration with DaimlerChrysler has proven itself in driving practice. The driving comfort and driving dynamics of conventional components are clearly exceeded. The spring system with adjustable dampers, which received the 2000 Innovation Prize of the ThyssenKrupp Group, will be a trendsetter for a new chassis technology.

New steering booster with an electric motor

The electro-mechanical steering booster TubPAS, an innovative alternative to conventional hydraulic steering aid, has been placed on the market. TubPAS satisfies the desires of drivers for comfort, functionality and low price, as well as the legislature's demand for further reduction of fuel consumption. Thanks to the compact construction in the form of a tubular steering booster which has an electric motor and is concentrically placed around the toothed rack, the same installation space in the vehicle which is available today for hydraulic steering boosters is sufficient. Today's vehicle electrical systems are sufficient for electric operation.

Tailor-made elevator concept for high-rise reconstruction

Specifically for slab superstructures in the new federal states, the Elevators segment has developed a tailor-made concept which enables problem-free retrofitting with elevators and substantially increases quality of life. The concept consists of a special shaft scaffold which is combined with the Evolution® elevator model, which does not have an engine room. The pre-fabricated elevator shaft is attached to the external building front like a sponson. In October 1999, the first elevator according to this concept went into operation in Dessau.

Cost reduction through dry processing

The Production Systems segment is one of the internationally leading machine tool manufacturers in the area of dry processing, i.e., metal cutting without or with only minimal quantities of cooling lubricant. A current example of our technological capability is the world's first production system for dry large series machining of aluminum components; the customer is an international automobile manufacturer. In addition, a new processing center equipped with a linear motor for the dry processing of large gray cast iron components has been developed. By foregoing the previously customary quantities of cooling lubricants, our customers are able to save up to 15% of their fabrication costs and, at the same time, make an effective contribution to environmental protection.

Smoke removal system makes tunnels safer

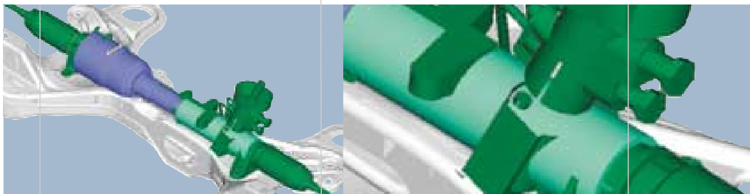
Fires cause devastation, especially in tunnels. One of the main reasons is that victims lose their bearings in the dense smoke and suffocate. In cases like this an effective smoke removal system can save lives. Kessler + Luch, a recognized HVAC specialist in the FacilitiesServices segment, has developed a new technology of unparalleled efficiency which uses the natural suction effect of eddy currents to extract smoke and other emissions. Surgically precise, the system acts in seconds, leaving escape routes smoke-free.

Transrapid lines in testing

The demonstration trips of the Transrapid prototype vehicle TR 08 on the test grounds in Emsland were among the events in connection with the Expo 2000 world exhibition. The new vehicle, which consists of three units of 25 m each in length with a total of 200 seats, represents the latest state of the art. At this time, several line projects are being intensively reviewed both in Germany and other countries. Particular public interest is focused on possible application lines in Munich (main train station to the airport) and North Rhine-Westphalia ("Metrorapid" from Düsseldorf to Dortmund). ThyssenKrupp Beteiligungsgesellschaft Transrapid International has developed a feasibility study for the 30 km connection of the Shanghai Airport. In the U.S., the Washington – Baltimore connection is being discussed.

New chances for Transrapid

Innovative steering concept: TubPAS from Krupp Presta



Focus on service

Serving the customer with specialized service is a key to growth for ThyssenKrupp. Innovative services which offer efficient system solutions on a customer-oriented basis create added value – for our business partners and for us. A group-wide project organization has been pushing this since May 2000. As a substantial element of the new strategic focus of our group, this means a step toward a new service culture.

Telemanagemet center in Krefeld: Even online, the customer is king

In the know-how-intensive capital goods business, our customers are concentrating increasingly on their core competencies. As a result, they show an increasing willingness to turn additional services over to suppliers and to reduce the complexity of their own management. ThyssenKrupp intends to actively participate in this development. Just as in the case of our service-oriented MaterialsServices and FacilitiesServices segments, independent innovative services are therefore coming more sharply to the forefront, even in the industrial manufacturing segments. As a result of additional services along the value chain, new added value partnerships with our partners are coming into existence. In addition, there are positive ancillary effects: Customers are more strongly committed to ThyssenKrupp as a result of the services; our company distinguishes itself from the other competitors. Both of these things promote product sales.

Today we are already rendering diverse services on our own products and products of third parties, as well as pure services. Here we are able to demonstrate know-how which has been established over many years. Services currently have a share of over 15% of ThyssenKrupp sales.

Service share currently 15%

- Alongside customized processing and just-in-time delivery, the MaterialsServices segment provides increasingly sophisticated services. For customers in the automobile, mechanical engineering and chemical industries we take care of inventory management and administer individual production and maintenance operations on the basis of an electronic network of inventory control systems. Our customers include one of Europe's biggest DIY chains. The supply of plastic products to the chain's 160 stores is electronically controlled so that as goods are sold new supplies are automatically delivered from our nearest warehouse. The MaterialsServices segment is also responsible for managing the supply of ready-to-install screen frames to one of the world's biggest television manufacturers. We manage the entire production chain – from product development to purchasing, inventory and quality management to just-in-time logistics. Boeing, the world's largest aircraft manufacturer, assigned the materials management of all aluminum and titanium products to MaterialsServices, a job which involves the coordination of around 600 subcontractors.

- In FacilitiesServices, we are bundling the competencies of the group in the areas of the classic industrial service of scaffolding services, facility management and IT services into a leading service provider on a Europe-wide basis. The Information Services business unit has already grown into one of the leading independent system houses in Germany and is strongly involved in e-business. With a network consisting of six high-performance computer centers and 2,500 satellite stations in 40 countries, it ensures communications between company headquarters and their branch offices around the world.

The producing segments are also already rendering services to a greater degree. In many cases, this service is in connection with the delivery of industrial products like machines and facilities. The type and scope of the services is based on the needs of the customer. Accordingly, the service orientation distinguishes itself in different ways:

- In the case of Steel, the services particularly aid in the sale of products. By order of our customers, new steel qualities are being developed, research tasks are being carried out and products are being stored on an interim basis. In addition, foreign steel companies are being consulted in process management.

- In addition to engineering services in product development and production, Automotive offers its customers numerous services in connection with the system business. These include system development and supplier management, as well as assembly and logistics services. In addition, there are services such as after sales service for facilities and devices or the replacement part and accessories trade for end customers of shock absorbers.

- In the case of Elevators, services – primarily service, repair, modernization and remote monitoring of elevators and escalators – make up about half of sales. Here new facilities construction is the key to the later service business.

- Production Systems renders services in the area of engineering and after sales service. The spectrum ranges from replacement part management and telephone service to remanufacturing and resource management.

- In substantial part, the services of the Components segment promote the sale of products, such as customer consulting, training programs, and hotline service.

- The program of Shipyards in the Others segment includes a number of know-how-intensive services – from the classical repair business to design, construction and training to the delivery of material packages. Such services make up more than a third of total sales revenue.

All of these activities offer concrete evidence of the service offensive by ThyssenKrupp. Firstly, we want to improve the execution of the services by means of intra-group exchange of experience and additional measures. Secondly, the substantial expansion of the existing service providers within the Group and the establishment of additional innovative services in our producing segments are at the forefront. Cooperation with partners is also possible in this regard. The establishment of completely new service activities through the intensified use of existing knowledge, as well as through acquisitions, is also being deliberated. On a medium-term basis, ThyssenKrupp intends to make up about a third of its sales with services and thus approximately double the current share of sales.

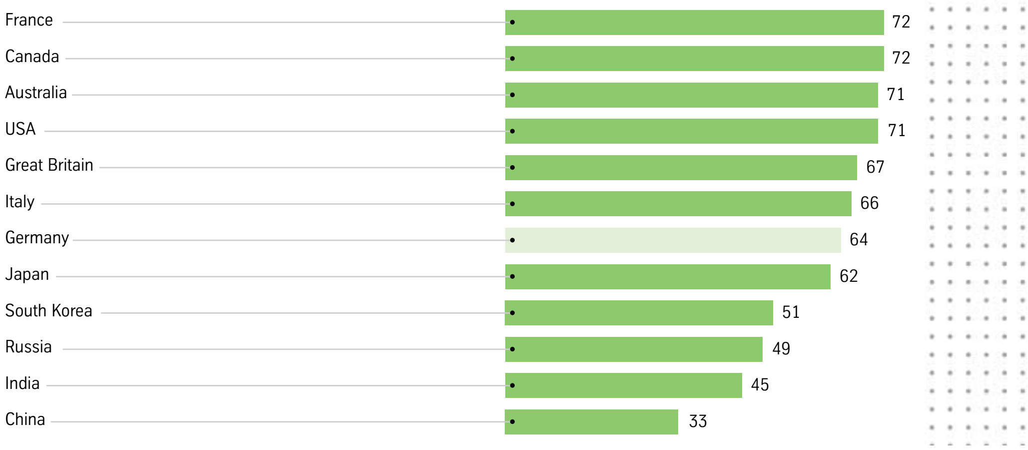
In the age of the Internet, anyone who talks about services is also talking about e-commerce. The E-Commerce Initiative of the corporate Group, which is running parallel to the focus on service, is creating new opportunities in the service sector. The optimal use of e-commerce and the Internet is a critical factor for the success of the ThyssenKrupp focus on service.

Service and e-commerce hand in hand

That's why "Services and e-business" is also the theme of this year's Group innovation contest. We are looking for new services or e-business solutions which will strengthen and expand the range of services offered by the Group. Customer benefit/retention, cost savings and innovativeness are the key criteria against which ideas will be measured.

An expansion of the personnel-intensive service business requires employees who display an innovative and creative commitment to their duties. The idea of service must increasingly find its way into the company culture at all levels and in all of the divisions of the Group. This is what we are working toward.

SERVICE CONTRIBUTION TO VALUE ADDED
in % of GDP 1998



More and more the route to top performance is electronic

E-Commerce Initiative

Large-diameter bearings for wind power stations, escalators for the subways of the world, steel specialties for extreme areas of use or the lease contracts for commercial space: These are now no more than a double-click away for ThyssenKrupp customers at home and abroad. Our business partners worldwide can inform themselves about our products and prices, can agree upon personal consulting or place orders immediately via the Internet. The ThyssenKrupp companies have quickly learned what is new and useful about the New Economy. A Group-wide project organization is steering the conversion to the electronic age.

Coil auction on the Internet: ThyssenKrupp Steel was among the first suppliers

The e-commerce tool can – if employed systematically – contribute to the increase in the value of many company activities. The entire Group is in the process of structuring its business processes more efficiently throughout the entire value chain by means of the systematic use of e-commerce. We are also participating in numerous new business ideas and in Internet marketplaces.

Going shopping with the mouse

With the help of e-commerce, we can bundle orders of different Group companies and thus substantially reduce material costs. Further savings result from the simplification of processes. With several pilot companies from the Group, a centrally operated procurement platform is being established, which in the first stage, will offer catalogue solutions for online material orders to all ThyssenKrupp companies. An expansion to include calls for bids in real time is planned.

Online purchasing reduces costs

Online calls for bids for procurement needs have already proven themselves, primarily in the Automotive segment with respect to specific products. In light of the positive experience, we want to extend these activities on a Group-wide basis. In addition, more and more Group companies are publishing their purchasing needs on specialized websites (Steel, for example) or are increasingly utilizing the efficiency benefits of Internet contact with their suppliers (MaterialsServices, for example). This cross-linkage makes it substantially easier to exchange purchase orders, orders, inventory status data and order status data.

Steel auctions on the WorldWideWeb

In February 2000, ThyssenKrupp became the first flat-rolled steel producer in Europe to begin distributing steel products via the Internet and, for this purpose, established the first company e-commerce platform in Europe. At first, only steel from inventory stocks was sold twice a week to registered customers which submitted their bids in an online auction. This was followed in mid-2000 by the sale of rolled steel from current production and stainless steel. The success of this online business provides advantages both to us (lower selling costs) and our customers (greater flexibility and responsiveness in purchasing).

At the end of June 2000 ThyssenKrupp Steel together with the leading European steel producers Arbed/Aceralia, Corus and Usinor agreed to establish two joint e-commerce platforms. Steel24-7 has been set up to handle sales via the Internet and improve customer services, while BuyForMetals will help increase efficiency in procurement.

Service and support through remote maintenance

ThyssenKrupp is also increasingly using the Internet to improve internal processes and services. One example is the Elevators segment. By means of mobile communications between service technicians on-site and the central computers, it is possible to service the elevators and remedy defects more quickly than before. The “Serkom” which is used for this purpose minimizes the organizational expense and even enables the sale of replacement parts. A similar system is used by Elevators in the U.S.

Even the best machine tools must be serviced from time to time. The Production Systems segment is one of the first providers of machine tools to have developed a system for the evaluation of sources of errors. The Central Service Office in Ludwigsburg near Stuttgart can directly access the memory-programmable controls of the machine via the Internet. This system works around the clock. On the basis of the data which is acquired, Production Systems can provide effective remote diagnoses and support the customers with concrete instructions for error remediation.

Thanks to the increasing use of digital technology a wide range of facilities management services can now be carried out by remote control. The Tele-Management-Center of the FacilitiesServices segment provides a full support service for facility operators round the clock, 365 days a year. Facility equipment, PC networks and telephones are linked up to the center so that failures can be recognized and in some cases remedied immediately.

Online Shop with 120,000 products

Similar to the case of the steel business, e-commerce is also strongly gaining in importance in the MaterialsServices segment. The Internet transmission of purchase orders, delivery notes, invoices, etc., makes business processes substantially easier. Shop solutions are developed for smaller and medium-size customers. For example, Thyssen Schulte – the core of the European business of MaterialsServices – became the first company in the industry to start trading via the Internet in July 2000 following a one-year developmental and pilot phase. Through an online shop, customers can obtain information on over 120,000 different products around the clock and order them directly. One or two days later the requested material – individually processed upon request – is delivered via the Thyssen Schulte Service Centers.

Efficient materials trading on the Internet

Other companies of MaterialsServices operate e-commerce platforms, online shops and are involved in company-neutral market portals.

Business with bits und bytes

At the beginning of the nineties, ThyssenKrupp recognized the possibilities of the Internet and Internet technology for data communications of companies. Today the FacilitiesServices segment, through its Information Services business unit, offers outside customers and Group companies the opportunity to operate extensive e-commerce solutions. The offering goes beyond the mere technical provision of server capacity. With the formation of Xtend, the entire service line from consulting and design to programming, operation and marketing was bundled, in order to offer the customer a complete service. The range of applications extends from pure company presentations on the WorldWideWeb to online shop systems and Internet-supported company television. But other companies in the segment also use e-commerce. For example, Hommel Unverzagt, working jointly with Japanese manufacturer Okuma, has placed a shop solution for used machine tools in operation.

All segments: Information and consulting in the network

The e-commerce distribution channel is not suitable for every customer or every product. Many of the Group's services require personal consulting. But even these services can be better prepared by means of the Internet. Customers can retrieve extensive information and detailed product data concerning products which require technical explanation. All ThyssenKrupp segments are represented on the Internet by their companies' own websites. For example, the Components segment presents different large-diameter bearings on the Internet with technical descriptions and enables its customers to make advance selections. Elevators is offering a product configurator for escalators, with which inquiries can be processed and bids can be prepared online.

In the real estate business as well, e-commerce will prove itself for distribution, leasing and customer information. The Real Estate segment's new website informs customers and potential lessees concerning available apartments, commercial buildings and commercial space and concerning the supplemental service offerings. Anyone who wishes to is able to make contact with the competent employees by e-mail.

Close customer relationships through online contact

Sound basis for new Internet ideas

Naturally the conversion of the ThyssenKrupp Group to the Age of the Internet is far from complete. On the contrary: In our systematic and centrally coordinated project work, we are constantly discovering additional perspectives, examining new ideas and utilizing the value-increasing potential of e-commerce. Longtime customers and innovative products, capable employees and well-devised logistics concepts of ThyssenKrupp form a highly promising basis for this.

Onyx or parliament television:
Xtend specializes in digital TV

2.15
p.m.

2.23
p.m.

min

2.32
p.m.

2.45
p.m.

3.02
p.m.

3.11
p.m.

2.25
p.m.

utes

2.53
p.m.

Every day all around the world people at ThyssenKrupp come up with countless ideas for meeting customer needs. More than 193,000 employees worldwide represent a well of creative potential from which we tap innovations to open new horizons, now and in the future. Year by year. Day by day. Minute by minute.

minutes. by ThyssenKrupp

3.17
p.m.

ThyssenKrupp international Companies, branches and offices in more than 80 countries worldwide.

Mobility Groundbreaking technologies in tune with the pace of modern life.

2.25 p.m.
Monte Carlo

Motorsport Service and expertise – a familiar sight at many race tracks.

Training, education, knowledge management The knowledge of over 193,000 employees secures our future.

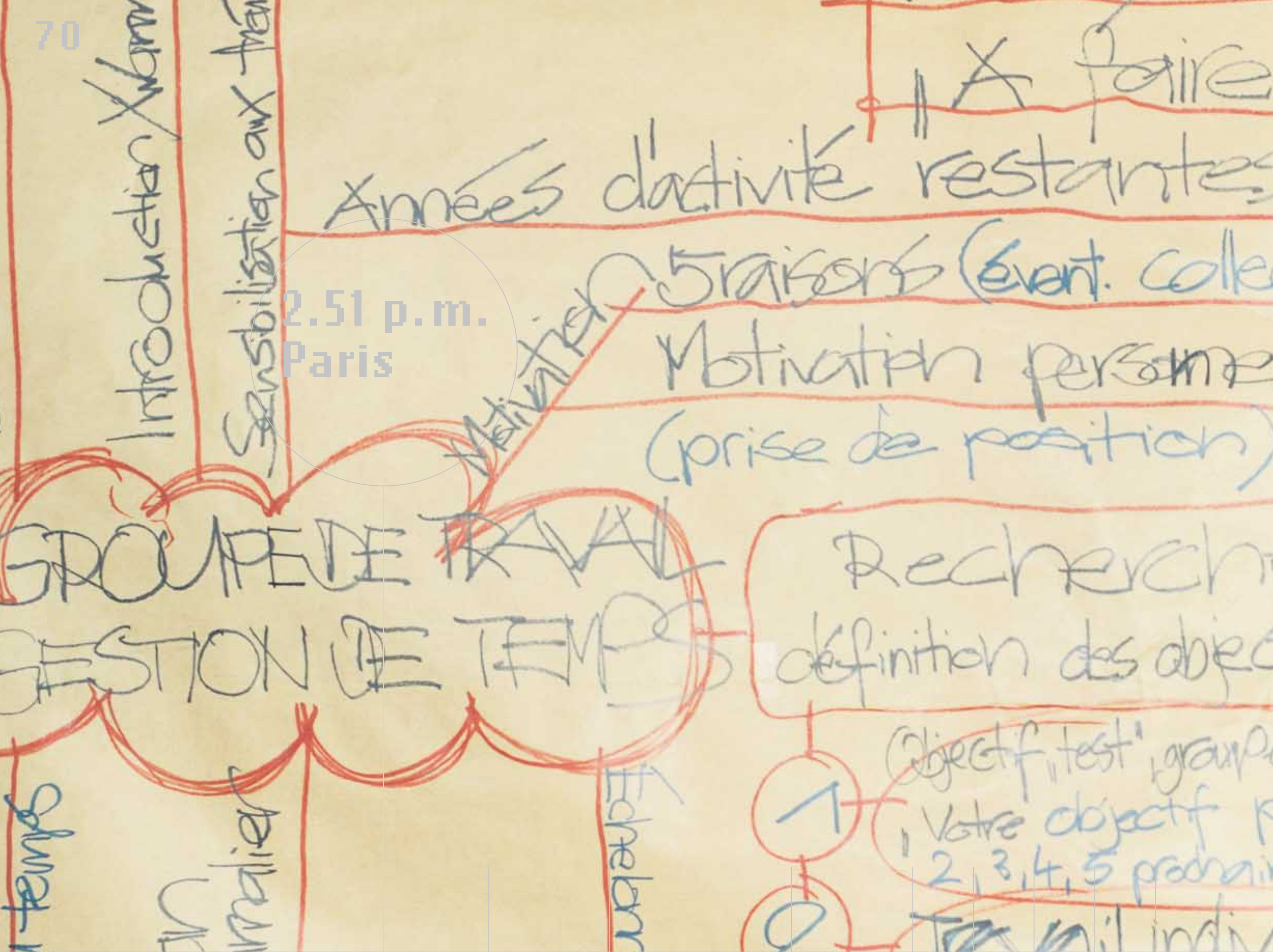
2.34 p.m.
São Paulo

One-stop shopping Integrated logistics and information systems for customized workflows and organizational processes.

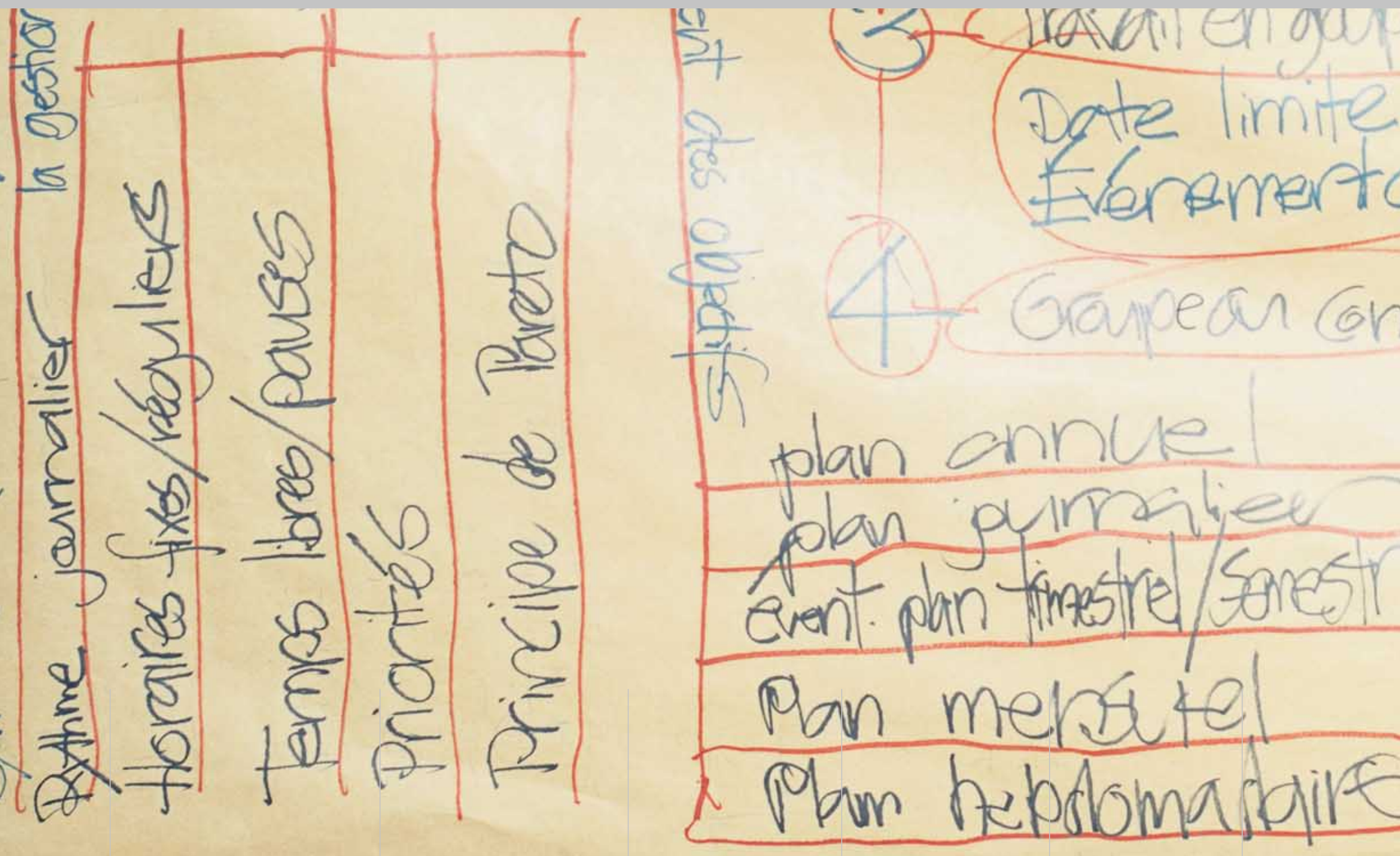
2.37 p.m.
Milwaukee

Multimedia communication Getting the message across.

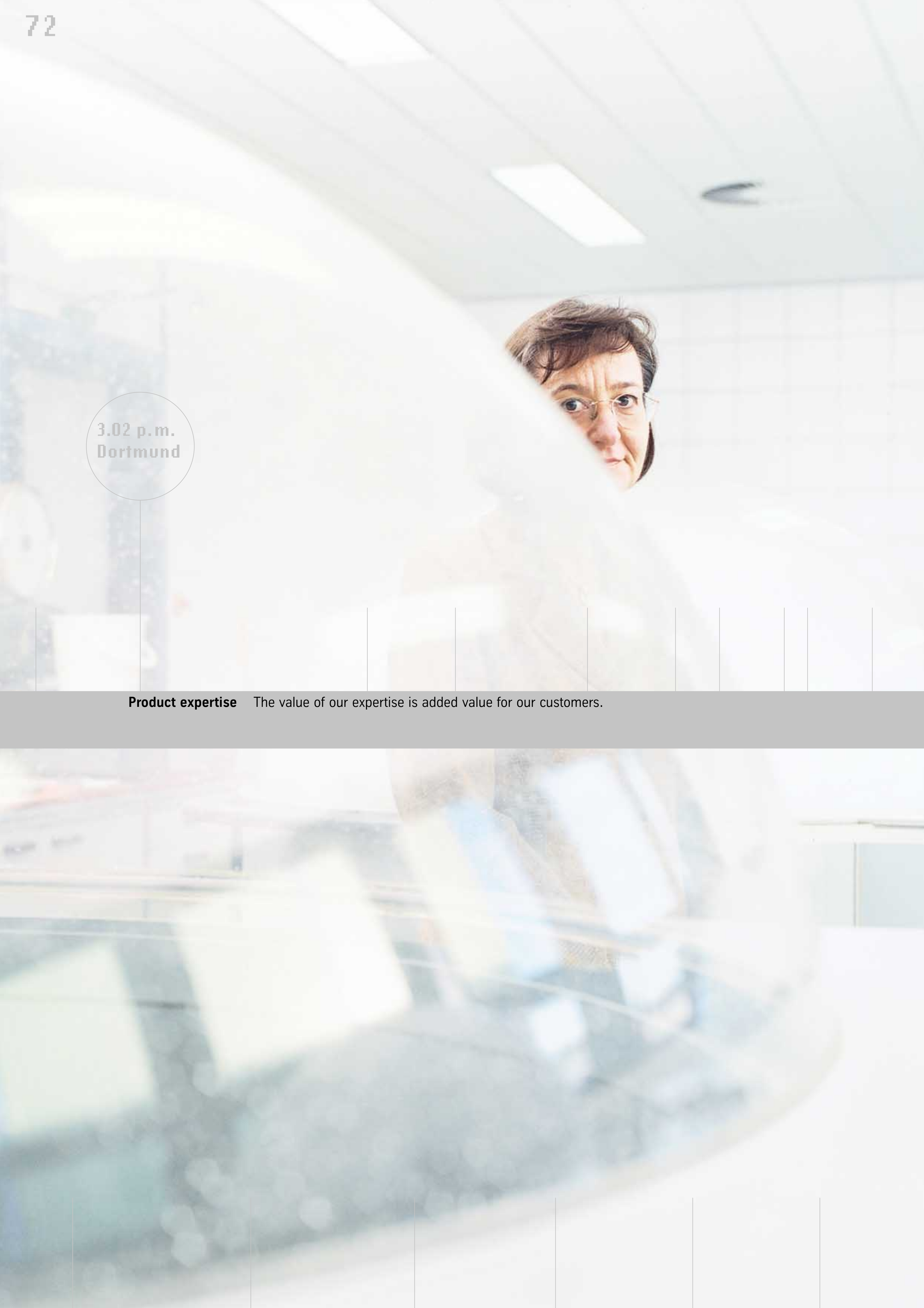
2.51 p.m.
Paris



Workshops Creating ideas out of chaos.



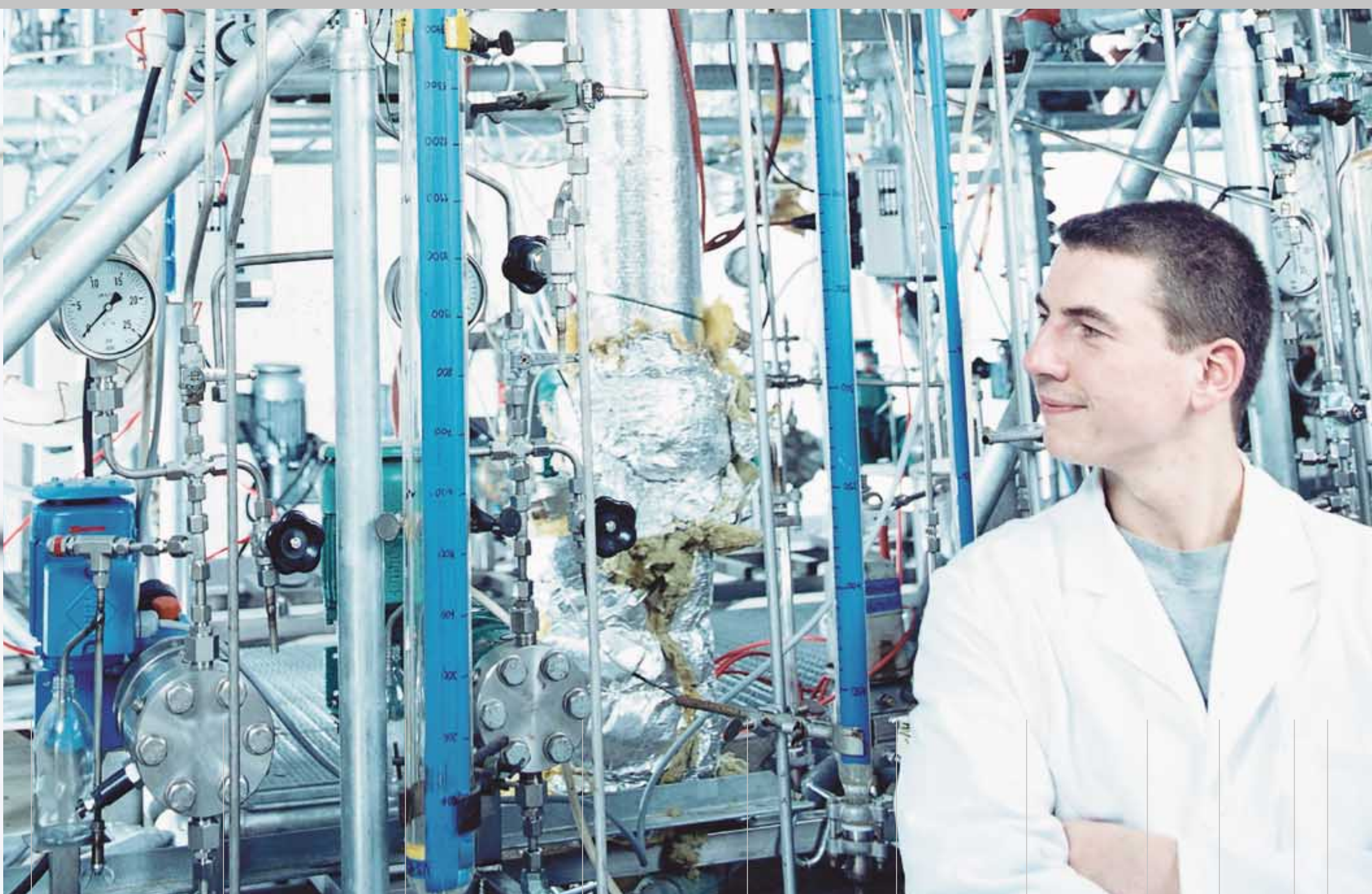

très
Tâches
planifier
ou
faire
peu



3.02 p.m.
Dortmund

Product expertise The value of our expertise is added value for our customers.

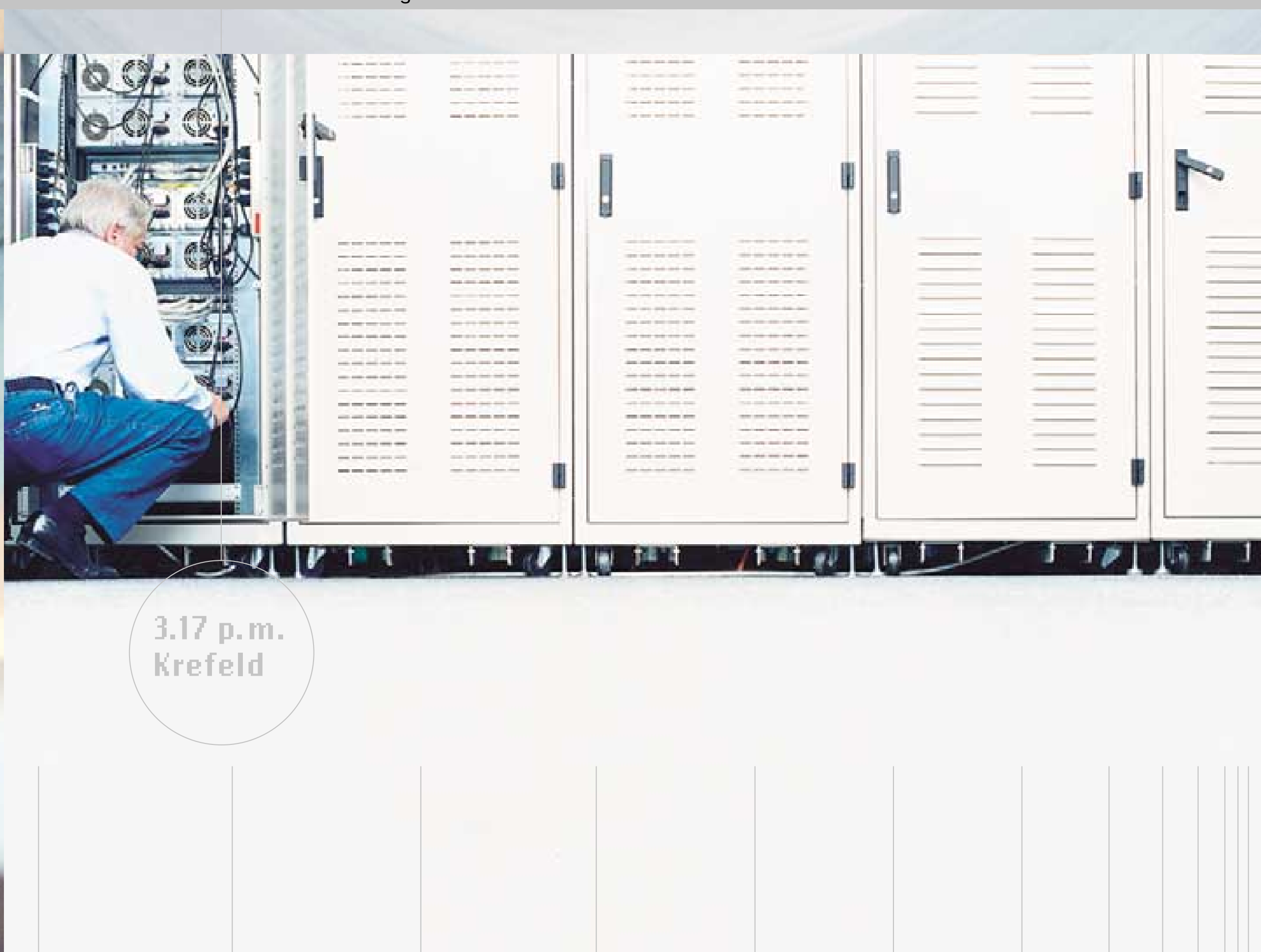
Research and development Progress means movement. Movement creates innovation.



Transrapid Tomorrow's transportation today.


Materials World-class quality and capability.

IT services Covering five continents around the clock.

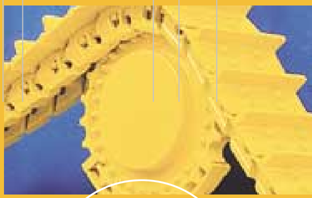



Segments

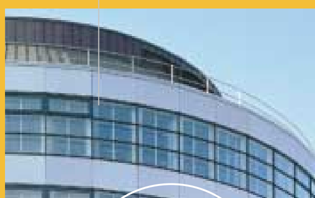
Our segments and their companies are at home on the world's marketplaces. They buy and sell, research, develop and produce, negotiate with customers, suppliers and other partners. They earn the money to pay dividends, interest, taxes, wages and salaries. They are the stars of our show.








FLIR



Steel

Our Steel segment enjoyed good business during the last fiscal year. Sales rose to 12.7 billion Euros, an increase of 21%, while earnings more than doubled. Thus, the profit arising from our flat carbon steel and stainless steel production totaled around 606 million Euros. During the new fiscal year, Steel intends to continue to expand its international activities.

Successful steel year for ThyssenKrupp

STEEL SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	1999/2000
Order intake	Million Euros	10,351	9,702	13,043
Sales	Million Euros	10,452	9,802	12,676
EBITDA	Million Euros	1,231	1,153	1,675
Income[1]	Million Euros	277	251	606
Employees (09/30)		54,388	54,388	53,856

[1] before income taxes and minority interest

1
Steel

Leading-edge technology at Krupp Thyssen Nirosta: the new bright annealing facility in Dillenburg

Surprisingly high demand for steel

During the 1999/2000 fiscal year, Steel profited from surprisingly strong national and international steel demand; there was even a temporary supply shortage. The favorable volume situation was accompanied for long stretches by substantial price improvements. It has only been since mid-year of 2000 that steel prices, in North America and Asia in particular, have declined, whereas Western Europe was less affected by this tendency.

As a result of the favorable steel sector activity, the sales for the Steel segment rose by 21% to 12.7 billion Euros. The overall positive course of business led to a substantial expansion of profits to 606 million Euros. Thus, the previous year's result of 277 million Euros was more than doubled.

On September 30, 2000, the Steel segment included 53,856 employees, 18% of whom are in companies abroad. In the case of Stainless, the number of foreign employees was already at 45%, due to the advanced state of internationalization. Overall, the staff of Steel has declined by 1.0% within the period of a year.

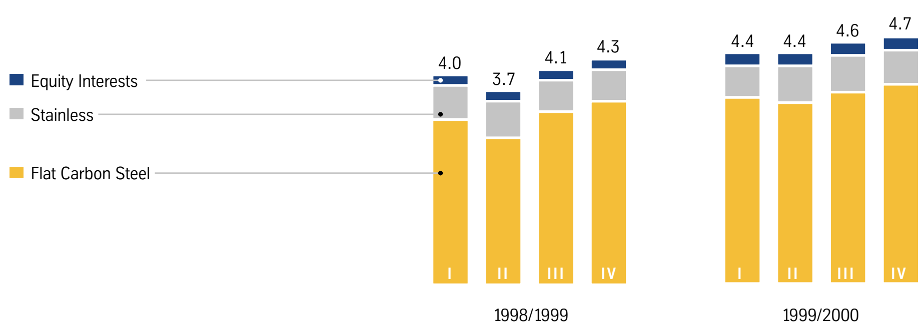
Production at the limits of capacity

During the reporting year, nearly all of the Steel companies were working at the limits of their capacity. Although the capacity of the core aggregates was fully utilized, it was not possible to satisfy all customer requests in terms of quantity and deadlines. Order intake, which totaled 13.0 billion Euros, exceeded the previous year's volume by 26%.

The crude steel production of the Steel segment reached 18.1 million t. It was thus 12% over the comparatively low level of the previous year, in which economically unfavorable transactions were foregone on a targeted basis in the case of Flat Carbon Steel. As a result of the disproportionate expansion of production compared to Western European competitors, market shares were regained in important core markets. In the case of Stainless, production increased once again as a result of capacity expansions.

18 mt of crude steel produced

CRUDE STEEL PRODUCTION THYSSENKRUPP STEEL
in million t



STEEL SALES
Million Euros

	pro forma 1998/1999	1998/1999	1999/2000
Flat Carbon Steel	6,585	6,492	7,658
Stainless	3,198	2,690	4,314
Equity Interests	919	853	964
Total	10,702	10,035	12,936
Consolidation	(250)	(233)	(260)
Steel	**10,452**	**9,802**	**12,676**

Flat Carbon Steel: price and quantity increase

In the case of Flat Carbon Steel, sales rose by 16% to 7.7 billion Euros. Of that amount, 5.6 billion Euros was allocable to Thyssen Krupp Stahl AG. The increase in sales there totaled 13%, which resulted primarily from the increase of shipping quantities by 10%; at the same time, the average price level was increased by 3%.

The clear rise of steel prices in the course of the year only affected results on a delayed basis. One cause for this is the high percentage of longer-term price agreements with important customer groups. However, the revenue level of Thyssen Krupp Stahl AG in the last quarter of the 1999/2000 fiscal year was 13% over the corresponding value for the previous year.

Stainless: Record sales revenue as a result of higher nickel and base prices

During the past fiscal year, Stainless earned record sales of 4.3 billion Euros, 35% more than in the previous year. The primary carrier of sales were stainless flat products, with a share of 72%.

With sharply expanding demand for stainless products worldwide, sales growth was influenced to a substantial extent by the prices for the alloy element nickel, which increased sharply during the year. These additional costs were passed on to the market on a delayed basis through products involving alloys. In addition, base prices were also increased in the course of the year. The shipment to customers reached a volume of 2.4 million t. Thus the record result of the previous year was successfully maintained. Capacity bottlenecks among the substantial core aggregates prevented possible growth.

The business was substantially expanded in the case of nickel base alloys as well: At 556 million Euros, the value of sales rose by 27% over the previous year's level. Substantial market share increases were posted with all product forms, particularly in the strategically important markets in the U.S. and the Far East.

Equity Interests: Sales revenue increase in spite of divestiture

In spite of the sale of HSP Hoesch Spundwand und Profil, the Equity Interests of ThyssenKrupp Steel lists a slight sales revenue increase of 5% to 964 million Euros. While Krupp Edelstahlprofile and Edelstahl Witten-Krefeld earned higher sales revenues, Thyssen Schienen Technik suffered losses due to the substantially reduced bookings from Deutsche Bahn AG.

Outlook: Focus and internationalize production

During the 2000/2001 fiscal year, the high level of orders on hand in the Flat Carbon Steel business unit ensured full utilization of all of the aggregates in the 1st quarter. Orders received have been rather sluggish to date. As a consequence of declining prices in North America and Asia, the price pressure in the core market of Western Europe is increasing noticeably, but on the basis of a high starting point. This applied initially to only simpler products in the commercial segment; in the interim, however, this development crossed over to higher value steel products, intensified by growing imports in Southern Europe.

Cooling down of steel market expected

The Flat Carbon Steel business unit will further strengthen its production base in Germany. In 2001, overall iron and steelmaking activities, as well as the predominant portion of hot strip production will be concentrated in Duisburg. In Dortmund, the one-line plant with a blast furnace and a converter, as well as a hot rolled wide strip production line, will be shut down in the course of the 1st half of the year 2001.

On the basis of the strengths of our steel production in Germany, the internationalization of down-stream activities in the target markets of Europe, America and Asia has begun. The GalvaSud joint venture with CSN in Brazil, which is constructing a hot-dip galvanizing facility, a steel service center and tailored blanks fabrication to supply the Latin American automobile industry, will serve as a model. Other projects are joint venture activities concerning the construction of hot-dip galvanizing facilities in the U.S. and China.

Stainless is expecting a continued good effective-demand boom but with falling base prices. In addition to the strength and expansion of the established European sites, the activities will be geared, above all, to the strongly growing Asian and NAFTA markets. The joint venture Shanghai Krupp Stainless, which is under the industrial leadership of Krupp Thyssen Stainless, is currently establishing a cold rolling plant in China, whose first expansion phase with capacity of 72,000 t of stainless cold strip is planned to go into operation at the beginning of 2002. A rapid expansion to an optimal size of at least 270,000 t is planned. A new production site is planned in the U.S. in order to establish a strong market position there as well.

Coated sheet – a high-performance material

Automotive

The Automotive segment was able to further expand its position as a partner of the international automobile industry in 1999/2000. Sales rose by 17% to 6.1 billion Euros, and profits increased slightly to 295 million Euros. New plants and joint ventures in China, the U.S., Great Britain and Germany, as well as acquisitions and the formation of new companies, strengthened the global network as a system partner and full-service supplier. The technological successes paid off in the market. Out of a total of about 40,000 employees, over 71% work abroad.

AUTOMOTIVE SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	**1999/2000**
Order intake	Million Euros	5,115	4,770	6,112
Sales	Million Euros	5,208	4,863	6,108
EBITDA	Million Euros	590	555	648
Income [1]	Million Euros	291	275	295
Employees (09/30)		37,594	37,594	39,920

[1] before income taxes and minority interest

2
Automotive

Stamping line for body panels

In major markets, our customers, the international automobile companies, sold more vehicles in 1999/2000 than in the previous year; this also provided us with good business. In the U.S., in particular, sport utility vehicles were produced in record numbers, while demand for heavy trucks declined. In Brazil, the automobile market recovered after the market slump of the previous year. Demand for the products of ThyssenKrupp Automotive remained also high in Europe. Our technical innovations proved particularly popular.

Body: 21% more sales

The Body business unit was able to increase sales by 21% to 1.5 billion Euros. The growth was achieved primarily in the U.S., where The Budd Company supplied body components, such as doors, engine hoods or side panels, made from steel or SMC plastic for the popular sport utility vehicles. But the European companies also posted an increase after production of the new Ford Transit picked up speed. In addition, there was the successful market introduction of safety-relevant components made from high-strength steels.

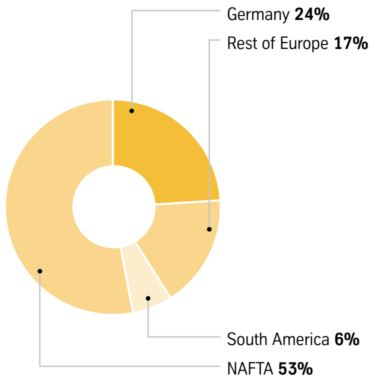
Increased sales in all businesses

Budd received several major orders mainly from American auto manufacturers for the delivery of body parts for various automobile models and commercial vehicles. TKA Body Stampings in Great Britain, in particular, gained new orders from Toyota for steel body sheet parts. The Brackwede plant in Bielefeld further expanded its market share with high-strength side impact beams for new automobile models.

Chassis: In the fast lane

In the last fiscal year, the Chassis business unit had sales of nearly 2.3 billion Euros, an increase of 23%. The product program of components and subassemblies for chassis and suspension continued to assert itself in the market; we are among the market leaders in the new technology of hydroforming. The new plants in Tell City, Indiana, and Hopkinsville, Kentucky, in the U.S. have fully commenced production. In addition, there are the sales of the newly acquired aluminum foundry Stahl Specialty with sites in Kingsville,Texas, and Warrensburg, Missouri. The European companies were able to keep their sales at the level of the previous year in spite of numerous model phaseouts.

AUTOMOTIVE SALES BY REGION 1999/2000



AUTOMOTIVE SALES Million Euros	pro forma 1998/1999	1998/1999	**1999/2000**
Body	1,198	1,119	1,454
Chassis	1,826	1,705	2,255
Powertrain	1,316	1,228	1,538
Systems/Suspensions	834	779	889
Total	5,174	4,831	6,136
Consolidation	34	32	(28)
Automotive	**5,208**	**4,863**	**6,108**

New orders further solidified the market position. Waupaca Foundry will manufacture chassis components for the "Big Three" and automotive suppliers such as Bosch and American Axle. Budd will also supply Ford with chassis components for a complete midclass platform. Krupp Fabco also received major orders, mainly from Ford. The two English plants of TKA Chassis Products will equip new Nissan, VW, Porsche and Ford vehicles with components. Kloth Senking was awarded an order for aluminum components for a VW platform.

Powertrain: Higher RPMs

The Powertrain business unit achieved sales growth of 17% to 1.5 billion Euros. Above all, the results of the foreign subsidiaries contributed to this. In Brazil, the sales for crankshafts were 49% above the previous year's value. The sales increase in the steering mechanisms/camshafts/coldforming product field was 27%. Demand declined in the case of turbine parts for aviation.

In 1999/2000, we were able to further expand our leading position in the world market for forged and cast crankshafts. Nearly all of the substantial orders were gained by Krupp Gerlach and Krupp Metalúrgica Campo Limpo. Krupp Presta also expanded its significant market position in respect of camshafts. New orders were received from Ford/Volvo and the VW Group. A similar result applies to the product field of steering mechanisms. Two new midclass models by VW and Ford which are going into production worldwide will be equipped exclusively with steering mechanisms from the plants of Krupp Presta. Our precision forged parts are used for new transmissions and differentials of DaimlerChrysler, VW, MAN and GM/Saab.

Systems/Suspensions: Excellent order situation

At 889 million Euros, the Systems/Suspensions business unit achieved 7% higher sales with axles, vehicle springs and stabilizers. The Systems Engineering product field, which manufactures innovative air springs and shock absorber units, did particularly well. Products of Systems Engineering are used, for example, in the Porsche Boxster, Smart MCC and Landrover models, as well as in S class vehicles by DaimlerChrysler. With its outstanding hydroforming and space frame technology, Krupp Drauz succeeded in winning attractive new orders.

Our order situation is excellent: Krupp Automotive Systems booked new orders for air spring systems and truck cab suspensions. Ford and VW are having modules and complete systems mounted. The complete axles for the new sport utility vehicle by Porsche will come from ThyssenKrupp Automotive. The plan is to install shock absorbers and McPherson strut units by Krupp Bilstein in new models by DaimlerChrysler and General Motors. Krupp Hoesch Federn was also highly successful; springs and stabilizers manufactured there are now being used in new models of all reputable vehicle manufacturers.

More engineering and electronics competence

The goal of the newly formed company ThyssenKrupp Automotive Mechatronics is to develop and produce innovative subassemblies for active suspension systems and steering systems. In this connection, the plan is to use electronics know-how which ThyssenKrupp has gained in the development of Transrapid maglev technology. The complex and extremely fast regulatory electronics, which have already proven themselves in magnetic high-speed railways, can promote the development of innovative products at ThyssenKrupp Automotive.

Expansion of system competence

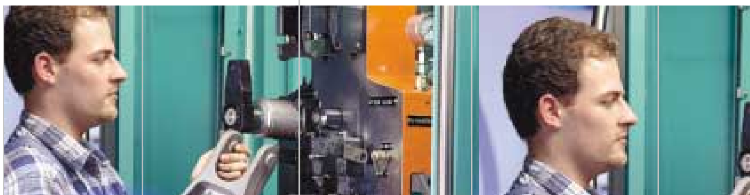
In the reporting period, the companies in the segment were able to expand market, cost and technology leadership for its core products. Technological trends toward more powerful components, the increasing use of alternative materials and the installation of electrical/electronics instead of mechanics characterize the challenges for ThyssenKrupp Automotive as one of the leading system providers of the international automobile industry. In addition to the expansion of design and engineering activities as well as system capabilities in the direction of electronics, the segment has expanded its capacities with regard to cast iron, aluminum casting, crankshafts, camshafts and stampings and rounded out its product program. A contribution to this is made by the newly formed company BV Chassis Systems, a joint venture of Budd [51%] and Visteon [49%], which manufactures the complete axle module.

Systems capabilities secure the future

Growth in South America and Asia

While automobile production in the industrial countries will increase only slightly in the future, automobile manufacturers in South America and Asia can expect considerable growth in the future. The enormous need to catch up and the rising purchasing power will drive demand for vehicles. ThyssenKrupp Automotive therefore intends to expand its presence in both of these world regions by means of capital investments. We want to be active as a supplier on-site; customer proximity is important for flexibility in production and comprehensive service. In Brazil, we are already an important local supplier. In China as well, our joint venture Krupp Presta HuiZhong Automotive Shanghai is building a good starting-position.

Production of truck cab suspension systems



Elevators

The Ritz Carlton in New York, Ben Gurion Airport in Israel, a metro station in Madrid, "Glass Factory" of Volkswagen in Dresden – the facilities of our Elevators segment are putting people in motion everywhere. The segment itself has also been on the move: Sales rose by 12% to 3.1 billion Euros, and profit rose by 44% to 204 million Euros. The newly acquired companies have been successfully integrated.

New acquisitions integrated

Following the major acquisitions of Dover Elevators, Elevadores Sûr and Access Industries, the 1999/2000 fiscal year was marked by the integration of these new acquisitions and the realization of the various synergies. In the case of Dover Elevators, projected synergies were substantially exceeded. The integration of Elevadores Sûr into the existing South American business has developed extraordinarily well. In the changed organizational form, our activities in respect of stair lifts – substantially expanded by Access Industries – are being conducted as an independent group within the Elevators segment.

Market position secured

The construction industry in Germany did not produce any significant stimulus; developments in other European countries were ultimately somewhat better. Only in the U.S. did the elevator and escalator market remain at a high level. The situation in Russia and Asia was completely unsatisfactory. In this difficult environment, Elevators was able to solidify its world market position as the third-largest provider behind the leaders Otis and Schindler and ahead of Mitsubishi.

As a result of the addition of new companies as well as internal growth, the segment's sales rose during the reporting period by 12% to 3.1 billion Euros. All activities contributed to this expansion. The growth in the pre-tax earnings was even more noticeable at 44%.

Moving walkways for speed and convenience at airports

In the companies of the Elevators segment, 27,102 employees were employed at the end of the fiscal year, 3.7% more than a year earlier. The work place of 22,552 employees was outside of Germany; the percentage of foreign employment remained at 83%.

Attractive orders

At 3.2 billion Euros, the order volume reached a high level. Major projects involved the Ben Gurion Airport in Israel and the MetroCity in Turkey. Domestically, major projects were successfully completed for Allianz and "Glass Factory" of Volkswagen. The French companies were able to complete major orders in equipping the headquarters of Aventis, in the CCE project in Monaco and in the Belgacom project. Other significant orders involved metro stations in Bilbao and Madrid, as well as the El Corte Inglès project in Lisbon and the Hipercor project in Cádiz. The Zurich airport as well as the Houston, Texas, and San Diego, California, airports were supplied with passenger boarding bridges.

Finally, large orders of Thyssen Dover Elevators in the USA related to the Atlantic Center in Atlanta, Georgia, the Ocean Two in Miami, Florida, the Anadarko in Houston, Texas, and the Ritz Carlton in New York. A leading market position was also demonstrated in the area of service, with building complexes such as the Marina City Towers in Chicago, Illinois, the Beau Rivage in Biloxi, Mississippi, or the Tropicana Casino in Atlantic City, New Jersey.

Major projects under way worldwide

Outlook: Expansion of service business

The strategic focus continues to be on solidifying market leadership in production, installation, modernization and service. We are particularly emphasizing the service and modernization business, which already represents about half of the sales volume of the segment. We were able to solidify our image as a quality and performance leader in the market and in the area of new elevator and escalator installation and service. To guarantee that the reliability and safety of our products are at the highest level, full service contracts will be a focal point of our efforts.

ELEVATORS SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	1999/2000
Order intake	Million Euros	2,758	2,543	3,232
Sales	Million Euros	2,756	2,537	3,098
EBITDA	Million Euros	298	281	385
Income [1]	Million Euros	142	154	204
Employees (09/30)		26,126	26,126	27,102

[1] before income taxes and minority interest

Production Systems

While worldwide demand for machine tools picked up again, our Production Systems segment in 1999/2000 continued to feel the impact of the previous year's slump in demand on the international engineering markets. Particularly affected was the Metal Cutting business unit which made a substantial loss. Autobody Manufacturing Systems and Assembly Plant, on the other hand, delivered good results.

PRODUCTION SYSTEMS SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	1999/2000
Order intake	Million Euros	1,249	1,249	1,577
Sales	Million Euros	1,257	1,257	1,393
EBITDA	Million Euros	87	87	43
Income [1]	Million Euros	(10)	(10)	(82)
Employees (09/30)		8,383	8,383	8,578

[1] before income taxes and minority interest

4
Production Systems

Intelligent machine tools:
The main customer is the auto industry

Markets once again on the upswing

The segment's sales rose by 11% to 1.4 billion Euros during the reporting year. While the Metal Cutting and Autobody Manufacturing Systems business units remained at the previous year's level, Assembly Plant rose significantly. Metal Cutting and Autobody Manufacturing Systems posted double-digit growth rates with regard to order intake; in the case of Metal Cutting, in particular, a high level of new orders was received at the end of the fiscal year.

Earnings of Production Systems were burdened by market and structural problems of Metal Cutting, declining to a loss of 82 million Euros overall. On the other hand, Assembly Plant and Autobody Manufacturing Systems did well.

On September 30, 2000, there were 8,578 employees in the segment, 2.3% more than the year before. The percentage of employees in foreign companies increased to 41%.

Burdens from Metal Cutting

Foundation laid for turnaround

In 1999, the mechanical engineering sector suffered from weak demand worldwide. This was true, in particular, of the major markets of the U.S. and Europe. Above all, this affected metal-cutting machine tools. The market weakness in the U.S., which had declines in demand of up to 50%, resulted in heavy under-utilization of capacities at Giddings & Lewis, after initially good results.

Major orders were received by the Hüller Hille Group under substantial price pressure in 1998 and 1999. During the execution of these orders, additional cost problems arose which were not fully recognized until the first half of the year 2000. At the beginning of the year 2000, an incisive worldwide reorganization program was imposed, with consequences for management, the organization and the focus of the sites. The adjustments in the personnel area were largely completed at the end of the year 2000, as was the implementation of the reengineering measures.

Autobody Manufacturing Systems and Assembly Plant continue good development

In Autobody Manufacturing Systems and Assembly Plant, the very gratifying development of recent years was successfully continued in 1999/2000. Both business units profited, above all, from the high production level of the international automobile industry. The companies of Johann A. Krause succeeded in substantially expanding their market position. Orders from the North American automobile manufacturers and an expansion of the production site there contributed substantially in this regard.

Outlook: Continued revival of business

In light of a continued brisk world economy in 2001 and high capital investment dynamics in the U.S., Japan and Western Europe, a continued upward development of business is expected. Our structural improvements and the major orders which were posted at the end of the year additionally strengthen the basis for a better future once again.

The focus of the measures in the 2000/2001 fiscal year will be optimization measures in distribution and the service business. In this connection, we will strive for intensified integration of e-business solutions. Johann A. Krause will expand its global presence with a new site in Italy. With a new site in Coventry, Nothelfer will further develop the British market of body-in-white equipment.

Components

The Components segment increased both sales and profit by 12%. In spite of strong competition, they were able to assert themselves in the market with their PVC profile systems, large-diameter bearings, undercarriage components and garage doors and industrial doors. The outlook is good for the current year as well.

COMPONENTS SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	1999/2000
Order intake	Million Euros	1,147	968	1,353
Sales	Million Euros	1,184	1,004	1,325
EBITDA	Million Euros	161	128	196
Income [1]	Million Euros	76	55	85
Employees (09/30)		9,191	9,191	9,841

[1] before income taxes and minority interest

Good year in a difficult environment

5 Components

Wind energy farms – an application for large-diameter bearings

High level of the previous year exceeded

In spite of the continued weak construction economy in Germany, the market weakness with regard to construction machines and the tense competitive and price situation in the relevant markets, the segment's sales exceeded the previous year's high level by 12% and reached 1.3 billion Euros. In the case of order intake, the growth, at 18%, ended up even higher. The increase resulted primarily from gains of market shares.

The profit for Components increased by 9 million Euros to 85 million Euros. An even better development was prevented by the continued unfavorable market situation; in addition, there were substantial unexpected price increases for PVC ingoing material at Thyssen Polymer, which could be passed on to the customer only to a limited degree.

The number of employees increased as of September 30, 2000, by 7.1% to 9,841. Of this number, 58% were employed abroad.

Leading positions in difficult markets

Thyssen Polymer is assuming a leading position in European competition as a manufacturer of PVC profile systems for windows and conservatories. The domestic market continued to weaken during the reporting year. In spite of the cost burdens with regard to raw materials and the tense competitive situation, sales were increased by 26% compared to the previous year and market shares were gained. The streamlining and cost reduction measures were intensified at both Thyssen Polymer and Vinyl Building Products in the U.S.

At Hoesch Rothe Erde, the continued concentration among the competition and customers led to a renewed sharpening of the price situation. In spite of difficult underlying conditions, the company achieved sales growth of 8%. Large-diameter bearings profited from the increasing demand for wind energy facilities and the revival in the area of excavator and crane construction.

Undercarriage components for the construction equipment industry are among the main products of Berco. Here the company's development in the reporting year was marked by worldwide over-capacities with simultaneously declining demand. In this unfavorable environment, Berco was nevertheless able to increase sales by 11%. In light of the unsatisfactory market development, measures were taken to optimize the company's own fabrication and distribution activities.

Novoferm is the specialist for steel doors and frames. As a supplier of the construction industry, the company saw itself faced with sharply depressed demand in substantial markets. However, it was possible to exceed the sales level of the previous year by 12%. Novoferm will solidify and expand its market position through internationalization – for example a joint venture has been established in Asia.

Good prospects

Above-average growth targeted

The companies of the Components segment also worked successfully under difficult market conditions in the 1999/2000 fiscal year. Measures aimed at the further improvement of cost and production structures, as well as optimization of distribution activities, were vigorously carried out. The goal is to grow at a faster rate than the market.

MaterialsServices

Well-devised inventory and information logistics, extensive first-stage processing and innovative e-commerce solutions are among our strengths in the materials business. The array of services also included inventory management for our customers on the basis of networked inventory management systems. One-stop shopping applies to the entire array of products from steel and stainless steel to pipes, nonferrous metals and plastics. Sales were at about 10.1 billion Euros, thus more than 14% above the level of the previous year, with profits increasing an impressive 91% to 153 million Euros.

Brisk materials sector activity

International materials service sector activity gained substantial momentum in 1999/2000. There was an increase in domestic demand and – in a particularly vigorous manner – export demand. Spending on equipment increased particularly. Employment was expanded in all major customer sectors, with the exception of the construction industry. Growing demand led to increases in our purchase costs. However, because of intense competition we were forced to delay passing on these increases in our inventory-based business to customers.

Substantial business expansion

All business units successful

The three business units MaterialsServices Europe, MaterialsServices North America and Materials Trading contributed equally to the increased sales of the MaterialsServices segment. The customers abroad are becoming increasingly important; the percentage of foreign business totaled 67%, thus reaching a new high.

Of the 13,591 employees – 6.1% more than a year earlier – nearly every second employee today works for a company outside of Germany.

6 Materials-Services

Tailor-made materials

MATERIALSSERVICES SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	1999/2000
Order intake	Million Euros	9,056	8,110	10,105
Sales	Million Euros	8,886	7,940	10,135
EBITDA	Million Euros	204	192	338
Income [1]	Million Euros	80	80	153
Employees (09/30)		12,815	12,815	13,591

[1] before income taxes and minority interest

A record year in Germany, and further expansion in Europe

The 1999/2000 fiscal year was very successful. The good positions were successfully expanded, even in a materials market which is sharply expanding overall.

The German sales organizations achieved new records in terms of shipping volume, while sales increased at two-digit levels in comparison to the prior year. Particularly high growth rates were achieved in the stainless steel and nonferrous metals businesses. Additional specialty products were added to the product line in these two areas. The plastics business also increased significantly. Our products are oriented primarily toward industrial processors, as well as customers operating in the fields of advertising technology, trade show construction, and the building construction sector.

The branch organization of Thyssen Schulte serves as the core of the domestic inventory-based and service business. The years of emphasis on a broad customer structure of primarily medium-sized companies in industry and the trades, as well as the extensive assortment of materials and the comprehensive first-stage processing capacities, contributed in this regard. The inventory-based and service network in Germany was expanded during the reporting period. In addition to further modernization of the branch warehouses, substantial investments were made in the central warehouse for stainless steel and nonferrous metals in Dortmund, the largest of its kind in Europe.

Shipping and sales in our European inventory-based business were substantially increased during the reporting period. This applies to both classic materials – steel, stainless steel, and nonferrous metals – and to plastics. The focus of the European inventory-based and service business is in Western Europe, with France, the Benelux countries, Great Britain, Austria, and Switzerland playing especially important roles. The Eastern European market is becoming increasingly significant. We already enjoy a very strong market position in Hungary, while Poland and the Czech Republic are additional target markets.

Thyssen Röhm Kunststoffe GmbH (TRK) was established as a consolidated company as of the beginning of the new fiscal year. TRK combines the European plastics business of ThyssenKrupp and Röhm. In addition to several European plastics companies from within our Group, both the Cadillac companies (previously part of the Hannah Group) and the Röhm trading companies are combined under the umbrella of TRK. The new combined company holds a leading position in Europe.

The special materials business solidified its market position as a technical system provider. New positive progress was achieved in harbor and specialized civil engineering. The rail business was sharply impaired by shifts in the awarding of contracts by Deutsche Bahn AG and the associated competitive price pressure. The business involving alloyed raw materials and metals, as well as energy trading, profited primarily from the good steel sector activity.

Stable growth in North America

We successfully expanded our market position in North America, aided by the robust growth of the U.S. economy and the unchanged stable order situation in nearly all major customer industries. The business received additional growth stimulus from the targeted gearing of our activities toward first-stage processing, logistics and warehousing.

New impetus through more service

The rolled steel and tube business in North America posted positive development. The materials processing and distribution center, newly constructed last year in Richburg, South Carolina, also proved itself well in the intensely competitive Southeastern U.S. In the case of stainless flat products, the various anti-dumping measures of the U.S. steel industry, coupled with sharp alloy surcharges for nickel, primarily in the first half of the fiscal year, led to substantially improved prices. Nonferrous metals and plastics business also profited from the continued brisk demand and stable price development.

Materials Trading – Pluses in shipping and sales

Export and foreign business involving materials profited from the dynamic development of the world economy. The East Asian threshold countries recovered increasingly; movement was also fundamentally upward in Latin America as well.

Overall, the thoroughly positive economic environment resulted in a perceptible rise in sales quantities. We achieved the largest growth rates with rolled steel and stainless steel. A substantial sales increase emerged in this area as a result of the stable price situation and the strength of the U.S. dollar; stainless flat products were particularly in demand.

Cautious optimism and further expansion of services

The price and quantity increase in the international materials markets will probably ease in the current fiscal year. Weakening tendencies can already be recognized in several markets. MaterialsServices will continue to systematically expand the service business in the form of one-stop shopping for the customer – i.e., inventory and information logistics, first-stage processing, inventory management and e-commerce from one source – and thus increasingly reduce cyclical material price dependency. Overall, we are expecting stable development in the coming fiscal year.

FacilitiesServices

Above-average growth and increasing internationalization mark the business of the FacilitiesServices segment. We have further expanded our complete industrial services from maintenance to IT operation through targeted new acquisitions. We now have locations throughout Europe, the United States and Southeast Asia. Sales rose by 54% to 2.0 billion Euros. In spite of the substantial burdens resulting from the strategic expansion, the profit level grew to 79 million Euros. The number of employees increased by 59% to 24,794.

New dimension in scaffolding services

FACILITIESSERVICES SEGMENT IN FIGURES		pro forma 1998/1999	1998/1999	**1999/2000**
Order intake	Million Euros	1,264	1,234	2,002
Sales	Million Euros	1,298	1,269	2,001
EBITDA	Million Euros	202	212	241
Income [1]	Million Euros	67	62	79
Employees (09/30)		15,565	15,565	24,794

[1] before income taxes and minority interest

Strengthening through acquisitions

In the past fiscal year, we successfully advanced our plan to also render industry-specific and customer-specific services on an international basis. Above all, company acquisitions at home and abroad contributed to the substantial growth.

Industrial Services with leading market positions

The trend toward the awarding of complete industrial services is continuing in all sectors without interruption. For example, the Industrial Services business unit was able to expand its market position in the major customer segment in spite of strong price competition. Extensive projects were implemented, particularly in mechanical engineering, the automobile industry, steel-plant-related services and environmental service. The acquisition of the English maintenance company Commando is also strengthening our services, particularly in the automobile sector.

Scaffolding and formwork services intensified their presence in Sweden, Poland, the Benelux countries, the U.S. and the Near and Far East, both through internal growth and acquisitions. The acquisition of English industrial service provider Palmers was followed by the acquisition of the Peiniger Group, a technical service provider for buildings and facilities. During the reporting period, the remaining 50% of the shares of Safway, the second-largest scaffolding services provider in the USA, was acquired from Plettac. Safway, which currently has 1,900 employees at 50 sites, is represented virtually everywhere in the U.S. Overall, the focus on service-intensive activities is being substantially moved forward and a complete changeover is being made from in-house to outside production.

Facility Management particularly profited from the acquisition of Kessler + Luch. This specialist in building control, air conditioning and heating technology supports the business unit’s focus on high-quality total solutions in building technology and gives it a sharper profile as a total service provider “all around the building.” Substantial growth was also posted with respect to the management and operation of major projects.

Information Services now has a presence worldwide

The Information Services business unit was also focused on expansion and internationalization. Following the acquisition of the HiServ Group, the system house of the former Hoechst Group, ThyssenKrupp Information Services is now the third-largest manufacturer-independent system house. It employs nearly 3,000 people in 13 countries, has computer centers worldwide and is one of the largest SAP service providers in Europe. Triaton – the company which emerged from the merger of ThyssenKrupp Information Systems and HiServ – primarily serves industrial customers. With Krupp Timtec Telematik, we are the European market leader in autonomous IT solutions in rail and road transportation. In the product field of health care services, services such as consulting, IT services and facility management for the hospital sector are at the forefront. Partnerships with well known IT and software specialists such as Cisco, IBM, Siemens and others expand our array of services.

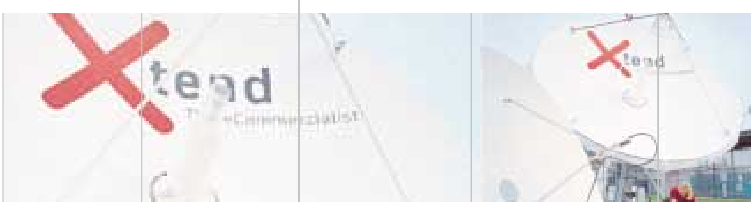
E-commerce and multimedia activities were bundled under Xtend. The largest pillar is the Xtend new media group, one of the leading German Internet agencies. As a result of additional company acquisitions and equity interests, we are able to render all sub-services from consulting to marketing of e-commerce solutions. In addition, we are, with Infoscreen, the market leader in digital outdoor advertising and have developed into one of the major providers of company channels for closed user groups. For the French music television station Onyx and the Turkish TV station Digiturk, we are making digital image transmission of specialized channels possible. Parliament television – the nationwide television broadcasting from Parliament, the Bundesrat (Federal Council) and the federal press conference for subscribers – has also successfully passed its practical test.

E-commerce capability concentrated

Double-digit growth expected

The favorable economic situation and the full integration of recent acquisitions will boost sales in the coming fiscal year. Further impetus will come from the segment's growing internationalization, which will underpin our leading European market position in the industrial customer sector.

Broadcasting for TV stations, companies and institutions



Real Estate

Whether tenants were looking for comfortable, modern apartments or a bank wanted to carry out a new real estate project or existing industrial buildings and space were to be better utilized, the Real Estate segment was a sought-after, highly successful service provider in 1999/2000: ThyssenKrupp Immobilien was able to improve its earnings by nearly 4% to 58 million Euros. At 369 million Euros, sales declined by 13% due to billing technicalities.

All-round real estate capability

REAL ESTATE SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	**1999/2000**
Order intake	Million Euros	426	413	369
Sales	Million Euros	426	413	369
EBITDA	Million Euros	121	117	127
Income [1]	Million Euros	56	56	58
Employees (09/30)		831	831	815

[1] before income taxes and minority interest

8
Real Estate

UBS head office in Zurich


The Real Estate segment is divided into four business units. The Real Estate Management business unit controls the use of the Group's commercial real property. Real Estate Development works as a project developer, building contractor and general contractor in apartment and commercial construction. Project control and industrial functional planning are the fields of competence of Real Estate Consulting. The Residential Real Estate business unit manages the residential portfolio of the Group and third parties.The leading company is ThyssenKrupp Immobilien GmbH, which is among the major industrially affiliated real estate companies in Germany.

Real estate services from a single source

Clearing out real estate on a Group-wide basis has been successfully started. In the framework of methodically sophisticated corporate real estate management, space and buildings from ThyssenKrupp's portfolio of real estate not used for operations were successfully placed on the market. The Real Estate Management business unit in this way was able to release previously committed capital for the Group. In this connection, the concepts of real estate control were further developed. The real estate which is managed encompasses space of about 7,700 hectares in Germany alone.

7,700 hectares of real estate managed in Germany

In addition to other projects, the Real Estate Development business unit is currently developing and implementing the construction of about 500 residential units, primarily in the Ruhr region. In the area of commercial real estate project development, it is also active throughout Germany and in neighboring countries.

The Real Estate Consulting business unit encompasses the functional areas of factory planning, logistics, informational systems, general planning/architecture and project management. Its clients include well-known companies from the pharmaceutical, logistics, catering and automobile industries, as well as the banking sector.

55,000 apartments for more than 100,000 people

The primary source of sales revenue in the Real Estate segment is residential real estate. Apartments or houses are leased and managed, primarily in the Rhine/Ruhr area in Germany. At the end of September 2000, there were about 55,000 apartments, nearly all from the company's own portfolio. More than 100,000 people currently live there. Comfort, quality of life and family-friendliness are important to them; the value increase and maintenance program was therefore intensively expanded. In the future, ThyssenKrupp will continue to invest in quality of life and thus further develop the value of the real estate.

Successful start for COMUNITHY

The new COMUNITHY Immobilien AG has successfully started its work. It concentrates on the acquisition of residential real estate companies, residential real estate portfolios and equity interests in real estate development projects. The company was formed in December 1999 by Commerz-Leasing und Immobilien GmbH, a subsidiary of Commerzbank AG, and ThyssenKrupp Immobilien GmbH. ThyssenKrupp's share is 49%.

Others

The Others segment is characterized by technology-oriented activities with the world's leading know-how in specialized areas. The segment's companies are also looking beyond the Group in order to turn these technical strengths into market positions: During the last fiscal year, several companies found economic partners which offer them new opportunities for development. Sales for the segment totaled 3.4 billion Euros, a decrease of 6%. At 133 million Euros, earnings doubled in comparison to the year before.

Others characterized by engineering prowess

OTHERS SEGMENT IN FIGURES

		pro forma 1998/1999	1998/1999	**1999/2000**
Order intake	Million Euros	3,478	3,142	3,972
Sales	Million Euros	3,668	3,332	3,440
EBITDA	Million Euros	139	138	214
Income [1]	Million Euros	65	82	133
Employees (09/30)		18,317	18,317	13,827

[1] before income taxes and minority interest

9
Others

Building site for a chemical complex in Qatar

In 1999/2000, the Others segment also included the previously independently listed Engineering sector, as well as the sundry operating activities which are grouped under Remaining Others. On September 30, 2000, there were 13,827 employees.

Engineering: Level of sales maintained

In 1999/2000, Engineering achieved 1.8 billion Euros, the sales level of the previous year. Order intake totaled 1.6 billion Euros, a decline of 9%. As of September 30, orders on hand totaled 2.0 billion Euros. Earnings were substantially impacted by special influences which resulted essentially from the sale of the activity area Marine Technology by Krupp Fördertechnik. At the end of the reporting period, Engineering included 8,049 employees; this was 16% less than in the previous year.

Krupp Uhde posted an increase in sales of 13% in 1999/2000; on the other hand, order intake weakened substantially compared to the high level of the previous year. Several major projects which were still expected at the beginning of the reporting period have been postponed or abandoned by the investors. Krupp Uhde was able to acquire orders for the construction of a vinyl chloride and nitric acid facility in Germany. A gas and steam turbine power plant was delivered to a Spanish customer.

In addition to nitrogen oxides, nitrous oxide, which occurs in great quantity in nitric acid production for the fertilization industry, is a contributing cause of the global greenhouse effect. As one of the leading providers of nitric acid facilities, Krupp Uhde is developing a concept for breaking down the nitrous oxide through the use of catalysts and thus reducing the environmentally harmful emissions in connection with nitric acid production and securing the company's position in the market for nitric acid plants.

The sales revenue of Krupp Polysius increased by 7% during the reporting period. Orders received rose substantially as well, posting an increase of 14%. Orders from the U.S. concerning a cement production line with a capacity of 2,300 tons/day, as well as two oven lines (each with capacity of 6,000 tons/day), contributed in this regard. The French subsidiary was able to win the order in Egypt for a cement production line with a daily output of 4,300 t. Also in Egypt, a cement plant was successfully put into operation.

With the sale of Marine Technology on August 01, 2000, Krupp Fördertechnik largely completed the restructuring measures which had been instituted in 1998/1999. In the future, the company will be focused on the mining, processing and materials handling activities and, for example, will produce extraction and loading equipment for ores. A major order concerning a coaling plant in Turkey contributed substantially to the 54% growth in order intake. Sales declined as a result of the sale of Marine Technology.

ThyssenKrupp EnCoke, the world's leading company in the area of coke-oven technology, increased order intake by 54% in 1999/2000. This includes an engineering order for the new construction of the Schwelgern coking facility of ThyssenKrupp Steel. In addition, a major order for a sewage sludge combustion facility was posted in Hagen. Sales were at approximately the previous year's level.

In the meantime, the market situation for the shipping components of B+V Industrietechnik has developed in a positive manner. The company also expanded its leading market position in Europe with regard to industrial steam turbines. Overall, the level of order intake was approximately equal to that of the previous year. Because of invoice timing, sales were 15% below the value for the previous year.

Krupp Industries India missed the previous year's sales level by 20%, but was able to substantially increase order intake by 64%. The increase was carried by sugar mill technology. Many customers are ordering new production facilities as a result of the liberalization of the sugar market.

Full speed ahead for Shipyards

As innovative partners for marine and commercial ship construction, as well as repair, modernization and service, the shipyards Blohm + Voss with Blohm + Voss Repair in Hamburg and Thyssen Nordseewerke in Emden increased their sales by 17% to 779 million Euros. Order intake nearly tripled compared to the previous year (1.6 billion Euros), and consequently orders on hand rose to 3.2 billion Euros. Earnings totaled 28 million Euros. In merchant shipbuilding, a high share of sales was allocable to two fast cruise ships of the Fast Monohull model for a Greek shipping company, one of which was delivered to the customer in June 2000. Together with Krupp Fördertechnik, a pump dredger with a capacity of 33,000 cubic meters was built for a foreign client. The naval shipbuilding operation in Emden billed a submarine for a foreign customer; in Hamburg work commenced on the 124 frigate project for the German navy. For the repair and conversion business situated in the major shipping port of Hamburg, the move toward concentrating on projects with a high engineering content has paid off. With a high degree of utilization of production capacity, a good development of order intake is on the horizon for coming years as well.

Good order backlog for shipyards

New partners found

At the end of June 2000, Krupp Kunststofftechnik went to SIG Schweizerische Industriegesellschaft Holding AG. Krupp Kunststofftechnik, with its subsidiary companies Krupp Corpoplast, Krupp Kautex and Fischer-W. Müller Blasformtechnik, specifically manufactures blow molding machines for beverage bottles and extrusion blow molding machines for plastic packaging, as well as facilities for the production of beverage and food cans.

In October 2000, a best owner was also found for Krupp Werner & Pfleiderer. Thus, there was once again success in providing outstanding future opportunities for a divestiture area. A similar goal is applicable to Krupp Elastomertechnik. With positive results, both companies were able to increase sales in 1999/2000. Their know-how is in demand in the market, for example, in plastics compounding technology and rubber compounding.

Transrapid know-how ensured

Sales for ThyssenKrupp Ingenieurbau rose by 22% to 161 million Euros. In addition to steel construction and industrial technology companies in Berlin, Hanover and Kassel, this business also includes Thyssen Transrapid System GmbH, which holds an exclusive market position in core components of the magnetic fast railway system. In order to maintain the existing know-how, a technology protection program was agreed upon between the Federal Republic of Germany, Deutsche Bahn AG and the industry. The program makes it possible to further optimize magnetic transport technology and continue the test operation in Emsland.

Advanced fast cruise ship

Financial Report

To make our figures transparent and more readily comparable on an international scale, from the beginning of the 1998/1999 fiscal year we switched our accounting to US GAAP. The consolidated financial statements for the year ended September 30, 2000 are thus our second set of statements prepared according to US GAAP.

Management's Discussion and Analysis of Results of Operations and Financial Condition

1. Income before income taxes and minority interest / dividend

In fiscal year 1999/2000, ThyssenKrupp Group had income before income taxes and minority interest of 1,090 million Euros as compared to 609 million Euros in the previous year. On a pro forma basis, prior year income before income taxes and minority interest was 601 million Euros. The difference is due to the cumulative income of the former Krupp companies for the months of October and November 1998, the earnings of Dover Elevators for the months of October through to December 1998 and earnings of Mannesmann Trading Group for the months of October 1998 through to March 1999.

INCOME BEFORE INCOME TAXES AND MINORITY INTEREST

Million Euros	pro forma 1998/1999*	1998/1999*	**1999/2000**
Steel	277	251	606
Automotive	291	275	295
Elevators	142	154	204
Production Systems	(10)	(10)	(82)
Components	76	55	85
MaterialsServices	80	80	153
FacilitiesServices	67	62	79
Real Estate	56	56	58
Others			
Engineering	(3)	14	0
Remaining Others	68	68	133
Corporate	(393)	(330)	(331)
Consolidation	(50)	(66)	(110)
Group	**601**	**609**	**1,090**

* restated (for US GAAP amount see footnote no. 26)

The comments regarding segment earnings are made exclusively on a pro forma basis. Pro forma data is unaudited.

Steel

Income before income taxes and minority interest of the Steel segment rose in fiscal 1999/2000 by 329 million Euros to 606 million Euros. As a consequence of the favorable steel economy, all areas were able to substantially increase their earnings. Additionally, it must be considered that the prior year earnings include a shareholder contribution of another Group company from Corporate in the amount of 116 million Euros. The Steel segment experienced an increase in income of Carbon Flat Steel of 263 million Euros to 435 million Euros due to increased amounts shipped and a higher average level of revenue. The strong increase in steel prices affected the average revenue only with time delay because longer-term price agreements had been entered into for a substantial part of the delivery contracts with major customers. The changed currency parity between the Euro and U.S. dollar led to an increase of the price for raw materials traded on a U.S. dollar basis. These cost increases could be offset only in part through additional rationalization measures. Despite unchanged shipments, an earnings improvement was realized in the Stainless business unit in the amount of 128 million Euros to 238 million Euros through an increased revenue level and product-mix optimization. A drastic decrease in orders – in particular in deliveries to Deutsche Bahn AG – and the resulting restructuring measures experienced by Thyssen Schienen Technik, one of the other investments, led to a clear loss. The other companies in this area showed a positive development. Overall, expenses in the area of Equity Interests/Corporate/Consolidation during the reporting period were 67 million Euros, following a result of 0 in the prior year. This increase is due to increased interest expenses and a shareholder contribution of Thyssen Krupp Steel AG to Thyssen Krupp Stahl AG in the amount of 43 million Euros.

Automotive

At 295 million Euros, income before income taxes and minority interest of the Automotive segment was on the level of the prior year (1998/1999: 291 million Euros). The Body, Chassis and Powertrain business units showed a positive income development while Systems/Suspensions was unable to maintain the level of the previous year due essentially to special charges. The increase in income of the Body business unit resulted primarily from the positive development of the plastics division, which succeeded in the turn-around. In view of the high initial costs for new models and the absence of profit contributions to cover them on account of model-run expirations, the European stamping activities could not maintain the earnings of the prior year. The positive development in the Chassis business unit is due to the very positive development of the North American and European foundries. Working counter to this was the decrease in income caused by the European restructuring activities, in particular in Great Britain. This was caused by the substantial decreases of orders from Honda and Ford as well as the uncertain situation with Rover. Against this backdrop, high restructuring expenses occurred in this business field, which included the closing of an entire plant. The Powertrain business unit was able to achieve substantial increases in results in all divisions with the exception of the area of turbine parts. Key factors for this were the favorable economic condition in the United States and Europe and the marked upturn in the Brazilian automobile market starting in the middle of the fiscal year. Additionally, the marked productivity improvements in the areas of crankshafts and steering/camshafts had a very positive effect. The revenue decrease in the Systems/Suspensions business unit was marked by the earnings situation of the Springs division. The implementation of measures to restructure springcoil activities required additional expense. Systems-Engineering showed a very favorable revenue development. This applies in particular to the activities in Germany (Porsche Boxster), France (MCC Smart), and Great Britain (Land Rover).

Elevators

The Elevators segment continued the favorable development of the past years during the reporting period. Income before income taxes and minority interest increased by 62 million Euros to 204 million Euros. This resulted primarily from the favorable development in North America. In addition to the favorable condition of the U.S. elevator market and the strong U.S. dollar, the economic integration of the American elevator companies into a uniform production and service organization was a major contributor to the positive development. Noticeable profit increases could also be achieved in France and Belgium. In the regions of Spain/Portugal/Latin America, it was possible to maintain the positive results of the previous year. This applies also to the other foreign activities. In Germany, the restructuring program that has been mostly implemented has had positive effects. Thus it was possible to achieve noticeable profit increases in spite of the weak economic condition in the construction industry.

Production Systems

Production Systems suffered a loss before taxes and minority interest in the amount of 82 million Euros during the reporting period. The major reasons were the massive decrease in demand, in particular in cutting machine tools in the United States, unexpected problems in project management and one-time restructuring costs. Since the comprehensive restructuring project was mostly implemented and major contracts in the amount of approximately 180 million Euros were acquired toward the end of the fiscal year, the course is set for another successful business development. Earnings of the Autobody Manufacturing Plant and Assembly Plant business units continued to be favorable. Both business units have long been recognized as partners of the automotive and machinery industry. On the basis of the already favorable competitive position, it is intended to further expand the business.

Components

The Components segment was able to increase its income before income taxes and minority interest by 9 million Euros to 85 million Euros. The positive revenue development of Hoesch Rothe Erde deserves special mention. Results of Polymer and Novoferm were negatively impacted by the continued weak economic condition of the construction industry. In addition, Polymer was negatively affected by an unexpectedly large price increase for PVC, and Novoferm was affected by a strong price increase for steel supplies. Berco maintained the good results of the previous year.

MaterialsServices

MaterialsServices almost doubled its income before income taxes and minority interest of 80 million Euros to 153 million Euros. The biggest contribution was made by the European materials business. MaterialsServices Europe increased considerably more than the overall market. The focus on modern materials with high added value, the expansion of service and first-stage processing activities combined with the expansion of the central inventory system as well as more favorable market conditions contributed to new record earnings. MaterialsServices North America also succeeded in strengthening their service and first-stage processing activities, which led to a marked improvement of results in spite of difficult market conditions. Materials Trading also benefited from increased demand. The largest increase in revenue was achieved with stainless flat products. The foreign companies were particularly successful in this area.

FacilitiesServices

FacilitiesServices with the Industrial Services and Information Services business units achieved an income before income taxes and minority interest of 79 million Euros, 12 million Euros more than in the previous year. Industrial Services includes the divisions of Industrial Services, Scaffolding Services and Facility Management. Industrial Service maintained the good results of the previous year. Profit decreases due to lack of capacity utilization in the eastern states of Germany were partially offset by the reversal of accrued liabilities. Following the loss of the previous year, Scaffolding Services achieved a small profit that resulted from a positive development of foreign service activities. Domestic earnings continued to be impacted by the weak economic activity in the construction industry and the associated restructuring of manufacturing locations of the Thyssen Hünnebeck Group. Earnings of Facility Management, which receives part of its income from building-related services for ThyssenKrupp Immobilien, improved primarily through the first-time inclusion of the Kessler + Luch Group. Special expenses caused by the restructuring of companies in the amount of 16 million Euro were offset by Corporate, compared to 23 million Euros the prior year. Information Services suffered a loss of revenue. The Information Systems business unit was expanded significantly through the acquisition of HiServ, leading to an increase in earnings. In contrast, the division Multimedia, which is also expansion-oriented, recorded a decrease in revenue since the prior year earnings included income from the sale of internet activities.

Real Estate

The income before income taxes and minority interest of Real Estate increased by 2 million Euros to 58 million Euros. The largest contributor was again Residential Real Estate. During the past year, Facility Management was paid for building-oriented services.

Others

Engineering had break-even results during the reporting period. It was impacted by special charges such as the sale of Marine-Technologie of Krupp Fördertechnik and the closing of a foreign company. The winding up of a major contract that had become deficient on account of the Far East crisis further impacted earnings. Special charges in the amount of 9 million Euros from former projects were assumed by Corporate, compared to 29 million Euros the prior year. In spite of sales reaching the level of the previous year, the overall income from operations of Engineering was slightly improved. The contributing factors for this were the implemented restructuring measures of Krupp Fördertechnik and optimized business processes in connection with order processing. Additionally, further adjustments of domestic capacities to an increased shifting of demand and employment to foreign companies were implemented.

Remaining Others in particular includes Plastics Machinery, Shipyards and Civil Engineering. With the inclusion of sales proceeds for Krupp Kunststofftechnik, Plastics Machinery achieved earnings of 108 million Euros in the reporting period. Krupp Kunststofftechnik provided a net earnings contribution of 96 million Euros in the reporting period. Business development of Krupp Elastomertechnik and Krupp Werner & Pfleiderer was positive. The profit of the shipyards in the amount of 28 million Euros was also favorable. Civil Engineering suffered a loss of 43 million Euros. The largest loss was caused by Transrapid activities and resulted primarily from the discontinuation of the Hamburg-Berlin project.

Corporate

Corporate includes group administration and the other non-operating companies that cannot be allocated to individual segments. These administrative and non-operating companies sustained a loss of 331 million Euros in the reporting period. This area includes net losses resulting from marking to market of foreign currency hedging instruments in the amount of 60 million Euros; in the prior year, it was 35 million Euros. In the reporting period, the individual segments were again presented on the basis of fully hedged currency positions.

Income taxes in 1999/2000 are 531 million Euros. Based on the income before income taxes and minority interest in the amount of 1,090 million Euros, the effective tax rate is 48.7%. In the previous year, the effective tax rate was 50.2%. The high tax rate is due to amortization of goodwill that has decreased income before taxes by 216 million Euros. Amortization of goodwill from capital consolidations is irrelevant for tax purposes. This applies to current and deferred taxes. The relation of goodwill amortizations to income before income taxes thus has a direct influence on the tax rate.

After deduction of income taxes and minority interest in the amount of 32 million Euros, Group net income is 527 million Euros. Relating Group net income to the number of issued shares (514,489,044 shares) results in earnings per share for the reporting period of 1.02 Euros.

Management will propose to the stockholders' meeting a payment of a dividend in the amount of 0.75 Euro per share. The capital entitled to a dividend of the ThyssenKrupp AG is 1,317 million Euros; this amounts to a dividend distribution in the amount of 386 million Euros. Compared to the previous year, this represents a dividend increase of 18 million Euros or about 5%. An addition in the amount of 141 million Euros was made to retained earnings of the Group. The legal basis for the distribution are the annual financial statements of ThyssenKrupp AG, which show net income in the amount of 425 million Euros following 481 million Euros in the previous year. Earnings of ThyssenKrupp AG in the amount of 39 million Euros not required for dividend payments will be contributed to retained earnings of ThyssenKrupp AG .

2. Economic Value Added management

The ThyssenKrupp Group is also managed and controlled on the basis of an Economic Value Added ("EVA") management system. The key goal of this system is a continuous increase in corporate value by focusing on business segments which – with respect to their performance – are among the best worldwide. In order to achieve this objective, an integrated controlling concept has been applied. This concept permits a goal-driven controlling and coordination of activities of all corporate segments; supports decentralized responsibility; and promotes overall transparency.

By taking timely appropriate actions, the integrated controlling concept realizes the increase of corporate value by bridging operating and strategic gaps between the actual and target situation. The prerequisite for this concept is the existence of high-quality operational and strategic reporting systems for the accounting of actual and budgeted results.

In the ThyssenKrupp controlling concept, strategic and operational elements are linked to timely reporting which is accompanied by regular pro-active communication. The concrete elements of this strategy are: economic value added performance measures and active portfolio management.

The central performance measures are return on capital employed (ROCE) and economic value added (EVA). These two ratios reflect the earning power of capital employed in the form of a relative quantity (ROCE) and an absolute value (EVA).

ROCE is calculated as follows:

$$\text{ROCE} = \frac{\text{income before income taxes, minority interest and interest}}{\text{capital employed}}$$

The numerator is composed of income before income taxes, minority interest, net interest income or expense, and an internally allocated interest expense associated with accrued pension liabilities. The capital employed denominator is computed on the basis of asset items. It is calculated by adding net fixed assets to working capital. Deferred tax assets and deferred tax liabilities are not included in the computation because the standard figures are determined on a pre-tax basis.

The ROCE is compared to the weighted average costs (WACC) of capital employed. The cost of capital is recorded before income taxes, as is the standard result used. On this basis, the weighted interest for the Group from equity (14%), debt (6.5%) and pension accruals (6%) amounts to 9%. This average cost of capital is maintained at a constant level in the medium term, in order to balance temporary fluctuations and to guarantee a relatively high degree of continuity.

Corresponding cost of capital percentages were derived for the segments. These percentages amount to: Steel 9.5%, Automotive 10.5%, Elevators 10.5%, Production Systems 10.5%, Components 10.5%, MaterialsServices 9.5%, FacilitiesServices 9.5%, Real Estate 7.5% and Engineering within Others 14.0%.

EVA is computed as the difference between ROCE and the cost of capital, multiplied by the capital employed. Additional value is created only if the ROCE exceeds the weighted cost of capital. Accordingly, cost of capital reflects the minimum acceptable rate of return. In addition, individual target profitability is agreed for individual activities, which are based either on the best competitor or on an inter-industry benchmark. This management and controlling system is linked to the bonus system in such a way that the amount of the performance-related remuneration is determined by the achieved EVA.

The following table illustrates the development of the performance measures inclusive of the purchase accounting effect, in the previous two fiscal years.

VALUES WITH PURCHASE ACCOUNTING

	ROCE (%)*		EVA (Million Euros)*	
	1998/1999**	**1999/2000**	1998/1999**	**1999/2000**
Steel	5.7	9.5	(339.0)	(4.2)
Automotive	16.6	14.3	142.5	107.0
Elevators	14.3	16.0	56.4	98.9
Production Systems	3.0	(2.1)	(73.2)	(137.0)
Components	11.4	12.6	7.4	18.8
MaterialsServices	6.9	10.5	(55.3)	26.1
FacilitiesServices	11.7	12.0	13.2	22.7
Real Estate	4.4	4.7	(55.7)	(50.6)
Others				
Engineering	6.0	0.0	(16.1)	(33.7)
Remaining Others	15.0	22.0	28.0	78.0
Group	6.3	8.7	(531.7)	(72.5)

* unaudited
** on a pro forma basis

The controlling standards are influenced considerably by the recording of the ThyssenKrupp merger as a purchase of Krupp by Thyssen. The income is, for example, burdened by the additional goodwill amortization resulting from the acquisition. Additionally, the revaluation of the former Krupp-assets on the balance sheet day of the first consolidation increases the interest on the capital employed.

In the past fiscal year, we created the prerequisites for the inclusion or integration of the cash flow return (CFR) as a supplementary cash-oriented performance measure into our ratio system. This allows elimination to a large extent of the distortions caused by the change of accounting to US GAAP

$$\text{CFR} = \frac{\text{EBITDA (income before taxes, minority interest, interest and depreciation, amortization)}}{\text{Gross investment basis (fixed assets at historical costs+Net Working Capital)}}$$

By taking into account the historical acquisition or production costs, the distortion in the size of the denominator and, by considering the income before depreciation, the distortion in the numerator through purchase accounting can be eliminated or decreased. Furthermore, compared to ROCE, this cash flow oriented ratio preferred by the capital market more strongly honors value-adding growth and has a stronger correlation to the stock exchange value.

ThyssenKrupp's active portfolio management directly follows the result of the analysis of the performance measures. It involves structural measures which are principally of a strategic nature, including the selection and expansion of fields of businesses with which the targeted increases in EVA or value are to be realized, as well as the timely and profitable withdrawal from activities which do not achieve adequate increases in EVA. For the Group as a whole it is particularly important to create a balance between value generators and cash providers. This is a basic prerequisite for dividend continuity and sustained growth.

3. Statement of cash flows

The statements of cash flows show the origin and use of cash flows during the fiscal years 1998/1999 and 1999/2000. It is of central importance for the evaluation of the financial position of the ThyssenKrupp Group.

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

The cash flows from investing activities and financing activities have both been determined based on payments. In contrast, the cash flow from operating activity is determined indirectly based on the annual group net income. The changes in balance sheet items in connection with operating activities reflected in the framework of indirect determinations have been adjusted for the effects of foreign currency translations and changes in the consolidation group. Therefore, they cannot be reconciled with the corresponding changes based on the consolidated balance sheets.

The statements of cash flows of the fiscal years 1998/1999 and 1999/2000 are comparable only to a limited extent since the statement for the fiscal year 1998/1999 only includes the activities of former Fried. Krupp AG Hoesch-Krupp from the date of completion of the acquisition. Accordingly, for fiscal year 1998/1999, the cash flows attributable to the activities of Fried. Krupp AG Hoesch-Krupp are included in operating, investing and financing activities in the statements of cash flows from December 4, 1998; thus they are included only for approximately ten months.

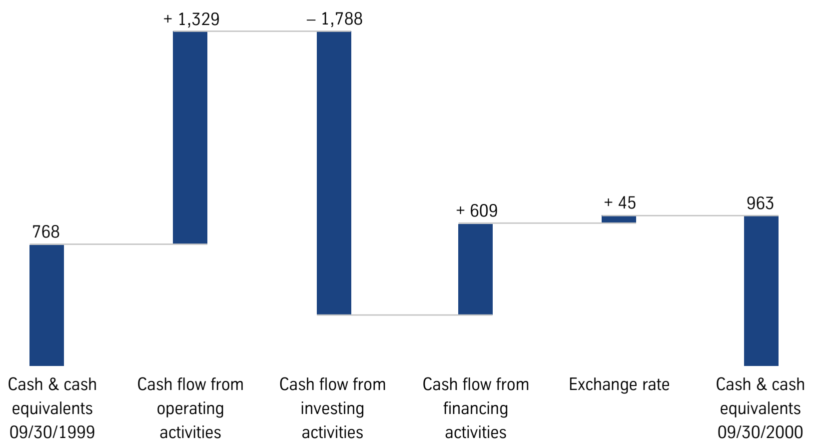
Operating activities provided 1.3 billion Euros during fiscal 1999/2000. The deterioration compared to the previous year in the amount of 0.2 billion Euros is primarily due to the tie-up of funds in net working capital.

The cash flow from operating activities in 1999/2000 was insufficient to fund net capital investments of 1.8 billion Euros. The difference of 0.5 billion Euros was funded – after taking into account the dividend payment of ThyssenKrupp AG for fiscal 1998/99 – by an increase of indebtedness of 0.6 billion Euros.

Other financing activities presented within financing activities include payments of 28 million Euros, resulting from group overnight money transactions with non-consolidated subsidiaries, and payments of 9 million Euros from short-term financial accounts receivable. Other financing activities in the previous year include payments of 81 million Euros in connection with the acquisition of treasury stock by ThyssenKrupp AG. The stock was used to pay off the outside stockholders of Thyssen Industrie AG in the framework of its integration into ThyssenKrupp AG pursuant to Art. 320 of the Stock Company Act (AktG).

An increase in cash and cash equivalents of 45 million Euros is a result of changes in foreign exchange rates, which primarily related to the increase in the value of the U.S. dollar during fiscal year 1999/2000.

CHANGE IN CASH AND CASH EQUIVALENTS
Million Euros



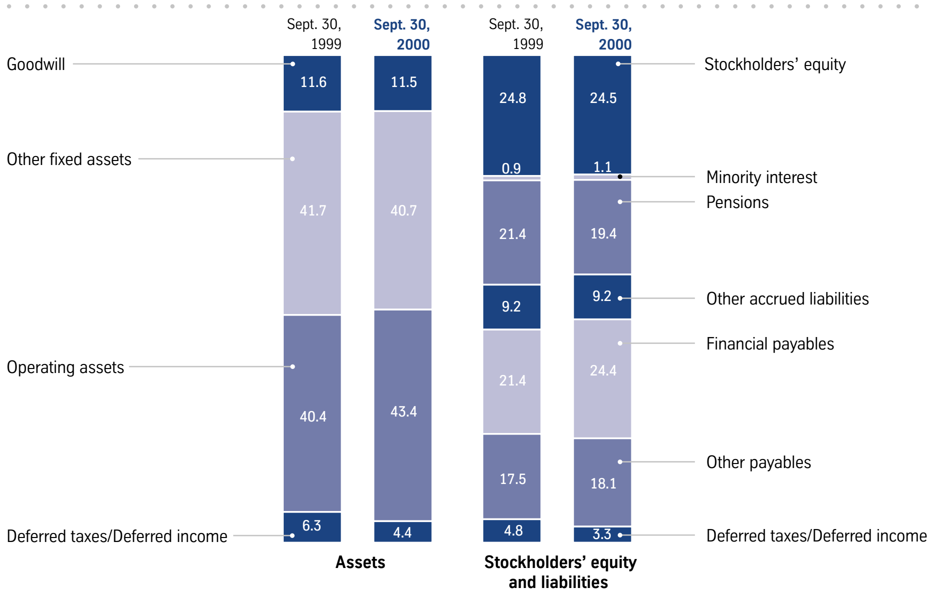
The internal financing capability, defined as the ratio of cash flow from operating activities and cash flow from investing activities, is 0.7 (1999: 0.5). In the intermediate term, the goal is to achieve a value above 1. The dynamic degree of indebtedness, which indicates the period during which net financial obligations can be covered by the cash flow from operating activities, is approximately 6 years (1999: 4 years).

4. Balance sheet presentation

Total assets of the ThyssenKrupp Group increased by 3.2 billion Euros to 35.9 billion Euros. The changes in the balance sheet structure have been minor.

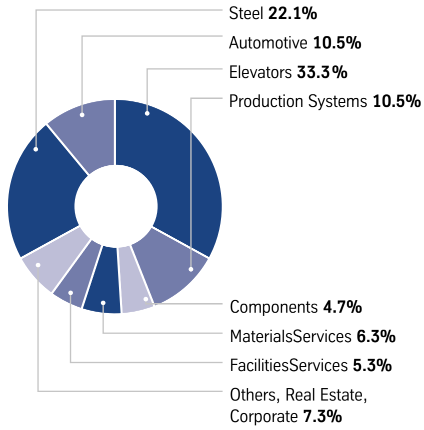
BALANCE SHEET STRUCTURE

in %



Goodwill, reported under intangible assets, increased by 345 million Euros to 4,139 million Euros, primarily attributable to foreign exchange influence. As a percentage of total assets, it remained almost constant at 11.5%. Goodwill is attributable to the following individual segments:

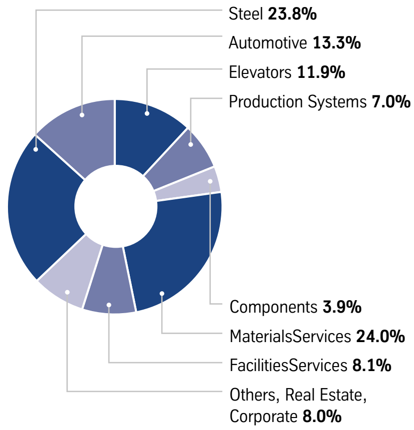
DISTRIBUTION OF GOODWILL



Total fixed assets increased by 1,327 million Euros. The principal reason for the increase was capital investment in fixed assets, which was made primarily in the Steel segment. As of September 30, 2000, 47.0% of fixed assets is covered by equity capital.

Inventories increased by 696 million Euros to 6,710 million Euros. The increase occurred primarily in the Steel and MaterialsServices segments. Trade accounts receivable as of September 30, 2000 were 6,223 million Euros, an increase of 1,007 million Euros over the previous year. The aggregate amount of trade accounts receivable are attributable to the following segments:

DISTRIBUTION OF TRADE RECEIVABLES



Stockholders' equity is 8,797 million Euros. This is a 691-million-Euro increase from September 30, 1999. The increase in equity capital in the amount of 494 million Euros is due to foreign currency translations of the foreign subsidiaries. The stockholders' equity ratio as of September 30, 2000 is 24.5% compared to 24.8% in the prior year.

Accrued pension and similar obligations are 6,970 million Euros. Their share of the balance sheet amount is 19.4% versus 21.4% in the prior year.

In the course of the fiscal year, gross financial obligations increased from 6,999 million Euros to 8,751 million Euros. This was primarily due to high investments in fixed assets, funds being tied up in current assets, and foreign exchange influences. Net financial payables after deducting cash and cash equivalents and securities included in current assets are 7,730 million Euros. Compared to the previous year, this is an increase of 1,537 million Euros. Gearing is 87.9%, with gearing being defined as the ratio of net financial obligations to stockholders' equity.

5. Central financing of the ThyssenKrupp Group

The financing of the ThyssenKrupp Group is centrally managed. Thus, the parent company ThyssenKrupp AG assumes the obligation to maintain the liquidity of the group companies. This is achieved via the availability of funds within group financing, by negotiating and warranting loans or by the granting of financial support in the form of letters of comfort.

In order to cover financial requirements of foreign group companies, ThyssenKrupp AG and its financing companies often use local credit and capital markets.

Central financing is the basis for implementing cost-effective capital procurement alternatives. This financing mode permits a uniform and – with respect to higher volumes – a more significant presence in financial and capital markets. The negotiating position vis-a-vis credit institutions and other market participants is thus strengthened. Moreover, the alternative to operate in international capital markets with the Group's own foreign financing companies is used.

The intercompany cash management system is conducive to reducing external financing and optimizing financial and capital investments of the ThyssenKrupp Group, which results in less interest expense. The cash management system, which controls intercompany financial and capital investments, takes advantage of the surplus funds of individual Group companies to cover internal financial requirements of other Group companies. Due to the intercompany pricing between the Group companies via intercompany financial accounts maintained by ThyssenKrupp AG, volumes on bank accounts are substantially reduced.

In addition to money market and equity market instruments (e.g. commercial paper, debentures and bonds), financing is primarily accomplished through bilateral bank loans and syndicated credit facilities.

In order to maintain a presence in international financial and capital markets now and in the future, the Group continues to examine potential financing alternatives and will enter the market when favorable market conditions exist for the ThyssenKrupp Group.

Active interest rate risk management as a central task

Due to the international orientation of our business activities, the procurement of funds of the ThyssenKrupp Group in international financial and capital markets is effected in different currencies – predominantly in Euro and U.S. dollar – and with various maturities. The resulting liabilities are partly exposed to risks from changing interest rates. Our interest rate management is responsible for minimizing the risk from changing interest rates resulting from such liabilities. This is achieved by regular interest rate risk analyses in currency areas that are important for our business activities. Those analyses include present value analyses, scenario analyses and crash testing to more clearly identify the risk profile of a credit portfolio exposed to risks from changing interest rates. The regular information on the results of the interest rate risk analyses is an integral part of our risk management system.

Foreign currency management of the ThyssenKrupp Group

The international orientation of our business activities entails numerous cash flows in different currencies – in particular in U.S. dollar. Therefore, economic hedging of exchange rate risks is an essential part of our risk management.

Group-wide regulations form the basis for the centrally organized foreign currency management of the ThyssenKrupp Group. Principally, all companies of the ThyssenKrupp Group are generally obliged to hedge foreign currency positions at the moment the position is exposed to charges in foreign currency rates. All domestic companies are obliged to submit documents to the central clearing office on the hedging of foreign currency positions from trade activities. The positions submitted are summarized first by currency and then according to maturity; the resulting overall position is globally hedged on a daily basis by the execution of opposing positions at banks. The hedging of financial transactions and the transactions undertaken by the Group's foreign subsidiaries are performed in close cooperation with central Group management. The determination of hedging budgets, the general requirement to cooperate with central Group management, the regular review of exchange rate hedging transactions executed by means of Group-wide surveys as well as a regular examination performed by our central internal auditing team help ensure that currency risk management is in compliance with the Group's requirements. While the group has effectively managed its economic foreign currency risks, it generally does not utilize hedge accounting for financial reporting in the consolidated financial statements.

6. Risk management

Within the scope of value-oriented management of the ThyssenKrupp Group, systematic risk management supports the uncovering and optimization of risk positions and use of favorable conditions.

Group-wide guidelines for risk management and requirements for structured reporting and valuation as well as the reporting of risks are the prerequisites for efficient risk management. In all segments and material group companies within the country and abroad, employees responsible for the risk management system have been appointed and risk inventories have been performed.

Responsible handling of risks is the duty of all employees. Operational management is responsible for the generation of risk awareness, early recognition, evaluation, control and communication of risks. In accordance with the group organization consisting of several levels, the Corporate Center and the segments provide materiality limits for reporting and communication. This is an essential prerequisite in order to place the board of ThyssenKrupp AG in the position to protect the entire group.

Status and major changes of important risks are communicated through regular reporting that is part of the integrated controlling concept of value-oriented management. In this context, the during the entire year frequent reporting about the current status to the board of the mother company serves the communication between segment and Corporate Center.

The risk management system was examined by the auditors within and outside the country. The reliability of the internal control system and important components of risk management is the subject of process-independent examinations by Internal Auditing. The information gathered by it in connection therewith is used for the continuing improvement of the risk management system.

The Group has rules of conduct regarding risk management, which are included in the guidelines and other requirements. The applicable principles are that measures of a speculative nature are not allowed, personal dependencies are to be avoided, and resources shall be used in an environmentally friendly manner.

The optimization of group financing and the limitation of financial risks are central tasks of ThyssenKrupp AG. They secure the liquidity of the Group and maintain its financial independence. We meet risks from foreign currency transactions and raw material price fluctuations as well as interest rate changes through the use of derivative financing instruments.

The central service provider Thyssen Krupp Versicherungsdienst GmbH in consultation with the board of ThyssenKrupp AG controls the transfer of risks to insurance companies. During fiscal 1999/2000, the insurance programs essential for the Group were, in the interest of global risk weighing, combined into global programs.

ThyssenKrupp AG has handled specific risks through additional group guidelines (e.g. export control, fight against corruption). A security policy for further improvement of information security within the Group will become part of the continuing improvement of the risk management system.

Risks of future development

ThyssenKrupp as an important industrial Group with main activities in Steel, Capital Goods and Services is exposed to typical business risks that may have a substantial effect on its asset, financial, and income situation. These in particular include decrease of demand, foreign exchange fluctuations, country risks, and risks from technological advances in industrial goods. Risks may also develop in connection with the sale of real estate, companies, or activities.

In the Steel segment, the Flat Carbon Steel and Stainless business units are subject to different risks.

The Flat Carbon Steel business unit lowers the limited core market risk through globalization of manufacturing and increased internationalization of sales. This can also be used to counteract the currency risk of rising raw material costs caused by the difference between the Euro and U.S. Dollar. The automotive industry and its suppliers continuously increase their demands for weight reductions. The business unit meets these demands through the development of new manufacturing processes and higher and highest-grade steels and their systematic market introduction. It also participates in the international ULSAB joint venture (UltraLight Steel Auto Body) and its follow-up projects.

In the Stainless business unit the future development in particular depends on the competitive situation against competitors that have location advantages on account of continuous production at all levels. Equally important are market access barriers through protection of national markets in growth areas outside Europe. It is aimed to further strengthen the company position through foreign engagements. The volatility of the raw material and currency markets, which is met by congruent coverage of the basic transactions through forward commodity and currency contracts, also plays an important role.

In the Automotive segment, the risk of potentially negative developments in automobile demand in partial markets is met by an increased global presence, in particular in growth areas such as Asia and Latin America. The concentration attempts of automobile manufacturers and competitors are met by dynamic internal and external, quantitative and qualitative growth.

Automotive will expand and strengthen its market position as a system vendor and will noticeably increase the service share of sales. Automotive is compensating possible risks of losing automotive products manufactured by it through research and development, possible cooperation with partners, or through acquisition of participations. Major consideration is given to the increased use of alternative materials and the use of electricity/electronics instead of mechanics.

After strategic investments in its market position, the Elevators segment has been further strengthened. No serious risks are seen in this area. The sluggish domestic building and construction activities and the increased competitive pressure in the services area are met through cost adjustments, increased intensity of customer commitment, and the opening of new customer segments.

The temporary decrease of demand for cutting machine tools, in particular in the United States, as well as some costs for structural adjustment measures have had a negative effect on earnings of Production Systems. It is expected that the almost completed restructuring program will return profitability as early as fiscal 2000/2001. The measures also include the further development of project management in the factories to guard against general calculation risks inherent in major projects. The dependence on the automobile industry is met by the reduction of manufacturing depth, concentration on know-how-intensive core competencies, further internationalization, and broadening of the customer base. These measures are supported by major orders that were booked at the beginning of fiscal 2000/2001. They are an important base for a positive development of the restructured Metal Cutting business unit.

The Components segment continues to be in a good position. Risks from a decrease of the dollar exchange rate or market weakness in the domestic housing market are offset by a noticeable increase of demand in the Asian and American markets.

The cyclical price dependence in the MaterialsServices segment is reduced by the further expansion of the material-price-independent service business. Increased central warehousing and a further improvement of the logistics control systems – and thus lower inventories – buffer the effects of short-term price fluctuations. According to experience, positive effects during price increase phases compensate for income weaknesses from price decreases.

We consider the increase in commodity trade through B2B-business transactions a challenge rather than a risk. Early on, we established e-business activities in our major markets in order to increase customer commitment and to use opportunities for market expansion.

There continue to be payment risks from a portion of the construction-oriented service providers in the FacilitiesServices segment on account of the weakness in the construction market. They are met by intensive credit checks and a qualified accounts receivable management system.

Some of the industrial services are connected with high personnel requirements. In this context, temporary employment is of great importance on account of the required flexibility in order processing. Therefore, a future legislative change of the legal framework for temporary employment may affect the companies involved.

The success of activities in the Information Services business unit is vitally affected by the qualification of the employees. To maintain high qualification standards, the employees are provided with ongoing continuing education, and the hiring is done in close cooperation with universities and the company-owned training academy.

The Real Estate area at the moment does not see any risks arising from changing legislation or other external influences.

Market risks in Engineering result from concentration of competition and globalization strategies of important customers. The involved companies meet this situation through the strengthening of their international orientation and the improvement of their cost structure. Internal risks from the handling of long-term major projects are limited through concentration on mastered technologies, efficient contract management and extensive regulations on the control of business processes.

The marketing prospects for transrapid projects have noticeably improved inside the country as well as in other countries. The required preliminary services to secure and further develop the acquired know-how were protected through agreements with the federal government and the Deutsche Bahn AG on August 23, 2000.

Shipyards have a high number of orders for navy ships, which ensure capacity utilization for several years. We continue to see good longer-term prospects for this activity. In contrast, commercial shipbuilding is only done to the extent the market allows cost-covering prices. In this area, the ruinous cost cutting of Asian builders constitutes the main obstacle. We, therefore, concentrate on niche productions such as fast ships (ferries, cruise liners) mega-yachts and container ships up to 2.500 TEU (container spots).

The overall evaluation of the risk situation in theThyssenKrupp Group has shown that the risks are limited and manageable and do not endanger the existence of the company. There are also no noticeable risks that may jeopardize the existence of the company in the future.

Report of the Executive Board

The Executive Board of ThyssenKrupp AG is responsible for the compilation, completeness and accuracy of the Group annual consolidated financial statements, the description of the economic development and the management`s discussion and analysis as well as the other information presented in the annual report. The Group annual consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP") and, wherever necessary, objective estimates have been made by the management. The description of the economic development and the management´s discussion and analysis contains an analysis of the assets, financial and earnings situation of the Group together with further explanations required by the regulations of the German Commercial Code.

To ensure the reliability of the information used in preparing the Group annual consolidated financial statements, inclusive of the description of the economic development and the management´s discussion and analysis, and internal reporting, an effective internal "steering" and control system exists. It involves group-wide uniform guidelines for accounting and risk management in accordance with the German Act regarding the Control and Transparency of Company Divisions (KonTraG) as well as an integrated controlling concept as part of the value-oriented management approach and audits by the Group´s internal audit department. This system enables the Executive Board to recognize major risks at an early stage and to initiate counter-measures.

Pursuant to the resolution of the annual stockholders´ meeting, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main and PwC Deutsche Revision Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, have been appointed by the Supervisory Board after being elected by the stockholders as independent joint annual consolidated financial statements auditors for the fiscal year 1999/2000 of ThyssenKrupp AG. They have audited the Group annual consolidated financial statements prepared in accordance with US GAAP and they confirm that all of the requirements under Art. 292a of the German Commercial Code, which relieve the Company from the obligation of preparing financial statements under German GAAP, have been fulfilled. The auditors have issued the following auditor's report.

The Group annual consolidated financial statements, the description of the economic development and the management´s discussion and analysis, auditor's report and risk management system have been discussed in depth with the auditors in both the Accounting and Investment Committee of the Supervisory Board, and in the annual consolidated financial statement meeting of the entire Supervisory Board.

Dr. Gerhard Cromme | Prof. Dr. Ekkehard Schulz | Dr. Gerhard Jooss

Audit Opinion

We have audited the accompanying consolidated balance sheet of ThyssenKrupp AG, Düsseldorf, and subsidiaries as of September 30, 2000 and the related consolidated statement of income, statement of stockholders´equity, statement of cash flows and disclosures in the Notes (Consolidated Statements) for the fiscal year then ended. Preparation and content of the Consolidated Statements in accordance with US accounting principles (United States Generally Accepted Accounting Principles – US GAAP) are the responsibility of the Executive Board. Our responsibility is to express an opinion on the consolidated financial statements on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing standards in compliance with the generally accepted German auditing principles established by the Institute of Auditors (Institut der Wirtschaftsprüfer - IDW). These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Executive Board, as well as evaluating the overall presentation of the Consolidated Statements. We believe that our audit provides a reasonable basis for our opinion.

On the basis of our audit we are of the opinion that the aforementioned Consolidated Statements present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2000 and consolidated results of operation for the 1999/2000 fiscal year in conformity with US accounting principles.

Our audit, which, in accordance with German auditing rules, also extends to the management report on the Group prepared by the Executive Board for the fiscal year from October 1, 1999 to September 30, 2000, did not give rise to any objections. In our opinion, the management report on the Group gives a true and fair overall view of the situation of the Group and provides an appropriate representation of the risks from future developments. Furthermore, we confirm that the consolidated financial statements and the management report on the Group for the fiscal year from October 1, 1999 to September 30, 2000 comply with the requirements to exempt the company from preparing consolidated financial statements and a management report on the Group in accordance with German law.

Düsseldorf/Essen, December 22, 2000

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Reinke Dr. Rockel
Auditors

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Albrecht Raff
Auditors

ThyssenKrupp AG
Consolidated Statements of Income

Million Euros, except per share data

	Note	Year ending Sept. 30, 1999	Year ending Sept. 30, 2000
Net sales	25	29,794	37,209
Cost of sales		(24,612)	(30,395)
Gross margin		**5,182**	**6,814**
Selling expenses		(2,698)	(2,961)
General and administrative expenses		(2,194)	(2,435)
Other operating income	1	867	862
Other operating expenses	2	(479)	(971)
Gain on the disposal of subsidiaries		54	135
Income from operations		**732**	**1,444**
Financial expense, net	3	(123)	(354)
Income before income taxes and minority interest		**609**	**1,090**
Provisions for income taxes	4	(306)	(531)
Minority interest		(41)	(32)
Net income		**262**	**527**
Basic earnings per share	29	**0.54**	**1.02**

* restated; see note (26)

See accompanying notes to consolidated financial statements.

Fiscal 1998/1999 financial data has been translated from DM into Euro using the exchange rate as of January 1, 1999.

ThyssenKrupp AG
Consolidated Balance Sheets

ASSETS
Million Euros

	Note	Sept. 30, 1999*	Sept. 30, 2000
Intangible assets, net	5	4,243	4,526
Property, plant and equipment, net	5 6	11,633	12,672
Financial assets, net	5 11	1,552	1,557
Fixed assets	5	**17,428**	**18,755**
Inventories	7	6,014	6,710
Trade accounts receivable, net	8 10	5,216	6,223
Other receivables and other assets, net	9 10	1,184	1,617
Securities	11	38	58
Cash and cash equivalents		768	963
Operating assets		**13,220**	**15,571**
Deferred income taxes	4	**1,902**	**1,357**
Prepaid expenses and deferred charges	12	**163**	**205**
Total assets (current amount is 13,552 and 15,952 million Euros respectively)		**32,713**	**35,888**

* restated; see note (26)

See accompanying notes to consolidated financial statements.

Fiscal 1998/1999 financial data has been translated from DM into Euro using the exchange rate as of January 1, 1999.

STOCKHOLDERS' EQUITY AND LIABILITIES
Million Euros

	Note.	Sept. 30, 1999*	Sept. 30, 2000
Capital stock		1,315	1,317
Additional paid in capital		4,668	4,673
Retained earnings		2,139	2,298
Accumulated other comprehensive income		(15)	509
Treasury stock		(1)	0
Total stockholders' equity	13	**8,106**	**8,797**
Minority interest		**292**	**399**
Accrued pension and similar obligations	15	7,023	6,970
Other accrued liabilities	16	2,989	3,298
Accrued liabilities (current amount is 2,895 and 2,943 million Euros respectively)		**10,012**	**10,268**
Financial payables	17	6,999	8,751
Trade accounts payable	18	2,828	3,168
Other payables	19	2,901	3,337
Payables (current amount is 6,760 and 8,116 million Euros respectively)		**12,728**	**15,256**
Deferred income taxes (current amount is 105 and 125 million Euros respectively)	4	**1,473**	**1,106**
Deferred income (current amount is 83 and 55 million Euros respectively)	20	**102**	**62**
Total stockholders' equity and liabilities		**32,713**	**35,888**

* restated; see note (26)

See accompanying notes to consolidated financial statements.

Fiscal 1998/1999 financial data has been translated from DM into Euro using the exchange rate as of January 1, 1999.

ThyssenKrupp AG
Consolidated Statements of Cash Flows

Million Euros	Year ending Sept. 30, 1999*	**Year ending Sept. 30, 2000**
Operating:		
Net income	262	527
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	41	32
Depreciation and amortization of fixed assets	1,579	1,874
(Earnings) from companies valued at equity, net of dividends received	(46)	(72)
(Gain) from disposal of assets	(74)	(137)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
inventories	(52)	(728)
trade accounts receivable	(275)	(886)
other assets not related to investing or financing activities	459	445
accrued pension and similar obligations	52	42
other accrued liabilities	(440)	(364)
trade accounts payable	76	321
other liabilities not related to investing or financing activities	(77)	275
Net cash provided by operating activities	**1,505**	**1,329**
Investing:		
Purchase of financial assets and businesses	(1,619)	(397)
Cash acquired from acquisitions	369	38
Capital expenditures for property, plant and equipment	(1,946)	(2,008)
Capital expenditures for intangible assets	(81)	(90)
Proceeds from the sale of financial assets and businesses	239	401
Cash of disposed businesses	0	(12)
Proceeds from disposals of property, plant and equipment	186	256
Proceeds from disposals of intangible assets	34	24
Net cash used in investing activities	**(2,818)**	**(1,788)**

* restated; see note (26)

See accompanying notes to consolidated financial statements.

Fiscal 1998/1999 financial data has been translated from DM into Euro using the exchange rate as of January 1, 1999.

Million Euros	Year ending Sept. 30, 1999*	**Year ending Sept. 30, 2000**
Financing:		
Proceeds from issuance of bonds	38	0
Repayment of bonds	(327)	(6)
Proceeds from payables to financial institutions	3,539	1,653
Repayments of payables to financial institutions	(1,083)	(745)
Proceeds from notes payable and other loans	(125)	91
(Decrease)/increase in bills of exchange	(130)	2
Decrease in securities classified as operating assets	4	8
Payment of ThyssenKrupp AG and Fried. Krupp AG Hoesch-Krupp dividend from the preceding year	(370)	0
Payment of ThyssenKrupp AG dividend from the preceding year	0	(368)
Profit distributions to entities outside the Group	(11)	(7)
Other financing activities	(96)	(19)
Net cash provided by financing activities	**1,439**	**609**
Effect of exchange rate changes on cash and cash equivalents	(2)	45
Net increase in cash and cash equivalents	**124**	**195**
Cash and cash equivalents at beginning of year	644	768
Cash and cash equivalents at end of year	**768**	**963**

* restated; see note (26)

See accompanying notes to consolidated financial statements.

Fiscal 1998/1999 financial data has been translated from DM into Euro using the exchange rate as of January 1, 1999.

ThyssenKrupp AG
Consolidated Statements of Stockholders' Equity

Million Euros,
except number of shares

	Number of shares outstanding
Balance as of September 30, 1998 *	**343,000,000**
Net income	
Other comprehensive income	
Total comprehensive income	
Issuance of capital stock resulting from the purchase of Krupp	171,489,044
Reclassification due to the merger	
Dividend payment	
Treasury stock purchased	(5,477,000)
Treasury stock issued	5,432,730
Other changes	
Balance as of September 30, 1999*	**514,444,774**
Net income	
Other comprehensive income	
Total comprehensive income	
Conversion of capital stock from DM to Euro	
Capital increase at subsidiaries	
Dividend payment	
Treasury stock issued	15,310
Balance as of September 30, 2000	**514,460,084**

* restated; see note (26)

See accompanying notes to consolidated financial statements.

Fiscal 1998/1999 financial data has been translated from DM into Euro using the exchange rate as of January 1, 1999.

Capital stock	Additional paid in capital	Retained earnings	Accumulated other comprehensive income: Cumulative translation adjustment	Accumulated other comprehensive income: Available-for-sale securities	Accumulated other comprehensive income: Minimum pension liability	Treasury stock	Total
877	**1,119**	**3,133**	**(57)**				**5,072**
		262					262
			48	7	(13)		42
							304
438	2,571						3,009
	978	(978)					0
		(281)					(281)
						(81)	(81)
						80	80
		3					3
1,315	**4,668**	**2,139**	**(9)**	**7**	**(13)**	**(1)**	**8,106**
		527					527
			494	31	(1)		524
							1,051
2	(2)						0
	7						7
		(368)					(368)
						1	1
1,317	**4,673**	**2,298**	**485**	**38**	**(14)**	**0**	**8,797**

ThyssenKrupp AG
Notes to the consolidated financial statements

Introduction to the Euro

To facilitate comparability with other European companies, the amounts within the annual consolidated financial statements are presented in Euros. The financial data of 1998/1999 was prepared on a DM basis and subsequently restated at the legal conversion rate of DM 1.95583 per Euro. The Group's restated Euro consolidated financial statements of 1998/1999 depict the same trends as would have been presented if the Group had continued to present its consolidated financial statements in DM. The Group's consolidated financial statements of 1998/1999 will not be comparable to the Euro consolidated financial statements of other companies that previously recorded their financial information in a currency other than DM.

Summary of significant accounting policies

Consolidation

The consolidated financial statements include the accounts of ThyssenKrupp Aktiengesellschaft ("ThyssenKrupp AG") and all material controlled subsidiaries, collectively the "Group". Material equity investments are accounted for using the equity method whenever significant influence can be exerted; this is principally in instances whereby the Group holds between 20% and 50% of the voting rights ("Associated Companies"). All other equity investments are carried on the balance sheet at amortized cost.

In consolidating the investment in subsidiaries, the purchase price is offset against the fair market value of the interest held in the net assets of the consolidated subsidiaries at the time of acquisition. Any excess purchase price is capitalized as goodwill and amortized using the straight-line method over the estimated useful life.

For the non-consolidated subsidiaries and Associated Companies accounted for under the equity method, the excess of cost of the stock of those companies over the Group's share of their net assets as of the acquisition date is treated as goodwill and amortized on a straight-line basis over the estimated useful life. Subsequent changes to the value of this balance, such as the Group's share of income or losses including amortization, are included in the "Financial Income" line item of the consolidated statement of income.

Intercompany accounts and transactions have been eliminated.

Foreign currency translation

Foreign currency receivables and payables of the Group are converted at the exchange rate applicable as of the balance sheet date and resulting translation differences are included in the consolidated statement of income. Foreign currency balances specifically hedged are valued at the corresponding hedged exchange rate. Currency balances hedged globally by the Group's corporate foreign currency management are considered unhedged for accounting purposes, and their basis is determined according to the balance sheet date exchange rate.

Financial statements of the foreign subsidiaries included in the Group annual consolidated financial statements are translated using their functional currency which is generally the respective local currency. Balance sheet amounts are translated to the reporting currency using the current exchange rate as of the balance sheet date, while income statement amounts are translated using the annual average exchange rates. Net exchange gains or losses resulting from the translation of foreign financial statements are accumulated and included in "Other comprehensive income".

Companies that manage their sales, purchases and financing substantially in U.S. dollar use the U.S. dollar as their functional currency. Using the functional currency in these cases involves translating non-monetary items such as fixed assets including scheduled depreciation and equity to U.S. dollar using the average exchange rates of the respective year of addition (historical exchange rates). All other balance sheet line items are translated using the current exchange rate as of the balance sheet date and all other income statement line items are translated using the annual average exchange rates. The resulting translation differences are included in the consolidated statement of income as "Other operating expenses or income". Thereafter, the U.S. dollar annual financial statements are translated into the reporting currency using the current rate method.

The exchange rates of those currencies important to the Group and located outside the European Economic and Currency Union have changed as follows:

Currencies (Basis 1 Euro)	Exchange rate as of		Annual average exchange rate for the fiscal	
	Sept. 30, 1999	**Sept. 30, 2000**	year ending Sept. 30, 1999	**year ending Sept. 30, 2000**
U.S. Dollar	1.07	0.88	1.10	0.96
Canadian Dollar	1.56	1.32	1.65	1.42
Pound Sterling	0.65	0.60	0.67	0.62
Brazilian Real	2.04	1.63	1.74	1.77

Revenue recognition

Sales are generated via the delivery of products, the rendering of services, and from rental and lease agreements. Sales are recognized net of applicable provisions for discounts and allowances, when realized or realizable and earned. This is usually the case when there is clear evidence of an agreement, the risk of ownership has been transferred or the service has been rendered, the price has been agreed upon, and there is adequate assurance that payment will be made.

In addition to the above, a significant portion of the Group´s sales (6%) are derived from long-term manufacturing agreements which are accounted for under the percentage-of-completion-method. Such agreements are prominent in the Automotive, Elevators and Production Systems segments, in Engineering, and in Shipyards as part of “Remaining Others”.

Long-term contracts

Sales and profits from long-term contracts are recognized using the percentage-of-completion method of accounting. Long-term contracts are defined as contracts for which construction will take place over a period of at least 12 months, beginning from the effective date of the contract to the date on which the contract is substantially completed. Contracts for the furnishing of general contractor or engineering services are also considered to be long-term contracts.

The percentage of completion is measured by the percentage of costs incurred to date to total estimated cost for each contract after effect to the most recent estimates of total cost. All losses from long-term contracts are recognized in the fiscal year in which they are identified.

Long term contracts under the percentage of completion method are valued at manufacturing cost plus profits earned based on the percentage of the contract completed.

Research and development costs

Research and development costs are expensed when incurred.

Earnings per share

Basic earnings per share is computed by dividing the Group’s net income by the weighted average number of shares outstanding.

Intangible assets

Purchased intangible assets are capitalized and amortized on a straight-line basis over their estimated useful life. For identifiable internally created intangible assets, only the direct external costs incurred in generating these assets are capitalized and amortized on a straight-line basis over their estimated useful life. Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is capitalized and amortized on a straight-line basis over its estimated useful life, usually 20 years, except for goodwill attributable to Elevators and Information Services businesses, which is amortized over 30 and 10 years, respectively.

Costs incurred in connection with the acquisition and self-development of internally used computer software, inclusive of the costs for transforming such software into an operational condition, are capitalized and amortized on a straight-line basis over the estimated useful life, usually 3 to 5 years.

Costs incurred during the preliminary stage of internal use computer software projects, as well as Y2K and EURO conversion costs are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation. Capitalized production costs for internally developed assets include material, direct labor costs, and allocable material and manufacturing overhead costs. When production activities are performed over an extended period, interest costs incurred during production are capitalized. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs are expensed as incurred. Costs for activities that lead to the prolongation of useful life or to expanded future use capabilities of an asset are capitalized.

Property, plant and equipment are primarily depreciated using the straight-line method on a pro rata basis. A full year of depreciation expense is recorded in the year of acquisition for property, plant and equipment, other than buildings, acquired in the first half of a fiscal year. A half-year of depreciation expense is recorded for those assets, other than buildings, acquired in the second half of a fiscal year. Items costing less than 2,500 Euros, and 5,000 Euros for the Steel segment, are fully depreciated in the year acquired. Upon sale or retirement, the acquisition or production cost and related accumulated depreciation are removed from the respective accounts, 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:

Buildings	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

Leases

Leases are classified as either capital or operating. 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 or financing of the item. All other lease agreements entered into by the Group, as a lessor, are accounted for as operating leases whereby the leased article remains on the Group's balance sheet and is depreciated. Scheduled lease payments are recorded as income when earned.

Transactions whereby the Group is the lessee and bears all substantial risks and rewards from use of the leased item are accounted for as capital leases. Accordingly, the Group capitalizes the article and records the corresponding obligation on the balance sheet. All other leasing agreements entered into by the Group, as a lessee, are accounted for as operating leases whereby the lease payments are expensed as incurred.

Long-lived asset impairment (including intangible assets and goodwill)

The carrying values of long-lived assets are reviewed for possible impairment on each balance sheet date or whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the carrying amount of any long-lived asset may be impaired, an evaluation of recoverability would be performed whereby the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The remaining useful life of the assets is evaluated accordingly. In determining whether or not goodwill is impaired, the undiscounted future free cash flows of a unit are compared to fixed assets.

Operating assets

Operating assets represent the Group's inventories, receivables, securities and cash and cash equivalents, including amounts expected to be realized in excess of one year. The portion of assets expected to be realized or settled in excess of one year have been disclosed.

Inventories other than percentage of completion contracts

Inventories are stated at the lower of acquistion/manufacturing cost or market. In the Steel segment, the inventory cost of similar inventories is determined predominately using the LIFO method. In the other segments, the valuation of similar inventories is dominated by the average cost method.

The elements of costs include direct material, labor and allocable material and manufacturing overhead.

Receivables

Receivables are stated at net realizable value. If receivables are completely or partly uncollectible, bad debt expense and a corresponding allowance for doubtful accounts is recorded. Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year, are discounted. The sale of receivables is reflected as a reduction of trade accounts receivable in circumstances whereby the Group sells their receivables without recourse to an independent third party.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, checks, deposits with national banks, as well as other bank deposits with an original maturity of three months or less.

Marketable securities

All marketable securities in which the Group invests are available for sale and are valued at market prices as of the balance sheet date. Any unrealized gains and losses, net of deferred income taxes, are reported as a component of the "Accumulated other comprehensive income" line item within equity. A permanent loss of value is realized in the statement of income.

Deferred income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities reflect both net loss carry forwards and the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred taxes are measured using the currently enacted tax rates in effect during the years in which the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the period that the law is enacted. Deferred tax assets, net of valuation allowances, are recognized only to the extent that it is more likely than not that the related tax benefits will be realized.

Accumulated other comprehensive income

Accumulated other comprehensive income includes all changes in the equity of the Group that were not recognized in the income statement of the period, except those resulting from investments by owners and distributions to owners.

Accumulated other comprehensive income includes foreign currency translation adjustments, unrealized holding gains and losses on available-for-sale securities and additional pension liabilities not yet recognized as net periodic pension cost.

Accrued pension and similar obligations

Accrued pension obligations as well as provisions for health care obligations are valued according to the actuarial projected benefit obligation method (or “projected unit credit method”). For some German pension obligations, an additional minimum pension liability exists. A portion of the additional minimum pension liability is offset by an intangible asset to the extent of unrecognized prior service cost with the remainder charged against stockholders´ equity. Unrecognized prior service cost results from a net transition obligation of the former Thyssen companies.

Other accrued liabilities

Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Recoveries from third parties that are probable of realization, are separately recorded, and are not offset against the related environmental liability. Provisions for guarantees and provisions for contingent losses are calculated using full production cost.

Financial instruments

Financial derivatives which can be clearly designated to an underlying transaction and which hedge with high correlation, the potential interest, currency or price risks are combined with the underlying transaction and form a single valuation unit. The underlying transaction is recorded at its nominal value and thus impacts the balance sheet. Once allocated, gains or losses from these valuation units do not affect income until the underlying transaction is realized. The financial derivative is not presented on the balance sheet. Derivative financial instruments that cannot be clearly designated to specific assets or payables are valued at market. They are included in the “Other assets“ or “Other accrued liabilities“ balance sheet line items. The unrealized profits or losses resulting from the change in valuation are recognized in “Net income“.

Financial statement classification

Certain line items in the consolidated statements of income and on the consolidated balance sheets have been combined. These items are disclosed separately in the Notes to the consolidated financial statements. The comparative consolidated financial statements have been reclassified from consolidated financial statements previously presented to conform to the presentation of the 1999/2000 consolidated financial statements.

The consolidated statements of income and the consolidated balance sheets are presented in accordance with the 4th and 7th directive of the EU. Any additional disclosures required by US GAAP are included in the Notes to the consolidated financial statements.

Use of estimates

The preparation of the Group annual consolidated financial statements requires management to make estimates and assumptions that affect the reported carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

New accounting regulations

Effective October 1, 1999, the Group adopted the provisions of the American Institute of Certified Public Accountants´ Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities". SOP 98-5 provides guidance on the financial reporting for the costs to start-up a business, inclusive of organization costs associated therewith and requires such costs to be expensed as incurred. Upon adoption of SOP 98-5 the Group expensed 6 million Euros (5 million Euros net of tax) of previously capitalized start-up costs. Since the cumulative effect of this new pronouncement was immaterial, it is not presented separately in the consolidated statement of income as a change in accounting principle.

Effective October 1, 1999, the Group adopted the guidance provided in Emerging Issues Task Force (EITF) Issue 99-5, "Accounting for Pre-Production Costs Related to Long-Term Supply Arrangements". EITF Issue 99-5 addresses whether design and development costs related to long-term supply arrangements should be expensed or capitalized. This pronouncement particularly applies to product design and development costs and design and development costs in connection with the manufacture of certain molds, dies and other tools that are required for production. Costs that were capitalized in the past that can no longer be capitalized according to EITF 99-5 have been fully written-off. Upon adoption of EITF 99-5 the Group expensed 10 million Euros (7 million Euros net of tax). Since the cumulative effect of this new pronouncement was immaterial, it is not presented separately in the statement of income as a change in accounting principle.

On October 1, 2000, the Group adopted Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS 137 and SFAS 138. This statement requires all derivative instruments to be recorded in the statement of financial position at fair value. The change in fair value of a derivative is required to be recorded each period in current earnings or "Other comprehensive income", depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction. The Group´s adoption of SFAS 133 on October 1, 2000 is not expected to materially affect the Group´s results of operations. Substantially all interest and commodity derivatives and approximately 87% of foreign currency derivatives were recorded at fair value and recognized in earnings as of September 30, 2000.

In October 2000, the FASB issued Statement No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liablities" - a replacement of FASB SFAS No. 125. This statement will become effective in March 2001, and will be applied prospectively to programs entered into after January 1, 2001. The programs discussed in footnote 8 may have to be modified upon renewal in order to continue the current accounting treatment.

Scope of consolidation

Included in the Group financial statements are 332 (1998/1999: 306) domestic and 456 (1998/1999: 399) foreign controlled subsidiaries that are consolidated. During fiscal 1999/2000, 143 subsidiaries were consolidated for the first time, while 60 subsidiaries were removed from the scope of consolidation.

The Group has 343 (1998/1999: 375) controlled subsidiaries that are not consolidated because their combined influence on the net assets, net income, and net cash flows of the Group is not material. Their net sales amount to 0.5%, their net loss amounts to -1.2% and their stockholders' equity amounts to 0.9% of the Group's respective balances. Of the 343 (1998/1999: 375) non-consolidated subsidiaries, 18 (1998/1999: 23) are accounted for under the equity method and the remaining 325 (1998/1999: 352) are accounted for under the cost method. These non-consolidated subsidiaries are classified as financial assets and are presented under the "Investments in non-consolidated subsidiaries" line item.

The Group has 49 (1998/1999: 43) Associated Companies that are accounted for under the equity method. Another 113 (1998/1999: 123) Associated Companies are accounted for under the cost method because their combined results are not material to the Group. Their net loss, attributable to the Group, amounts to -0.8% and their stockholders' equity amounts to 0.6% of the Group's respective balances. These 113 (1998/1999: 123) Associated Companies are classified as financial assets and are presented under the "Other investments" line item.

Acquisitions

During the fiscal years 1999/2000 and 1998/1999, the Group completed the following transactions:

Year ending September 30, 2000

During 1999/2000, the Group completed 16 minor acquisitions inclusive of Stahl Specialty, EBG India, Kessler + Luch, TKA Atlas, Peiniger, HiServ and the acquistion of the remaining 50% of Safway, which were accounted for as purchase transactions. Total consideration given in connection with these acquisitions was 386 million Euros, of which 368 million Euros was paid in cash and 18 million Euros via the issuance of shares in subsidiaries controlled by the Group. UGO was consolidated for the first time as of October 1, 1999, following the regulator's approval.

Goodwill recorded in connection with the above acquisitions amounted to 144 million Euros, which is being amortized on a straight line basis over 20 years, except for goodwill attributable to Information Services businesses, which is amortized over 10 years. The operating results of the businesses acquired during 1999/2000 have been included in the consolidated financial statements of income from their respective date of acquisition. The pro forma net sales and results of operations for the acquisitions completed during 1999/2000, had these acquisitions occured at the beginning of 1999/2000 and 1998/1999, respectively, are not significant, and accordingly, have not been provided. The purchase price allocation in connection with two acquisitions consummated during the year, HiServ and Stahl Specialty, is preliminary, and further refinements are likely to be made based on the completion of final fixed asset and financial debt valuation studies.

Year ending September 30, 1999

On December 4, 1998, Thyssen AG ("Thyssen") acquired Fried. Krupp AG Hoesch-Krupp ("Krupp"). Krupp is a global conglomerate headquartered in Essen and Dortmund, Germany, which operates primarily in the Industries, Engineering, Automotive, Nirosta/Stainless and Trading business segments. Under the structure of the agreement, an acquisition company, ThyssenKrupp AG ("TK"), was created whereby the former Thyssen stockholders received 10 shares of TK for each Thyssen DM 50 par share held, while former Krupp stockholders received 7.88 shares of TK plus DM 0.03 cash for each DM 50 par share held. This transaction was accounted for under the purchase method and, accordingly, the results of operations are included in the accompanying Group consolidated financial statements since December 4, 1998. The determination of goodwill is based on a purchase price of 3,009 million Euros. The fair value of the acquired net assets of Krupp amounts to 1,308 million Euros, inclusive of intangible assets of 31 million Euros. The 1,701-million-Euro difference between the purchase price and the fair value of net assets acquired has been recorded as goodwill and has been allocated to the various business units. The goodwill is being amortized on a straight-line basis over 20 years. Other intangible assets are being amortized on a straight-line basis over 2 to 14 years. There are also two brand names which are being amortized over 40 years.

On December 15, 1998, the Group acquired the remaining approximate 4.8% outstanding shares of its majority owned subsidiary Thyssen Industrie AG (TI) by effectively exchanging approximately 12.5 shares of TK (as adjusted for the recapitalization) for every DM 50 par share of TI. Fractional shares were settled in cash. The approximate 5.5 million TK shares (as adjusted for the recapitalization) given to the former stockholders of TI were acquired by the company on the open market and had a value of 81 million Euros. This acquisition has been accounted for under the purchase method of accounting and, accordingly, the results of operation for this ownership interest are included in the accompanying consolidated financial statements from the date of acquisition. The excess of the purchase price over the fair value of net assets acquired was approximately 33 million Euros and has been recorded as goodwill. Goodwill in the amount of 13 million Euros is attributable to companies operating in the Elevators business unit and is being amortized on a straight-line basis over

30 years. The remaining 20 million Euros of goodwill is attributable to the other acquired companies and is being amortized on a straight-line basis over 20 years.

On January 5, 1999, the Group acquired Dover Elevators (Dover), a manufacturer of elevators and industrial lifts, located in Horn Lake, Mississippi, USA, for 1,066 million Euros. This acquisition has been accounted for under the purchase method of accounting and, accordingly, the results of operations are included in the accompanying consolidated financial statements from the date of acquisition. The excess of the purchase price over the fair value of net assets acquired was approximately 883 million Euros which has been recorded as goodwill and is being amortized on a straight-line basis over 30 years. Included in net asset acquired are other intangible assets of 78 million Euros, relating to service contracts acquired, which are being amortized on a straight-line basis over 17 years.

On April 1, 1999, the Group acquired the Mannesmann Handel Group (MH), a distributor of pipes and rolled steel, located in Düsseldorf, Germany, for 55 million Euros. This acquisition has been accounted for under the purchase method of accounting and, accordingly, the results of operations are included in the accompanying consolidated financial statements from the date of acquisition. The excess of the purchase price over the fair value of net assets acquired was approximately 9 million Euros which has been recorded as goodwill and is being amortized on a straight-line basis over 20 years.

In addition to the above, the Group completed 26 minor acquisitions, such as the Brazilian elevator manufacturer Elevadores Sûr, the US escalator manufacturer Access Industries and the British industrial service provider Palmers Ltd., which were accounted for as purchase transactions. Total consideration given in connection with these acquisitions was 179 million Euros. Goodwill recorded in connection with these acquisition was 146 million Euros, which is being amortized on a straight-line basis over 20 to 30 years, depending on the type of business acquired.

Notes to the consolidated statements of income

1 Other operating income

Other operating income includes gain on the disposal of property, plant and equipment and intangible assets in the amount of 75 (1998/1999: 83) million Euros, income from the reversal of accrued liabilities (excluding restructuring) in the amount of 242 (1998/1999: 226) million Euros, revenue from ancillary activities in the amount of 221 (1998/1999: 218) million Euros.

2 Other operating expenses

Other operating expenses include goodwill amortization of 216 (1998/1999: 164) million Euros, loss on the disposal of property, plant and equipment and intangible assets in the amount of 81 (1998/1999: 80) million Euros, restructuring charges in the amount of 57 (1998/1999: 28) million Euros, provisions for accruals (excluding restructuring) in the amount of 156 (1998/1999: 28) million Euros, taxes other than income in the amount of 97 (1998/1999: 99) million Euros. Additional expenses in connection with non-customer related research activities are shown here in the amount of 116 million Euros.

3 Financial expense, net

Million Euros	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Income from profit and loss sharing agreements	1	1
Losses from profit and loss sharing agreements	(5)	(3)
Income from companies valued at equity	66	72
Income from investments valued at cost	29	12
amount thereof from non-consolidated subsidiaries	*3*	*2*
Gains, net from disposals of investments in non-consolidated companies and other investments	18	13
Write-down of investments in non-consolidated companies and other investments	(40)	(24)
Income from equity investments	**69**	**71**
Income from other securities and loans classified as financial assets	9	13
amount thereof from non-consolidated subsidiaries	*2*	*1*
Other interest and similar income	118	125
amount thereof from non-consolidated subsidiaries	*3*	*4*
Interest and similar costs	(329)	(557)
amount thereof from non-consolidated subsidiaries	*(2)*	*(3)*
Interest expense, net	**(202)**	**(419)**
Gains, net from disposals of loans and securities	0	6
Write-down of loans and securities	(2)	(10)
Gains/(losses) from undesignated interest financial instruments	12	(2)
Other financial income/(loss), net	**10**	**(6)**
Total	**(123)**	**(354)**

Interest capitalized in connection with long-term construction activities resulted in a decrease of interest expense in the amount of 13 (1998/1999: 19) million Euros.

4 Income taxes

Income tax expense attributable to income before income taxes and minority interest consists of the following:

Million Euros	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Current income taxes		
Germany	22	(13)
Foreign	220	297
Deferred income taxes		
Germany	66	229
Foreign	(2)	18
Total	**306**	**531**

Corporate income tax law applicable for 1998/1999 and 1999/2000 provides for an income tax rate of 40% for retained earnings plus solidarity surcharge of 5.5%. This results in a total corporate tax rate of 42.2%. In the event of a distribution of profits earned in Germany to stockholders, the corporate tax rate is reduced to 30% (plus solidarity surcharge of 5.5%); for total corporate tax rate of 31.65%. This reduction is effected through a refund of taxes. The distribution of the earnings of ThyssenKrupp AG for 1998/1999 and 1999/2000 is not attributable to profits earned in Germany and, therefore, no refund of taxes has occurred for those years.

In October 2000, the President of the Federal Republic of Germany signed into law the Tax Reduction Act, which will be first effective for ThyssenKrupp AG for fiscal 2001/2002. The Tax Reduction Act significantly reduces the Corporate income tax rate to 25% on both distributed and undistributed earnings. Various other significant changes to the law will potentially affect ThyssenKrupp AG. All such effects will be reflected in ThyssenKrupp AG´s financial statements in fiscal 2000/2001.

For the fiscal years 1998/1999 and 1999/2000, the after-corporate-tax rate is 10.2%. The corporate and trade tax is 52.4%. For companies outside Germany, the relevant local tax rate was applied.

The following table reconciles the statutory income tax expense to the actual income tax expense presented in the financial statements. For calculating the statutory income tax expense, in fiscal 1998/1999 and 1999/2000, the combined income tax rate of 52.4% was multiplied by income before taxes and minority interest.

Million Euros	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Expected income tax	319	571
Change in tax rate	51	–
Foreign tax rate differential	(104)	(160)
Non-deductible expenses	4	18
Amortization of non-tax-deductible goodwill	66	78
Change in valuation allowance	(6)	4
Change in accrued income and other taxes	(15)	–
Other, net	(9)	20
Actual income tax expense	**306**	**531**

The income tax effect of non-tax deductible goodwill amortization amounts to 78 (1998/1999: 66) million Euros. This mainly relates to the acquisitions of Krupp and Giddings & Lewis.

As of September 30, 2000, domestic corporate tax loss carry forwards amount to 1,568 (1999: 1,454) million Euros, domestic trade tax loss carry forwards amount to 705 (1999: 655) million Euros and foreign tax loss carry forwards amount to 143 (1999: 212) million Euros. Since 1985, it has been possible to carry forward domestic losses indefinitely and in unlimited amounts. The carrying forward of losses outside Germany is, in some cases, subject to restrictions.

For deferred tax assets, a valuation allowance of 60 (1999: 20) million Euros was established for tax loss carry forwards. In general, defferred tax assets are recognized to the extent it is considered more likely than not that such benefits will be realized in future years. Management believes that, based on a number of factors, the available evidence creates sufficient uncertainty regarding the ability to realize tax loss carry forwards. In determining this valuation allowance, all positive and negative factors, also including prospective results, were taken into consideration in determining whether sufficient income would be generated to realize deferred tax assets.

Significant components of the deferred tax assets and liabilities were as follows:

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Intangible assets	64	68
Property, plant and equipment	673	930
Financial assets	5	7
Inventories	75	99
Other assets	199	166
Tax loss carry forwards	732	769
Accrued pension and similar obligations	723	490
Other accrued liabilities	760	584
Other liabilities	1,306	1,780
	4,537	**4,893**
Valuation allowance	(20)	(60)
Deferred tax assets	**4,517**	**4,833**
Intangible assets	161	141
Property, plant and equipment	1,873	1,933
Financial assets	267	285
Inventories	763	711
Other assets	289	388
Accrued pension and similar obligations	20	24
Other accrued liabilities	336	301
Other liabilities	379	799
Deferred tax liabilities	**4,088**	**4,582**
Net deferred tax assets	**429**	**251**

The classification of the deferred tax assets and liabilities is as follows:

Million Euros	Sept. 30, 1999	Non current portion	Sept. 30, 2000	Non current portion
Deferred tax assets	1,902	1,437	1,357	1,037
Deferred tax liabilities	1,473	1,368	1,106	981
Net deferred tax assets	**429**	**69**	**251**	**56**

Deferred tax liabilities on retained profits of foreign subsidiaries were not calculated, as such profits are to remain invested on a permanent basis. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

The components of income tax expense are as follows:

Million Euros	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Income tax expense as presented on the income statement	306	531
Income tax benefit for “other comprehensive income”	(6)	29
Total income tax expense	**300**	**560**

Notes to the consolidated balance sheets

5 Fixed assets

The statement of change in the Group’s fixed assets is presented in the Consolidated Fixed Assets Schedule included herein.

Property, plant and equipment include leased buildings, technical machinery and equipment and other equipment that have been capitalized, as the Group, as lessee, is assuming substantially all of the benefits and risks of use of the leased asset. Depreciation on these assets amounted to 67 (1998/1999: 68) million Euros, and accumulated depreciation amounted to 145 (1998/1999: 102) million Euros.

In fiscal 1999/2000, impairments pursuant to SFAS 121 in the total amount of 6 million Euros were recorded. Of this amount, 3 million Euros is for the reduction of goodwill on account of poor earnings situations in the MaterialsServices and Real Estate segments and 3 million Euros for assets that are intended to be retired or closed, consisting primarily of technical machinery and equipment of the FacilitiesServices segment.

For Associated Companies and non-consolidated subsidiaries accounted for under the equity method, the difference between the carrying amount and the amount of underlying equity in net assets totals 265 (1999: 281) million Euros, which is treated as embedded goodwill.

Included in Associated Companies valued at equity is a 20.6% interest in RAG Aktiengesellschaft. The carrying amount of RAG Aktiengesellschaft is 349 million Euros. The difference between the carrying amount and underlying net assets amounts to 56 million Euros, which is treated as goodwill and is being amortized over 20 years.

Consolidated Fixed Assets Schedule

Million Euros	Gross values		
	Sept. 30, 1999	Currencies differences	Acquisitions/ disposals of businesses
Intangible assets			
Franchises, trademarks and similar rights and values as well as licenses thereto	473	36	(6)
Goodwill	4,128	485	94
Advance payments on intangible assets	7	0	0
Intangible pension assets	140	0	0
	4,748	**521**	**88**
Property, plant and equipment			
Land, leasehold rights and buildings including buildings on third-party land	7,254	169	86
Technical machinery and equipment	11,599	350	115
Other equipment, factory and office equipment	2,000	74	199
Assets under capital lease	635	70	(5)
Advance payments on property, plant and equipment	955	78	4
	22,443	**741**	**399**
Financial assets			
Investments in non-consolidated subsidiaries	264	3	(113)
Loans to non-consolidated subsidiaries	4	0	5
Associated Companies valued at equity	940	7	(3)
Other investments	251	7	(9)
Loans to Associated Companies and other investees	15	1	1
Securities classified as financial assets	137	0	1
Other loans	239	1	0
	1,850	**19**	**(118)**
Total	**29,041**	**1,281**	**369**

				Amortization/Depreciation		Net values	
Additions	Transfers	Disposals	Sept. 30, 2000	Amortization, depreciation year ending Sept. 30, 2000	Accumulated amortization, depreciation as of Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000
70	4	22	555	74	225	302	330
31	3	24	4,717	216	578	3,794	4,139
7	(5)	1	8	0	0	7	8
1	0	92	49	0	0	140	49
109	**2**	**139**	**5,329**	**290**	**803**	**4,243**	**4,526**
120	162	224	7,567	206	2,481	4,939	5,086
705	563	288	13,044	975	7,953	4,529	5,091
343	49	229	2,436	302	1,512	678	924
52	0	43	709	67	145	533	564
774	(775)	28	1,008	0	1	954	1,007
1,994	**(1)**	**812**	**24,764**	**1,550**	**12,092**	**11,633**	**12,672**
21	1	13	163	2	80	181	83
10	(2)	4	13	0	0	4	13
65	(17)	30	962	0	0	893	962
28	16	81	212	22	71	230	141
13	0	2	28	0	5	11	23
59	(1)	11	185	0	0	137	185
81	2	150	173	10	23	96	150
277	**(1)**	**291**	**1,736**	**34**	**179**	**1,552**	**1,557**
2,380	**0**	**1,242**	**31,829**	**1,874**	**13,074**	**17,428**	**18,755**

6 Operating lease as lessor

The Group is the lessor of various residential and commercial real estate under operating lease agreements. The gross value of the assets under lease is 2,267 (1998/1999: 2,324) million Euros and accumulated depreciation is 516 (1998/1999: 499) million Euros.

As of September 30, 2000, the future minimum lease payments on non-cancelable operating leases are as follows:

Million Euros	Sept. 30, 2000
(for fiscal year)	
2000/01	66
2001/02	16
2002/03	14
2003/04	11
2004/05	9
thereafter	31
Total	**147**

The amounts reflected as future lease payments do not contain any contingent rentals. Contingent rentals in the amount of 1 (1998/1999: 1) million Euros have been recognized in the consolidated statements of income.

7 Inventories

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Raw materials	906	950
Supplies	440	484
Work in process	2,798	2,356
amount thereof relating to percentage-of-completion contracts	*840*	*447*
amount thereof relating to completed contracts	–	*21*
Finished products	1,977	2,500
Merchandise	589	788
Advance payments to suppliers	515	418
	7,225	**7,496**
Less customer advance payments received	(1,211)	(786)
Total	**6,014**	**6,710**

Inventories in the amount of 1,482 million Euros are valued according to the LIFO method. The current market value is 101 million Euros in excess of the LIFO value.

8 **Trade accounts receivable**

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Receivables from sales of goods and services (excluding long-term contracts)	5,336	6,100
Unbilled receivables from long-term contracts, less customer deposits received	177	459
	5,513	**6,559**
Less allowance for doubtful accounts	(297)	(336)
Total	**5,216**	**6,223**

Receivables from the sales of goods and services in the amount of 21 (1999: 18) million Euros have a remaining term of more than 1 year.

ThyssenKrupp Group sells trade accounts receivable on a revolving basis with limited credit risk. The overall scope is determined and monitored by the parent company ThyssenKrupp AG. The sales are carried out using asset-backed securitization programs and umbrella agreements.

9 **Other receivables and other assets**

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Receivables due from non-consolidated subsidiaries	148	173
Receivables due from Associated Companies and other investees	87	156
Other assets	1,075	1,464
	1,310	**1,793**
Less allowance for doubtful accounts	(126)	(176)
Total	**1,184**	**1,617**

Other assets include tax refund claims in the amount of 579 (1999: 194) million Euros.

Other receivables and other assets in the amount of 106 (1999: 168) million Euros have a remaining term of more than 1 year.

10 Allowance for doubtful accounts

Million Euros	Trade accounts receivable	Other receivables and other assets
Balance as of September 30, 1999	297	126
Acquisitions	2	0
Additional charges	126	64
Amounts utilized	(67)	0
Amounts reversed	(35)	(17)
Other changes	13	3
Balance as of September 30, 2000	**336**	**176**

11 Marketable securities classified as financial and operating assets

All securities presented in the consolidated balance sheet classified as either a component of financial assets or operating assets are available-for-sale securities:

Million Euros	Sept. 30, 1999	Sept. 30, 2000	Current portion	Non current portion
Securities presented as financial assets	137	185	0	185
Securities presented as operating assets	38	58	58	0
Total	**175**	**243**	**58**	**185**

The amortized cost, gross unrealized holding gain, gross unrealized holding loss and fair value of available-for-sale securities by major security type and class of security as of September 30, 2000 and September 30, 1999, were as follows:

Million Euros	Sept. 30, 1999				Sept. 30, 2000			
	Amortized cost	Gross unrealized holding gain	Gross unrealized holding loss	Fair value	Amortized cost	Gross unrealized holding gain	Gross unrealized holding loss	Fair value
Shares	83	15		98	83	77		160
Foreign government bond certificates	21			21	31			31
Corporation bond certificates	52		(1)	51	42			42
Debt based securities	0			0	2			2
Promissory notes secured by property lien	2			2	1			1
Other marketable securities	3			3	7			7
Total	**161**	**15**	**(1)**	**175**	**166**	**77**	**0**	**243**

The contractual maturities of debt securities available for sale as of September 30, 2000, regardless of their balance sheet classifications, are as follows:

Fair values in million Euros	Sept. 30, 2000
Due within one year	52
Due between 1 and 5 years	28
Due between 5 and 10 years	0
Due after 10 years	1
Total	**81**

Proceeds from the sale of available-for-sale securities amount to 35 (1998/1999: 37) million Euros. Gains of 6 (1998/1999: 0) million Euros were realized. These amounts were determined using the specific identification method.

12 **Prepaid expenses and deferred charges**

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Prepaid pension costs	69	91
Other prepaid expenses and deferred charges	94	114
Total	**163**	**205**

Prepaid expenses and deferred charges in the amount of 17 (1999: 104) million Euros have a remaining term of more than 1 year.

13 **Stockholders' equity**

Capital stock

The capital stock of ThyssenKrupp AG is allocated amongst 514,489,044 no-par-value bearer shares of common stock, all of which have been issued, and 514,460,084 are outstanding as of the balance sheet date. Each share of common stock has a stated value of 2.56 Euros.

During 1999/2000, capital stock was converted from DM to Euro without the issuance of new shares. As a result of rounding in connection with this conversion, capital stock was increased and additional paid in capital was decreased by 1,821,596.83 Euros.

In 1998/1999, the capital stock of the former Thyssen AG as of 9/30/1998 in the amount of 1,715,000,000 DM (876,865,576.25 Euros), increased as a result of the acquisition of Krupp by Thyssen by 857,445,220 DM (438,404,779.56 Euros) to 2,572,445,220 DM (1,315,270,335.81 Euros).

Principal owner

The Alfried Krupp von Bohlen und Halbach Foundation holds more than 10% of ThyssenKrupp AG. It is a principal owner according to SFAS 57.

Treasury stock

In 1998/1999, ThyssenKrupp AG acquired 5,477,000 of its own stock in compliance with Art. 71 Para. 1 No. 3 of the Stock Corporation Act (AktG) for the purpose of being exchanged for the remaining outstanding shares of the former stockholders of Thyssen Industrie AG in accordance with Art. 320 of the Stock Corporations Act. As of 9/30/2000, ThyssenKrupp AG held 28,960 shares of its own at a total cost of 0.5 million Euros.

Additional paid in capital

As a result of the capital increase at subsidiaries, additional paid in capital increased by 7 million Euros, while the conversion of the capital stock from DM to Euro lowered the additional paid in capital by 2 million Euros as of September 30, 2000.

As of 9/30/1999, the additional paid in capital (4,668 million Euros) was composed of the additional paid in capital of the legacy Thyssen AG (1,119 million Euros) and an appropriation (2,571 million Euros) derived from the purchase price for the legacy Krupp group (3,009 million Euros) less the capital stock (438 million Euros) granted to the former Krupp stockholders in connection with the capital increase. In addition, it includes the retained earnings previously stated by the stand-alone legal entity Thyssen AG (978 million Euros), which as a result of the legal merger into ThyssenKrupp AG had to be reclassified to additional paid in capital in accordance with Art. 272 Para. 2 No. 1 of the German Commercial Code.

Other comprehensive income

The following table shows the components of "Other comprehensive income", net of tax effects:

Million Euros	Year ending Sept. 30, 1999			Year ending Sept. 30, 2000		
	pre tax	tax effect	net	pre tax	tax effect	net
Foreign currency translation adjustment	48		48	494		494
Unrealized gains from market valuation of securities:						
Change in unrealized holding gains, net	14	(7)	7	64	(32)	32
Less net realized gains	0		0	(1)		(1)
Net unrealized holding gains	14	(7)	7	63	(32)	31
Minimum pension liability adjustment	(26)	13	(13)	(4)	3	(1)
Other comprehensive income	**36**	**6**	**42**	**553**	**(29)**	**524**

Dividend proposal

The Executive Board will propose to the stockholders´ meeting a dividend in the amount of 386 million Euros to be distributed from unappropriated net income of the stand-alone entity ThyssenKrupp AG for fiscal 1999/2000 as determined in conformity with the principles of the German Commercial Code (HGB); this corresponds to a dividend per share in the amount of 0.75 Euros.

14 Long-term management incentive plan

On December 3, 1999, ThyssenKrupp AG introduced a long-term management incentive plan with a term of five years. The plan is a performance-based model in which the amount of any compensation is not determined until the end of the performance period.

Beneficiaries of the plan are 224 selected managers of the Group to whom appreciation rights ("phantom stocks") may be granted on the basis of annual commitments which upon fulfillment of certain prerequisites will be remunerated in cash at the end of the particular performance period. Of the total 9.5 million appreciation rights available for the program period, 1.8 million appreciation rights were granted for this group of participants within the framework of each of the 1st and 2nd installments. In the second year of the compensation plan, it was decided to expand the group of plan participants by approximately 400 participants to over 600 participants in total. For this expansion, an increase in the total number of appreciation rights of 1.25 million valuation rights per year is planned to be granted for each of the second through to the fifth installments.

A prerequisite for remuneration of the appreciation rights is the achievement of at least one of the two following performance hurdles at the end of a particular performance period, i.e. for the first installment as of December 3, 1999, by the regular stockholders´meeting in 2002 and for the second installment of May 25, 2000, by the regular stockholders´meeting in 2003. At the end of the respective performance periods:

- either the stock market price of the ThyssenKrupp stock must have developed better than the Dow Jones STOXX index, or
- the stock market price of ThyssenKrupp stock must have increased by at least 15%.

The amount of the remuneration is calculated based on the difference between the current stock market rate and the base price, with the remuneration per appreciation right being limited to 25 Euros. The base price is derived from the current share price from which the following two deductions must be made:

- The market price/index performance deduction, which takes into consideration the change in value of ThyssenKrupp stock in relation to that of the DJ STOXX in a particular performance period,
- and the price change deduction, which takes into consideration the absolute change in stock price of ThyssenKrupp stock in the particular performance period.

The market price/index performance deduction is determined by multiplying the percentage of the outperformance or underperformance of the ThyssenKrupp stock in relation to the DJ STOXX by the current share price. The price change deduction corresponds to half of the absolute appreciation of the share. The two deductions are added together and then are deducted from the current share price to obtain the base price.

To exclude measurement-date influences, the ThyssenKrupp price and the DJ STOXX are based on averages both for the start and the end of the reference period. For the start reference period of the first installment, the average value of the share price was 23.91 Euros, and the average value of the DJ STOXX was 425.43 Euros. For the start reference period of the second installment, the average value of the share price was 18.33 Euros, and the average value of the DJ STOXX was 491.02 Euros. The comparable values as of September 30, 2000 are 16.11 Euros for ThyssenKrupp´s share price applicable to the first installment (adjusted by the dividend payment for the 1998/1999 fiscal year) and 15.39 Euros for the second installment and 489.09 Euros for DJ STOXX.

The incentive plan is accounted for under FASB Interpretation No. 28. Accordingly, a pro-rata liability must be accrued for the appreciation rights issued, reflecting the situation as of the measurement date. Due to the fact that as of September 30, 2000 neither of the performance hurdles was fulfilled for either the first or the second installment as the prerequisite for the remuneration of the appreciation rights, the net income for the 1999/2000 fiscal year does not reflect any expense for the incentive plan.

15 **Accrued pension and similar obligations**

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Accrued pension liability	6,246	6,084
Accrued postretirement obligations other than pensions	489	599
Other accrued pension-related obligations	288	287
Total	**7,023**	**6,970**

Pensions and similar obligations in the amount of 6,433 (1999: 6,527) million Euros have a remaining term of more than 1 year.

Pension plans

The Group provides pension benefits to substantially all employees in Germany. In addition, the overwhelming majority of employees in the USA, Canada and the United Kingdom receive pension benefits. In Italy, statutory rules require eligible employees to receive retirement benefits. In other countries, some employees receive benefits in accordance with the respective local requirements.

The benefits in Germany generally take the form of pension payments. 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. The law requires pension payments in Germany to be indexed for inflation.

In the USA and Canada, hourly paid employees receive benefits based on years of service. Benefits for salaried employees are based on years of service and salary. Benefits for employees in the United Kingdom are based on years of service and an employee's final salary before retirement.

The benefit obligations in Germany and Italy are unfunded. In the USA, Canada, the United Kingdom and the Netherlands assets transferred to funds (plan assets) finance the pension plans. The plan assets consist of national and international stocks, fixed-interest government and non-government securities and real estate. The funding of the plans in the USA and Canada is governed by statutory requirements and, additionally in the case of some large plans, by trade union agreements. The plans in the United Kingdom are funded on the basis of actuarial opinions taking the statutory minimum funding amounts into consideration.

Within the framework of the transition to US GAAP, the valuation of plans not previously accounted for according to SFAS 87 was changed, effective October 1, 1998, as though these plans had previously been valued according to SFAS 87 since October 1, 1989. October 1, 1989 is the date on which Thyssen would have been required to implement SFAS 87 for its plans outside the USA, had a US GAAP valuation been used at that time. This retrospective restatement results in a transitional deficit for the pension benefit obligations in Germany. The transitional deficit was computed on the basis of the valuation assumptions as of October 1, 1998 and hypothetically carried forward to the October 1, 1998 effective date. The plans in the USA and Canada were already valued pursuant to SFAS 87 before October 1, 1998. Therefore, the existing historical valuations were not altered.

A reconciliation of the changes in the plans' benefit obligations and fair value of assets in the Group's unfunded and funded plans follows. The obligations presented in the unfunded category relate primarily to pension obligations in Germany and to a lesser extent, the benefit obligations in Italy and similar pension obligations in other countries. The obligations presented in the funded plan category relate to the USA, Canada, the United Kingdom and the Netherlands.

The development of the pension obligations and related fund assets is as follows:

Million Euros	Sept. 30, 1999		Sept. 30, 2000	
	Funded plans	Unfunded plans	Funded plans	Unfunded plans
Change in projected benefit obligations (PBO):				
PBO at beginning of fiscal year	1,119	3,106	1,465	6,125
Service cost	37	50	43	55
Interest cost	93	320	116	333
Participant contributions	5	0	6	0
Plan amendments	0	0	6	0
Actuarial (gain)/loss	(38)	(24)	7	(184)
Acquisitions/(divestitures)	225	3,039	20	(71)
Settlements	0	0	(19)	(1)
Currency changes	105	0	262	0
Benefit payments	(81)	(366)	(102)	(413)
PBO at end of fiscal year	**1,465**	**6,125**	**1,804**	**5,844**
Change in plan assets:				
Fair value of plan assets at beginning of fiscal year	1,248		1,693	
Actual return on plan assets	147		251	
Acquisitions	230		19	
Employer contributions	23		34	
Participant contributions	5		6	
Settlements	0		(21)	
Currency changes	121		314	
Benefit payments	(81)		(102)	
Fair value of plan assets at end of fiscal year	**1,693**		**2,194**	

Additions resulting from company acquisitions during the current fiscal year consist primarily of the obligations of HiServ and Stahl Specialty. The divestitures resulting from company sales during the current year largely comprise the obligations of Krupp Kunststofftechnik.

The acquisitions in 1998/1999 primarily comprise the obligations of former Krupp companies. Additional obligations at Dover Elevators and Mannesmann Handel are also included.

The following represents the funded status of these plans:

Million Euros	Sept. 30, 1999		**Sept. 30, 2000**	
	Funded plans	Unfunded plans	**Funded plans**	**Unfunded plans**
Funded status at end of fiscal year	228	(6,125)	390	(5,844)
Unrecognized net obligation at initial date of application of SFAS 87	(8)	202	(7)	163
Unrecognized prior service cost	11	0	36	0
Unrecognized actuarial (gain)/loss	(294)	(24)	(445)	(208)
Net amount recognized	**(63)**	**(5,947)**	**(26)**	**(5,889)**
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid benefit cost	69	0	91	0
Accrued pension liability	(134)	(6,112)	(121)	(5,963)
Intangible asset	1	139	1	48
Accumulated other comprehensive income*	1	26	3	26
Net amount recognized	**(63)**	**(5,947)**	**(26)**	**(5,889)**

* including minorities

The valuation of the post-retirement benefits in Germany was based on the 1998 Heubeck tables. The benefit obligations in Italy are recognized at the undiscounted value of the vested rights, which is in conformity with EITF 88-1.

Pension plans for which the aggregated projected benefit obligation exceeds the plan´s assets relate to projected benefit obligations in the amount of 214 (1999: 143) million Euros versus plan´s assets in the amount of 180 (1999: 118) million Euros. Pension plans for which the aggregated accumulated benefit obligation exceeds the plan´s assets relate to accumulated benefit obligations in the amount of 80 (1999: 81) million Euros versus plan´s assets in the amount of 62 (1999: 69) million Euros.

The assumptions for interest rates and the rates of compensation increase on which the calculation of the obligations is based were derived in accordance with standard principles and established for each country as a function of their respective economic conditions. The assumptions on expected capital gains on plan assets are based on the economic circumstances in the country concerned. The following weighted average assumptions were:

%	Sept. 30, 1999		**Sept. 30, 2000**	
	Funded plans	Unfunded plans	**Funded plans**	**Unfunded plans**
Weighted-average assumptions as of July 1:				
Discount rate	7.41	5.64*	7.47	6.12*
Expected return on plan assets	8.94	0.00	9.28	0.00
Rate of compensation increase	4.34	3.00	4.48	3.00

* Germany: 1999: 5.75%, 2000: 6.25%

The net periodic pension costs for the defined benefit plans were as follows:

Million Euros	Year ending Sept. 30, 1999		**Year ending Sept. 30, 2000**	
	Funded plans	Unfunded plans	**Funded plans**	**Unfunded plans**
Service cost	37	50	43	55
Interest cost	93	320	116	333
Expected return on plan assets	(126)	0	(160)	0
Amortization of transition obligations	(2)	37	(2)	38
Amortization of prior service cost	7	0	9	1
Amortization of actuarial (gain)	(14)	0	(29)	0
Other	0	0	1	0
Net periodic pension cost	**(5)**	**407**	**(22)**	**427**

Some company plans make contributions on behalf of employees' defined contribution plans. The total cost of such contributions in the current fiscal year was 15 (1999: 17) million Euros.

Postretirement obligations other than pensions

Postretirement health care coverage and life insurance is provided by some companies in the USA and Canada to former full time employees who meet certain minimum requirements regarding age and length of service. The plans primarily relate to The Budd Company and are mainly unfunded.

The changes in benefit obligations and assets are as follows:

Million Euros	Sept. 30, 1999 US/Canadian plans	**Sept. 30, 2000 US/Canadian plans**
Change in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of fiscal year	426	474
Service cost	7	8
Interest cost	35	40
Actuarial (gain)/loss	(14)	14
Acquisitions/(divestitures)	11	1
Currency changes	41	102
Benefit payments	(32)	(39)
Accumulated postretirement benefit obligation at end of fiscal year	**474**	**600**

The following represents the funded status of these plans:

Million Euros	Sept. 30, 1999 US/Canadian plans	**Sept. 30, 2000 US/Canadian plans**
Funded status at end of year	(474)	(600)
Unrecognized prior service cost	(34)	(38)
Unrecognized actuarial loss	19	39
Net amount recognized	**(489)**	**(599)**

The determination of the actuarial obligations was based on the following weighted average assumptions:

%	Sept. 30, 1999 US/Canadian plans	**Sept. 30, 2000 US/Canadian plans**
Weighted-average assumptions as of July 01		
Discount rate	7.74	7.89
Health care cost trend rate for the following year	5.50	5.65
Ultimate health care cost trend rate	5.50	5.50

The net periodic postretirement benefit cost for health care obligations is as follows:

Million Euros	Year ending Sept. 30, 1999 US/Canadian plans	**Year ending Sept. 30, 2000 US/Canadian plans**
Service cost	7	8
Interest cost	35	40
Amortization of prior service cost	(3)	(3)
Amortization of actuarial (gain)/loss	2	(2)
Net periodic postretirement benefit cost	**41**	**43**

The effects of a one-percentage-point increase or decrease in the assumed health care cost trend rates are as follows:

Million Euros	one-percentage-point Increase	Decrease
Effect on service and interest cost components	9	(7)
Effect on postretirement benefit obligation	77	(67)

Other pension related obligations

Some German companies have obligations resulting from partial retirement agreements. Under these agreements, employees do more work in advance, which is then paid for in installments after retirement. For these obligations, accruals were recognized in accordance with SFAS 112. Other pension-related obligations also include the obligations for exiting employees of French companies.

Some companies of the Steel segment and Corporate grant termination benefits to employees on a contractual basis. The termination benefits comprise severance payments that vest based on a formula that considers years of service and certain allowances that are payed to older employees between termination of employment and retirement age. The majority of the obligations relate to the closing of the Dortmund steel plants. The measurement of the plans was determined on an actuarial basis. The liability reflects benefits earned by the employees from the inception of employment. Future service cost is allocated to the periods in which they are incurred. The discount rate is 5.0%, 4.5% and 4.0% as of 9/30/2000, 9/30/1999 and 9/30/1998, respectively. A rate of compensation increase of 2.6% has been assumed.

Million Euros	Sept. 30, 1999	**Sept. 30, 2000**
Accrued liability at the beginning of the fiscal year	166	227
Acquisitions / (Divestitures)	119	(6)
Service cost	24	9
Interest cost	8	7
Actuarial gain	(4)	(6)
Benefit payments	(86)	(52)
Accrued liability at the end of the fiscal year	**227**	**179**

16 **Other accrued liabilities**

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Accrued income taxes and other taxes (for current taxes)	**487**	**702**
Other provisions		
Accrued contractual costs	795	902
Accrued compensation and benefit costs	711	721
Restructuring activities	103	107
Environmental protection and remediation obligations	171	176
Other miscellaneous accruals	722	690
	2,502	**2,596**
Other accrued liabilities	**2,989**	**3,298**

Accrued income taxes and other taxes in the amount of 272 (1999: 7) million Euros and other provisions in the amount of 620 (1999: 583) million Euros have a remaining term of more than 1 year.

Accrued contractual costs represent impending losses from uncompleted contracts and warranties.

Accrued compensation and benefit costs represent employment anniversary bonuses and accrued vacation, while social plan and related costs pertaining to personnel-related structural measures are reflected in the accrual for restructuring activities. Pension-related obligations for partial retirement agreements and early retirement programs are part of the accrual for pensions and similar obligations.

The restructuring accrual is subdivided into accruals 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.

Restructuring measures are being carried out in all segments. The change in the accrual balance is as follows:

Million Euros	Involuntary employee termination benefits and relocation costs	Exit costs	**Total**
Balance as of September 30, 1998	100	32	132
Acquisitions	2	6	8
Additional charges	19	9	28
Amounts utilized	(49)	(9)	(58)
Reversals/currency changes	(9)	2	(7)
Balance as of September 30, 1999	**63**	**40**	**103**
Acquisitions	3	1	4
Additional charges	45	12	57
Amounts utilized	(35)	(20)	(55)
Reversals/currency changes	(8)	6	(2)
Balance as of September 30, 2000	**68**	**39**	**107**

As a result of personnel restructuring, approx. 1,000 employees left the company in fiscal 1999/2000 and approx. 1,650 employees will leave in subsequent years under restructuring measures. Of the total amount of restructuring accruals as of September 30, 2000, 8 (1999: 12) million Euros relates to measures in connection with acquisitions.

As of September 30, 1999, the accumulated accrued liability for environmental protection and remediation obligations amounts to 176 (1999: 171) million Euros. Thereof, the accrued liabilities for subsidence damage in the amount of 95 (1999: 97) million Euros refer primarily to the operation of pumping stations for the removal of water in soil as a consequence of mining in the Ruhr District. The maintenance of the pumping stations is a permanent obligation. The accrued liability is twenty times the amount of average expenses during the last five years. The expenses for structural damage, shaft backfills and similar measures have been computed or estimated on a case by case basis; generally they will have to be paid during the next one to five years. The accrued liablity for environmental protection obligations in the amount of 81 (1999: 74) million Euros refers with 49 (1999: 50) million Euros to the recultivation and surface sealing of company waste disposal sites and clean-up of closed company sites. A large number of smaller environmental measures include soil and groundwater clean-up projects, protective measures to secure installations handling water contaminants and removal of interim waste deposits. These expenses will also have to be paid in the course of the next five years.

17 **Financial payables**

Book values in million Euros	Sept. 30, 1999	amount thereof with remaining term more than 1 year	Sept. 30, 2000	amount thereof with remaining term of up to 1 year	more than 1 year	amount thereof more than 5 years
Bonds	535	529	529	6	523	305
Notes payable	194	172	341	11	330	273
Payables to financial institutions (without notes)	5,379	4,445	6,855	1,686	5,169	2,691
Acceptance payables	52	4	67	67	0	0
Capital lease obligations	701	562	730	101	629	327
Other loans	138	100	229	121	108	38
Financial payables	**6,999**	**5,812**	**8,751**	**1,992**	**6,759**	**3,634**

Financial payables in the amount of 840 (1999: 815) million Euros are collateralized by mortgages. Of these collateralized payables, 385 (1999: 432) million Euros is related to mortgage loans of Thyssen Krupp Immobilien GmbH.

As of September 30, 2000, the financial payables reflect a total discount in the amount of 10 (1999: 1) million Euros, which is offset by a total premium in the amount of 4 (1999: 5) million Euros.

“Other loans“ include loans to Associated Companies and other investees in the amount of 5 (1999: 5) million Euros.

Bonds, Notes payable	Book value in million Euros Sept. 30, 1999	Book value in million Euros Sept. 30, 2000	Nominal value in million Euros Sept. 30, 2000	Interest rate in %	Fair value in million Euros Sept. 30, 2000	Maturity Date
Fried. Krupp Finance bond (400 million DM) 96/03	220	216	205	6.50	207	06/13/2003
Fried. Krupp Finance bond (600 million DM) 98/06	315	313	307	5.25	290	07/14/2006
Fried. Krupp Finance note (20 million DM) 95/00	10	–	–	–	–	09/01/2000
Fried. Krupp Finance note (30 million DM) 95/02	17	16	15	7.00	16	09/18/2002
Giddings & Lewis note (100 million U.S. dollar) 95/05	94	114	114	7.50	120	10/01/2005
Thyssen Krupp Stahl AG note (140 million DM) 98/05	73	62	62	7.05	67	10/15/2005
ThyssenKrupp AG note (100 million Euros) 00/07	0	99	100	6.00	102	02/21/2007
ThyssenKrupp AG note (50 million Euros) 00/07	0	50	50	5.80	50	03/16/2007
Total	**729**	**870**	**853**		**852**	

ThyssenKrupp AG guarantees, unconditionally and irrevocably, repayment and all other obligations from the bonds of Fried. Krupp Finance B.V.

The fair values of the exchange-listed bonds of Fried. Krupp Finance B.V. are determined by the exchange rate quotation as of the end of the fiscal year, the fair values of the notes payable are determined by the future cash flows of the loans discounted at the prevailing market interest rates as of the balance sheet date.

As of September 30, 2000, the financing structure of payables to financial institutions and other loans comprise the following:

Payables to financial institutions, Other loans	Book value in million Euros Sept. 30, 1999	**Book value in million Euros Sept. 30, 2000**	Amount thereof in DM or other European currencies	Weighted average interest rate % Sept. 30, 2000	Amount thereof in U.S.dollar	Weighted average interest rate % Sept. 30, 2000	Amount thereof in other currencies	Fair value in million Euros Sept. 30, 2000
Syndicated joint credit multi-facility agreement (at variable interest rates)	928	1,126	–	–	1,126	6.868	–	1,126
Revolving bilateral bank loans (at variable interest rates)	1,457	1,930	297	5.176	1,530	7.057	103	1,930
Other loans at variable interest rates	1,835	2,894	815	5.023	1,385	7.147	694	2,894
At fixed interest rates (excl. real estate credits)	800	717	611	6.183	73	6.605	33	724
Real estate credits at fixed interest rates	497	417	417	4.830	–	–	–	417
Total	**5,517**	**7,084**	**2,140**	**5.334**	**4,114**	**7.027**	**830**	**7,091**

As of September 30, 2000, 990 million U.S. dollar (appx. 1,126 million Euros) was outstanding under the Group’s 1,5 billion U.S. dollar (appx. 1.7 billion Euro) syndicated joint credit multi-facility agreement. This agreement expires October 2, 2002.

Another component of financial payables at variable interest rates is a revolving credit agreement whereby ThyssenKrupp AG, Thyssen Krupp USA, Inc. or Thyssen Finance Nederland N.V. can borrow in Euros/DM, U.S. dollar or in British pounds Sterling up to appx. 2,087 million Euros. Of the 2,087 million Euros facility, 78% has a remaining term of more than 5 years and 20% a remaining term of between 1 and 5 years. As of September 30, 2000, 1,345 million U.S. dollar (appx. 1,530 million Euros) at a weighted average interest rate of 7.06%, 62 million British pounds Sterling (appx. 103 million Euros) at a weighted average interest rate of 6.53% and 297 million Euros at a weighted average interest rate of 5.15% were outstanding.

A component of the real estate credits at fixed interest rates is either interest free or below market rate. They amount to 193 (1999: 262) million Euros. Such subsidized loans were obtained by Thyssen Krupp Immobilien GmbH to finance projects in social welfare housing. In turn, the company is subject to rental price control limitations.

The fair values of fixed-interest payables are determined using the present value of the anticipated future cash flows. The future interest and repayment amounts are discounted using the prevailing interest rates available at the balance sheet date. The discount rates used vary, dependent on the corresponding maturity of the cash flow. The values of the payables subject to variable interest rates are calculated accordingly. Fair values of variable interest rate loans approximate their face values since they are borrowed at current market rates.

For capital lease contracts, the future minimum lease payments as of September 30, 2000 amount to:

Million Euros (for fiscal year)	
2000/01	159
2001/02	151
2002/03	120
2003/04	116
2004/05	79
thereafter	468
Total future minimum payments	**1,093**
less executory costs	(167)
less interest	(196)
Present value of future minimum lease payments (= payables from capital lease)	**730**

Maturities of financial payables are as follows:

Million Euros (for fiscal year)	Total financial payables	thereof: Payables to financial institutions
2000/01	1,992	1,686
2001/02	406	214
2002/03	1,548	1,251
2003/04	734	641
2004/05	437	372
thereafter	3,634	2,691
Total	**8,751**	**6,855**

18 Trade accounts payable

Million Euros	Sept. 30, 1999	amount thereof with remaining term more than 1 year	Sept. 30, 2000	amount thereof with remaining term of up to 1 year	more than 1 year	amount thereof more than 5 years
Trade accounts payable	2,828	12	3,168	3,155	13	0

19 Other payables

Million Euros	Sept. 30, 1999	amount thereof with remaining term more than 1 year	Sept. 30, 2000	amount thereof with remaining term of up to 1 year	more than 1 year	amount thereof more than 5 years
Payables to non-consolidated subsidiaries	62	0	69	67	2	2
Payables to Associated Companies and other investees	178	0	246	242	4	4
Payables from orders in progress (POC)	1,241	0	1,311	965	346	121
Miscellaneous payables	1,420	114	1,711	1,695	16	3
amount thereof for taxes	*255*	*5*	*326*	*323*	*3*	*1*
amount thereof for social security	*210*	*22*	*235*	*235*	*0*	*0*
Other payables	**2,901**	**114**	**3,337**	**2,969**	**368**	**130**

Other payables in the amount of 9 (1999: 9) million Euros are collateralized by real property.

The payables to non-consolidated subsidiaries originated mainly from financing processes and from income and tax adjustments.

20 Deferred income

Deferred income in the amount of 7 (1999: 19) million Euros has a remaining term of more than 1 year.

21 Commitments and contingencies

The amounts reflected for the following contingent payables are at notional amounts:

Million Euros	Sept. 30, 1999	Sept. 30, 2000
Contingent issuance and transfer of notes	138	130
Suretyships and guarantees	507	481
Warranty/guaranty contracts	46	14
Liability for the collateralization of third party debts	6	6

No accrued liabilities have been established for the above contingent payables, as the risk of occurrence is not deemed probable.

Additionally, the Group bears joint and several liability as a member of certain civil law partnerships, ordinary partnerships and consortiums.

Rental expense in the amount of 159 (1998/1999: 201) million Euros resulting from rental contracts, long-term leases and leasing contracts classified as operating leases was incurred in fiscal 1999/2000. It comprises as follows:

Million Euros	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Minimum rental payments	166	161
Contingent rental payments	36	1
less: income from sublease agreements	(1)	(3)
Total	**201**	**159**

The future minimum rental payments, excluding accrued interest from such non-cancelable contracts as have an initial or remaining term of more than one year as of September 30, 2000, are (at face amounts):

Million Euros (for fiscal year)	
2000/01	147
2001/02	105
2002/03	75
2003/04	121
2004/05	107
thereafter	1,049
Total	**1,604**

Rental obligations to affiliated companies are not material.

In March 2000, the contracts for the construction and financing of the Schwelgern coke conversion plant were signed. In the meanwhile, construction has been started. The payments are due as of the beginning of the last quarter of fiscal 2003/2004 under a coke purchasing agreement with a term of 16 years and are reflected in the above schedule as “Minimum rental payments” from operating lease commencing as of fiscal 2003/2004.

The future minimum rental income from non-cancelable sublease contracts in the amount of 26 (1998/1999: 19) million Euros is not included in the grand total of future minimum rental payments.

The commitment to subscribe to investment projects amounts to 625 (1999: 519) million Euros and relates mainly to the Steel segment. 221 million Euros of the 625 million Euros relates to a steel mill in Shanghai, which is currently under construction as part of the Stainless business unit.

Payment commitments and obligations to make further contributions to corporations and cooperative associations exist in the total amount of 8 (1999: 39) million Euros. In addition, other financial commitments exist in the amount of 82 (1999: 23) million Euros, primarily in relation to obligations from a joint services agreement regarding the distribution of software developed by an outside licensor, and liability commitments from the transfer of pension obligations.

22 Pending lawsuits and claims for damages

Several 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 the Court rule that the share exchange ratios were inappropriate, settlement will be made via an additional cash payment plus interest. The additional payment is to be made to all affected stockholders, even if they were not petitioners in the judicial proceedings. However, the Group believes any additional cash payments to be unlikely.

As a result of the integration of Thyssen Industrie AG into ThyssenKrupp AG, court proceedings to examine the appropriateness of the compensation to outside stockholders of Thyssen Industrie AG are pending. If the court rules that the compensation offered was inappropriate, the increased compensation will be granted to all outside stockholders by a further cash payment.

ThyssenKrupp also expects lawsuits resulting from the merger of Hoesch AG into Fried. Krupp AG Hoesch-Krupp as well as the incorporation of Krupp Stahl AG into Fried Krupp AG Hoesch-Krupp, which have been pending since 1993, not to have any material adverse impacts.

Two stockholders have taken legal action for the following resolutions of the annual stockholders' meeting of May 24, 2000 to be suspended and declared null and void: discharge of the Executive and Supervisory Boards; transfer of investments to Thyssen Krupp Steel AG; consent to corporate agreements. The management believes the complaints to be unfounded.

The class action suits filed in the United States during the last two years by former forced laborers against ThyssenKrupp AG and their predecessor companies were dismissed. Most of the complaints pending with German courts have also been either withdrawn or dismissed.

In the summer of 2000, a federal foundation was created that will interalia make payments to former forced laborers and thus supplement official restitution. This foundation will be capitalized with 5.1 billion Euros, half of which will be contributed by the Federal Government and half by German industries. The formation of the foundation was preceded by lengthy negotiations between the German Industries' Foundation Initiative and the German federal government with the governments of the United States, the East European countries, Israel and the representatives of different interest groups. It was possible to achieve a satisfactory prospect of legal certainty that offers settlement of pending claims and protection against future claims. In June 2000, ThyssenKrupp AG paid the agreed amount of 51 million Euros.

In connection with the sale of companies, ThyssenKrupp is involved in court and out-of-court disputes that may lead to repayments of part of the purchase price or to the award of damages. Customers and subcontractors are making claims under engineering and delivery contracts. During the fiscal year, the claims of some relatively large lawsuits proved unfounded or expired under the statute of limitation.

ThyssenKrupp subsidiaries resident in the U.S. import certain carbon and stainless steel products into the U.S. The imports have been subject to antidumping reviews conducted by the U.S. Department of Commerce (D.O.C) resulting in customs levies. Importers must tender antidumping duty cash deposits with the U.S. Customs Service. Such deposits become final obligations unless challenged by requesting and administrative review through D.O.C. The Group expenses the portion of the antidumping duty cash deposits that is believed to be ultimately imposed.

A company of the Production Systems segment took legal action against the former owner of one of their facilities, seeking reimbursement for clean up costs and decrease in property value. In July 1999, the jury awarded 64 million Euros in compensatory and punitive damages. The defendant is now appealing the decision.

The company has filed a complaint with the European Court of First Instance against the issuance of a penalty order on account of alleged cartel agreements by the EU Commission relating to the Stainless business unit. Otherwise, no court or arbitration proceedings were pending, are presently pending or according to the best knowledge of the company threatened that may have a material effect on the economic condition of ThyssenKrupp AG.

Aside from the above, as far as the Corporation is aware, court or arbitration proceedings that could have a significant influence on the economic situation of ThyssenKrupp AG have not been pending and are not now pending.

23 Derivative financial instruments

The Group uses a variety of derivative financial instruments, including foreign currency forward contracts, foreign currency options, interest swaps, interest rate caps and commodity forward contracts as a means of hedging exposure to foreign currency, interest rates and commodity price risks.

The Group is exposed to potential credit-related losses limited to the unrealized gain on such contracts as have a positive fair market value in the event of nonperformance by counterparties to these financial instruments; however, counterparties to these agreements are major international financial institutions, so that the risk of loss due to nonperformance is believed to be minimal. The Group generally does not require or place collateral for these financial instruments. The financial derivative arrangements entered into by the Group are exclusively for economic hedging purposes.

Central foreign currency risk management

The Group manages foreign currency risks centrally. Within the scope of the Group's centralized foreign exchange management, domestic subsidiaries are obliged to offer all open positions arising from import or export transactions in the major transaction currencies to the clearing office. The positions offered are grouped by currency and maturity; the resulting overall position is hedged globally on a daily basis by taking up contrary positions with banks. In connection with such global hedges, the clearing office has to accept short-term open positions, but in a limited scope to the overall position. When macro hedging is applied, both the hedged transactions and the corresponding derivative financial instruments with banks are reported at fair value.

The foreign subsidiaries which cannot participate in our central foreign currency management program are obliged to hedge their foreign currency exchange risk at their local financial institution on a micro hedge basis in accordance with the corporate finance directive. These derivative financial instruments are not reflected in the balance sheet. The underlying hedged transactions are recorded at the hedged rate.

Foreign currency instruments generally have maturities that do not exceed twelve months. However, a limited number of instruments have maturities of up to four years, depending on the hedged transaction.

Central interest rate risk management

To direct and optimize the credit portfolio, the Group makes use of derivative financial instruments and other strategies.

The interest derivatives employed include payer swaps as well as purchased interest rate caps. In addition, special option forms are also used as interest hedge instruments. These instruments are contracted for with the objective of limiting the interest and fair-value volatility of the underlying basic transactions and thereby minimizing the financing costs by an optimal mix of variable-interest and fixed-interest means. Part of the interest derivatives are designated directly and immediately to a specific loan (micro hedge), whereas the greater part of the interest derivatives are not specifically allocated to an individual loan but by means of a macro hedge approach, which protects a portfolio of individual credits. These macro hedges are reported at fair value on the balance sheet.

The Group pays an average fixed interest rate of 5.87% on its payer swap contracts. The interest rate caps ensure that the Group has an average maximum interest rate of 6.00%. The fair values of the Group's derivative financial instruments used to minimize interest and currency risk are as follows:

Million Euros	Notional value Sept. 30, 1999	Balance at Sept. 30, 1999	Fair value Sept. 30, 1999	**Notional value Sept. 30, 2000**	**Balance at Sept. 30, 2000**	**Fair value Sept. 30, 2000**
Forward foreign currency transaction						
Buy						
USD	1,155	31	29	1,212	132	136
GBP	9	0	1	13	0	0
CHF	72	0	0	59	1	1
Other currencies	83	0	(2)	113	0	1
Sell						
USD	2,487	(63)	(63)	2,091	(259)	(270)
GBP	511	(1)	(1)	321	(5)	(5)
CHF	22	0	0	1	0	0
Other currencies	63	(1)	0	104	(2)	(1)
Subtotal of forward foreign currency transactions	**4,402**	**(34)**	**(36)**	**3,914**	**(133)**	**(138)**
Foreign currency option transactions						
Call buy						
USD	260	2	2	197	1	1
GBP	1	0	0	0	0	0
Put buy						
USD	227	5	5	140	7	7
GBP	10	0	0	0	0	0
Call sell						
USD	212	(2)	(2)	325	(1)	(3)
Put sell						
USD	406	(3)	(3)	191	(7)	(7)
Subtotal of foreign currency option transactions	**1,116**	**2**	**2**	**853**	**0**	**(2)**
Foreign currency swap transactions						
Buy	1	0	0	0	0	0
Sell	2	0	0	0	0	0
Subtotal of foreign currency swap transactions	**3**	**0**	**0**	**0**	**0**	**0**
Total foreign currency derivatives	**5,521**	**(32)**	**(34)**	**4,767**	**(133)**	**(140)**
Interest swaps						
Payer swaps	631	(26)	(33)	583	(12)	(13)
Receiver swaps	56	1	1	0	0	0
Subtotal of interest swaps	**687**	**(25)**	**(32)**	**583**	**(12)**	**(13)**
Interest rate caps	339	1	1	342	1	1
Total interest rate derivatives	**1,026**	**(24)**	**(31)**	**925**	**(11)**	**(12)**
Total	**6,547**	**(56)**	**(65)**	**5,692**	**(144)**	**(152)**

The notional amounts of the derivative financial instruments do not represent agreed payments between the contracting parties but are merely the basis for the calculation of the payment. They do not reflect the risk content of the financial derivatives. The actual payments are effected by interest rates, exchange rates and other factors.

The fair values of the derivative financial instruments represent the price at which one party could assume the rights and obligations arising for the other party out of the existing contracts. The fair values were determined on the basis of market conditions – interest rates, foreign currency exchange quotations, commodity prices – existing as of September 30, 1999 and 2000. The instruments can experience considerable fluctuations, depending on the volatility of the underlying interest, exchange or price basis. The fair value of derivative financial instruments is generally determined independent of contrary developments from underlying hedged transactions that may exist. The following methods and assumptions were used to estimate the fair value of these derivative financial instruments:

· Foreign currency forward contracts: The fair value of foreign currency forward contracts is calculated on the basis of the average spot foreign currency quotation applicable as of the last day of the fiscal year, adjusted for time-related premiums and discounts for the respective remaining term of the contract compared to the contracted forward rate.

· Foreign currency options and interest rate caps: The fair value is determined using widely accepted models to calculate the option prices. The market value of an option is influenced not only by the remaining term of the option but also by further determining factors, such as the actual foreign exchange or interest rate and the volatility of the underlying foreign currency or interest base.

· Interest rate swaps: The fair values of these swaps are estimated by discounting the anticipated future cash flows. For this purpose, the market interest rates applicable for the remaining term of the contract are used as a basis.

Hedging against commodity price risk

The transactions of some companies are exposed to risks from changes in commodity prices, especially in the nonferrous metals sector. In cases in which, because of contractual agreements, price changes cannot be passed on to customers (contractual price escalation clauses), these companies make use of derivative financial instruments. In principle, economic hedging is undertaken at the local level, but contracting for financial derivatives in these areas is subject to strict guidelines, and compliance is checked regularly by our Central Internal Audit Department. Solely marketable instruments are used, for example those traded on the London Metal Exchange or other reputable commodity exchanges. The instruments used are commodity future transactions, cash transactions in combination with forward transactions, and the purchase of options. The selling of written option positions is prohibited. The use of commodity futures is generally based on single transactions (micro-hedge).

As of September 30, 2000, the Group has open forward contracts hedging the majority of its planned commodity usage requirements of the next six months.

All commodity forwards are recorded at fair value under the line items “Other assets“ or “Other accrued liabilities“.

The fair values of the Group’s derivative financial instruments used to minimize commodity price risk are as follows:

Million Euros	Notional value Sept. 30, 1999	Fair value Sept. 30, 1999	Notional value Sept. 30, 2000	Fair value Sept. 30, 2000
Forward commodity transactions				
Nickel				
Buy	174	58	161	8
Sell	121	(17)	129	(6)
Copper				
Buy	14	1	6	2
Sell	5	0	2	0
Aluminium				
Buy	0	0	1	0
Sell	0	0	1	0
Total	**314**	**42**	**300**	**4**

The fair value of commodity forward contracts is estimated based on quotes from the market makers of these instruments and represents the estimated amounts that the company would expect to receive or pay to terminate the agreements as of the reporting date.

24 Related parties

The Alfried Krupp von Bohlen und Halbach Foundation holds an interest of more than 10% in ThyssenKrupp AG. Outside the services and considerations provided for in the by-laws (Article 20 of the Articles of Association of ThyssenKrupp AG), there are no other significant delivery and service relations.

Other related parties of major importance are RAG, in which ThyssenKrupp has an interest of 20.6%, and its affiliated companies and Hüttenwerke Krupp Mannesmann (HKM), in which ThyssenKrupp holds a 50% interest. Substantial business relations existed with both companies during the fiscal year. Primarily coal products were purchased from RAG. Sales to RAG involved primarily transport services and the sale of co-products from steel production. Crude steel (semi-finished continuous casting) was purchased from HKM. Sales to HKM consisted of transport services and coke deliveries.

RAG GROUP

Million Euros	Sept. 30, 2000
Sales	15
Supplies and services	417
Receivables	5
Payables	66

HÜTTENWERKE KRUPP MANNESMANN GMBH

Million Euros	Sept. 30, 2000
Sales	58
Supplies and services	702
Receivables	7
Payables	61

25 Segment reporting

According to SFAS 131, segment reporting follows the internal organizational and reporting structure. ThyssenKrupp was divided into eight segments in fiscal 1999/2000, corresponding to its products and services. The segmentation corresponds to the resolution of the Executive Board dated November 16, 1999, which was approved by the Supervisory Board on December 3, 1999. The prior year is presented in a comparable manner.

Steel

This segment produces and sells flat steel in all basic and quality steel grades. The flat steel program includes carbon steel with and without surface finishing, electric strip and stainless steel. In addition, high-grade metal materials such as nickel-base alloys and titanium are produced by this segment.

Automotive

This segment produces parts, components, sub-assemblies and modules/systems for vehicle chassis, body and drive train/steering of passenger cars and trucks.

Elevators

This segment is involved in the construction, modernization, and servicing of elevators, escalators, stair lifts, and airbridges.

Production Systems

The activities of this segment comprise the development, manufacture, and customer-specific servicing of metal-cutting machine tools and systems for automobile body technology and assembly of machinery systems.

Components

This segment develops and manufactures components that are used primarily in mechanical engineering. Included are large-diameter bearings, precision bearings, undercarriages, and undercarriage components. In addition, plastic profile systems and garage and industrial doors are manufactured by the segment.

MaterialsServices

In this segment, material management is carried out, with the metallic materials being in the foreground. In addition to the pure sale of product, services are also offered, which extend from warehousing to machining, distribution and information logistics to inventory management.

FacilitiesServices

This segment is composed of industrial maintenance and management of buildings, including demolition services. In addition, various IT services are offered, extending from computer center services to multimedia and e-commerce solutions.

Real Estate

The Real Estate segment operates the real properties of the Group through the leasing and sale of properties as well as real estate services in the area of real estate development and real estate consulting.

Others

Activities that cannot be assigned to any segment because of their business activities are reported here. Included in this is Engineering, which carries out the project management for the planning and construction of production facilities for the chemical and petrochemical industries, the cement and sugar industries, for conveyor systems, and for energy technology. Furthermore, any business activities that on their own do not represent a segment are grouped under “Remaining others“. Included in this are Plastics Machinery, Shipyards, Civil Engineering, and Navigation as well as significant equity investments.

Corporate

Included in the Corporate area are only companies that do not exercise externally directed economic activity of their own. Included in this area are essentially Group administration functions, inclusive of insurance services and financing and country holding companies. Also included are non-operating companies, such as Thyssen Stahl AG, Krupp Stahl AG, and Krupp Hoesch Stahl AG.

Apart from the exceptions outlined below, 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 and minority interest” line item presented in the income statement. For calculating the segment profit and loss, it is assumed that foreign currency hedging transactions with the central clearing office are to be treated as effective hedges of the underlying transactions. As a result, exchange rate gains and losses incurred at Group level from the market valuation of the hedging transactions are not included in segment profit and loss. The results of the Steel segment for 1998/1999 included a stockholder contribution in the amount of 116 million Euros for the closing of the Dortmund steel plants based on an existing agreement. The amount is eliminated in Corporate. In 1999/2000, income of the segment Steel includes expense reimbursements in the amount of 11 (1998/1999: 1) million Euros for the closing of the Dortmund steel plants. Income of the FacilitiesServices segment includes 23 million Euros in 1998/1999 and 16 million Euros for

1999/2000 as compensation for expenses that were taken over from Corporate. Engineering contains income in the amount of 29 million Euros for 1998/1999 and in the amount of 9 million Euros for 1999/2000 for expenses taken over from Corporate. The segments Steel and MaterialsServices are jointly involved in certain activities. These companies are fully consolidated in the segment they are managed by. In the other segment, the equity method of accounting for investments or the cost method is used. In the Group consolidation, the elimination of income from investments is recorded. Within Steel, results from investments from intra-group joint ventures are included in the amount of 17 (1998/1999: 6) million Euros and within MaterialsServices in the amount of 11 (1998/1999: 3) million Euros. Additionally, two real estate companies have been consolidated within Steel due to their legal affiliation and within Real Estate due to their managing function. In the Group consolidation, the elimination of this double counting of the result in the amount of 8 (1998/1999: 9) million Euros is effected at group level.

Sales between segments are transacted at settlement prices standard for the market.

Allocation of sales by country is based on the location of the customer and the location of the company. Allocation of financial investments by country is based on the location of the investment whereas the other investments are allocated according to the registered office of the investing company.

Due to the high volume of customers and the variety of business activities, there are no individual customers that generate sales material to the Group’s consolidated net sales.

SEGMENT INFORMATIONS BY PRODUCTS AND SERVICES FOR THE YEAR ENDING SEPT. 30, 1999

Million Euros

	Steel	Automotive	Elevators	Production Systems	Components
External sales	7,865	4,851	2,534	1,235	999
Internal sales within the Group	1,937	12	3	22	5
Total sales	9,802	4,863	2,537	1,257	1,004
Equity in the net income of investees accounted for by the equity method	22	(1)	1	(1)	0
Interest revenue	51	27	7	8	2
Interest expense	(187)	(75)	(57)	(44)	(14)
Income/(loss) before income taxes and minority interest	251	275	154	(10)	55
Segment assets (= balance sheet total)	12,205	3,961	2,850	1,531	1,248
Depreciation and amortization expense	766	232	78	61	61
Other significant non-cash items (expense, net)	(165)	(46)	(127)	(135)	(23)
Capital expenditures (including intangible assets)	1,102	377	51	60	96
Equity investments	0	5	0	1	0
Other investments	95	4	1,208	1	14

SEGMENT INFORMATIONS BY PRODUCTS AND SERVICES FOR THE YEAR ENDING SEPT. 30, 2000

Million Euros

	Steel	Automotive	Elevators	Production Systems	Components
External sales	10,247	6,095	3,093	1,358	1,318
Internal sales within the Group	2,429	13	5	35	7
Total sales	12,676	6,108	3,098	1,393	1,325
Equity in the net income of investees accounted for by the equity method	21	2	1	(1)	1
Interest revenue	60	29	21	7	4
Interest expense	(243)	(84)	(100)	(63)	(25)
Income/(loss) before income taxes and minority interest	606	295	204	(82)	85
Segment assets (= balance sheet total)	13,749	5,196	3,505	1,885	1,360
Depreciation and amortization expense	886	298	102	69	90
Other significant non-cash items (expense, net)	(452)	(83)	(72)	(145)	(30)
Capital expenditures (including intangible assets)	945	505	55	59	88
Equity investments	0	3	1	0	0
Other investments	40	168	3	1	0

MaterialsServices	FacilitiesServices	Real Estate	Others Engineering	Others Remaining Others	Corporate	Consolidation	Group
7,488	1,000	375	1,593	1,620	234	0	29,794
452	269	38	29	90	13	(2,870)	0
7,940	1,269	413	1,622	1,710	247	(2,870)	29,794
4	2	0	0	26	8	(9)	52
22	10	13	44	27	375	(468)	118
(70)	(16)	(32)	(16)	(26)	(251)	468	(320)
80	62	56	14	68	(330)	(66)	609
3,919	1,231	2,858	2,128	2,525	17,620	(19,363)	32,713
64	144	41	43	43	46	0	1,579
(58)	(34)	(9)	(93)	(66)	(141)	0	(897)
113	124	58	23	31	5	(13)	2,027
0	0	0	0	0	0	0	6
68	25	2	0	3	226	(33)	1,613

MaterialsServices	FacilitiesServices	Real Estate	Others Engineering	Others Remaining Others	Corporate	Consolidation	**Group**
9,561	1,685	331	1,807	1,583	131	0	37,209
574	316	38	17	33	11	(3,478)	0
10,135	2,001	369	1,824	1,616	142	(3,478)	37,209
1	6	0	1	0	38	2	72
35	14	13	55	34	620	(754)	138
(129)	(37)	(34)	(22)	(37)	(537)	754	(557)
153	79	58	0	133	(331)	(110)	1,090
4,572	2,129	2,768	2,622	3,083	20,628	(25,609)	35,888
91	139	48	45	66	44	(4)	1,874
(52)	(50)	(26)	(86)	(76)	(99)	0	(1,171)
117	192	28	24	144	5	(64)	2,098
1	0	0	0	0	0	0	5
21	147	3	1	2	6	0	392

Segment information by geographical area:

Million Euros	Germany	Other EU	USA	Other countries	Group
External sales (location of the customer)					
Year ending Sept. 30, 1999	10,682	7,219	6,288	5,605	29,794
Year ending Sept. 30, 2000	13,022	9,553	8,420	6,214	37,209
External sales (location of the company)					
Year ending Sept. 30, 1999	17,334	4,583	6,195	1,682	29,794
Year ending Sept. 30, 2000	20,056	6,270	8,128	2,755	37,209
Intangible assets, property, plant and equipment					
Sept. 30, 1999	10,371	1,744	2,728	1,061	15,904
Sept. 30, 2000	9,506	1,943	3,763	1,986	17,198

26 Restatement and reclassification

For the fiscal 1998/1999, ThyssenKrupp prepared for the first time financial statements according to US GAAP. The auditors´ opinion on the 1998/1999 financial statements was qualified due to the fact that ThyssenKrupp´s investment in RAG was accounted for under the equity method based on financial statement information for RAG that was prepared under German HGB. According to APB 20, restating prior year financial statements requires that all circumstances be taken into account that led to a different presentation of the prior year financial statements and would have come to the attention of the preparers. The Group has restated and reclassified its consolidated financial statements for the year ended September 30, 1999.

The cumulative after-tax effect for periods prior to October 1, 1998, has been reflected as an increase to beginning retained earnings in the Consolidated Statements of Changes in Stockholders' Equity. Except as otherwise stated herein, all information presented in the Consolidated Financial Statements and related Notes includes all such restatements and reclassifications.

Following is a description of the nature of each significant accounting adjustment and its effect on the consolidated financial statements of the Group for the year ended September 30, 1999:

Million Euros, except per share data	As of and for the year ended Sept. 30, 1999				As of Oct. 01, 1998
	Increase/ decrease retained earnings	Increase/ decrease to income before income taxes and minority interest	Increase/ decrease to net income	Increase/ decrease to basic earnings per share	Increase/ decrease retained earnings
Accountig for investments in Associated Companies	(29)	(16)	(16)	(0.03)	(14)
Liabilities for workforce reduction initiatives	32	2	1	–	31
Long-term contract accounting	2	(21)	(11)	(0.02)	12
Hedge accounting	12	27	13	0.03	0
Other	(24)	(7)	(4)	(0.01)	(20)
Income taxes	60	–	12	0.02	48
Total	**53**	**(15)**	**(5)**	**(0.01)**	**57**

Accounting for investments in Associated Companies

In the previous year, the Group accounted for its investment in RAG using the equity method; however, the financial information used for RAG was based on German GAAP as opposed to US GAAP. In the reporting period, the Group obtained US GAAP financial information for RAG and corrected their equity method accounting in the prior year accordingly. In conjunction with this, the Group re-evaluated its accounting treatment for an investment in an Associated Company that is commonly held by both RAG and the Group. Based on this re-evaluation, the Group determined that it has the ability to exercise significant influence on this Associated Company. As such, the prior year consolidated financial statements of the Group have also been restated to reflect this investment on the equity method of accounting.

The Group also made further adjustments to the prior year consolidated financial statements for equity method accounting for three other investments in Associated Companies that are considered minor.

Liabilities for workforce reduction initiatives

The Group accrued liabilities for contractual and other termination benefits in connection with certain restructuring and workforce reduction initiatives, primarily in the Steel segment. Originally, provisions generally were recorded based on the present value of the payments to be made for substantially all associated costs expected to be incurred for these initiatives. The contractual termination benefit typically comprises two features: severance payments, which are determined using a formula that considers the number of years of service provided by an employee and, for employees over a certain age, supplemental post-employment benefits until those employees reach retirement age. Based on these features, the Group has recomputed and reclassified, on an actuarially determined basis, both its liability for contractual termination benefits as well as the amounts charged to expense to reflect the appropriate interest factor and the additional benefits that are earned by employees as they perform services. In addition, certain accrued costs, such as employee relocation costs, were eliminated and will be recognized as an expense in the period actually incurred.

Long-term contract accounting

The Group has recorded an adjustment in the prior year consolidated financial statements to inventory and cost of goods sold to reflect the effect of certain companies, primarily within Engineering, who converted their method of accounting for long-term contracts from the completed contract method to the percentage of completion method of accounting. In addition, this adjustment includes the recognition of losses for certain long-term contracts in the period in which the losses occurred.

Hedge accounting

The transactions of some companies, primarily in the Steel segment, are exposed to risks from changes in commodity prices. These companies make use of derivative financial instruments to hedge these commodity price risks. While these arrangements serve as effective economic hedges for these commodity price changes, it was subsequently determined that some of these hedging arrangements did not meet all of the criteria necessary in order to be accounted for as hedges under US GAAP. Accordingly, adjustments have been made to reflect the realized gains that should have been recognized on these derivative financial instruments for the year ended September 30, 1999. These amounts were originally reported as deferred gains that would have been recognized in income in a future period when their respective underlying transactions occur.

Other

Other accounting adjustments, e.g. restatements of carrying amounts and useful lifes of depreciable assets, were made to the Group’s September 30, 1999 consolidated financial statements for items that, individually, are not significant. Adjustments have been made to the prior year consolidated financial statements of a company within the FacilitiesServices segment to reflect the impairment of the goodwill in the period in which the impairment occurred.

Income Taxes

The prior year consolidated financial statements of the Group have been adjusted for various items that primarily relate to the correction of the Group’s treatment of deferred tax liabilities arising from the difference between the Group’s tax bases in the stock of its investment in certain associated companies and subsidiaries and the financial reporting bases of these investments. In addition, the adjustment includes the tax effect of all the items mentioned above.

Million Euros, except per share data	Year ending Sept. 30, 1999		
	As reported in 1998/1999 annual report	Restatement adjustments	As restated
Net sales	29,794	0	29,794
Cost of sales	(24,577)	(35)	(24,612)
Operating expenses, net	(4,486*)	36	(4,450)
Income from operations	**731**	**1**	**732**
Financial income, net	(107*)	(16)	(123)
Income before income taxes and minority interest	**624**	**(15)**	**609**
Income taxes	(316)	10	(306)
Minority interest	(41)	0	(41)
Net income	**267**	**(5)**	**262**
Basic earnings per share	**0.55**	**(0.01)**	**0.54**

* incl. reclassification of “Gain/loss on disposal of non-consolidated investments to Financial Income”

Million Euros	Sept. 30, 1999		
	As reported in 1998/1999 annual report	Restatement adjustments	As restated
Assets			
Fixed assets	17,496	(68)	17,428
Operating assets	13,200	20	13,220
Deferred taxes	1,788	114	1,902
Prepaid expenses and deferred charges	165	(2)	163
Total assets	**32,649**	**64**	**32,713**
Stockholders’ equity and liabilities			
Stockholders’ Equity	8,053	53	8,106
Minority interest	293	(1)	292
Accrued liabilities	10,118	(106)	10,012
Payables	12,723	5	12,728
Deferred taxes	1,363	110	1,473
Deferred income	99	3	102
Total stockholders’ equity and liabilities	**32,649**	**64**	**32,713**

27 Subsequent events

A summary of the impact of such restatements on the financial statements for the year ended September 30, 1999 is as follows:
The corporate tax reform that became effective in Germany in October 2000, is relevant for the ThyssenKrupp Group in the following respects:

- Irrespective of the dividends paid, the corporate tax rate is reduced to 25%.
- The recognition of corporate tax paid by stockholders is abolished. This makes the corporate tax a definitive tax, which may no longer be applied to the income tax owed by the stockholder. Double taxation is mitigated by the fact that only 50% of the dividend paid to a stockholder is subject to income.
- Profits from the sale of domestic investments are exempted from corporate and trade tax.
  The new rules shall apply to the Group corporations for the first time in fiscal 2000/2001. The exemption from capital gains taxes shall apply for the first time to sales after September 30, 2001.

On November 14, 2000, the Executive Board presented its adjustment of the strategic concepts adopted in November 1999 to the changing market and environment conditions. The future Group organization will consist of six operating segments: Steel, Automotive, Elevators, Technologies, Materials and Serv and the activities of Real Estate. The segments will be run directly by ThyssenKrupp AG and, by taking into consideration their specific conditions, be developed within the scope of an active portfolio management. The newly created Technologies segment includes Production Systems, Mechanical Engineering, Marine and Plant Technology. ThyssenKrupp as a focused Group in the future will thus be active in three main areas: Steel, Capital Goods and Services. After approval by the Supervisory Board on December 8, 2000, the structural adjustment was begun. Starting January 1, 2001, internal reporting will be based on the new segmentation. In fiscal 1999/2000, sales in the amount of 5,934 million Euros would have been shown in the Technologies segment, and income before taxes and minority interest in the amount of 83 million Euros. In fiscal 1998/1999, sales in the amount of 5,170 million Euros and income before taxes and minority interest in the amount of 99 million Euros would have been shown.

On October 15, 2000, the Turin plant of AST, a company of the Stainless business unit, was flooded, causing serious damage and stopping production for several days. AST is insured for both direct damage and loss in profitability owing to business interruption.

On November 29, 2000, ThyssenKrupp AG signed an additional syndicated credit facility in the amount of 1.5 billion U.S. dollars with a term of 5 years.

The sale of Krupp Werner & Pfleiderer was completed December 2000.

Notes to the consolidated statements of cash flows

28 Additional information

The liquid funds considered in the consolidated statements of cash flows correspond to the "Cash and cash equivalents" line item on the balance sheet.

Included in the Group's cash flows from operations were the following amounts of interest and income taxes paid:

Million Euros	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Interest paid	281	546
Income taxes paid	188	437

Non-cash investing activities

In fiscal 1999/2000, the acquisition and first-time consolidation of companies created an increase in fixed assets of 0.6 billion Euros.

In fiscal 1998/1999, the acquisition of the activities of legacy Krupp on December 4, 1998 was made on a non-cash basis via the granting of stockholder rights in the newly established ThyssenKrupp AG. The investing activities section of the cash flow statement, therefore, only reflects the cash and cash equivalents acquired from Fried. Krupp AG Hoesch-Krupp on December 4, 1998 in the amount of 0.3 billion Euros. The fair value of the fixed assets of the former Fried. Krupp AG Hoesch-Krupp, acquired on December 4, 1998, amounted to 7.78 billion Euros.

The non-cash addition of assets under capital leases in fiscal 1999/2000 amounts to 52 (1998/1999: 46) million Euros.

Non-cash financing activities

In fiscal 1999/2000, the acquisition and first-time consolidation of companies resulted in an increase in gross financial payables in the amount of 0.2 billion Euros.

In fiscal 1998/1999, the acquisition of the activities of legacy Krupp led to an addition of gross financial payables in the amount of 2.51 billion Euros as of December 4, 1998. Additionally, treasury stock in the amount of 80 million Euros was issued for the compensation of former outside stockholders of Thyssen Industrie AG within the framework of the company's incorporation in ThyssenKrupp AG.

Additional information

29 Earnings per share

Basic earnings per share is computed as follows:

	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Net income in million Euros	262	527
Weighted average shares	483,949,899*	514,489,044
Basic earnings per share in Euro	0.54	1.02

* Oct. 01, 1998 – Dec. 04, 1998: 343,000,000 legacy Thyssen shares for 65 days
Dec. 05, 1998 – Sept. 30, 1999: 514,489,044 ThyssenKrupp shares for 300 days

Additional disclosures pursuant to Art. 292a of the German Commercial Code (HGB)

1. Changes in accounting, valuation and consolidation methods

The consolidated financial statements of ThyssenKrupp AG have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP). ThyssenKrupp AG is therefore exempt from the obligation to prepare its financial statements under German Commercial Code (HGB), as set out in Art. 292a. The Company's consolidated financial statements are in compliance with the 4th and 7th EU Accounting Directive, as interpreted by the German Standards Committee Council in its German Accounting Standard No. 1.

The complete set of consolidated financial statements under Art. 292a HGB, including investment holdings, are filed with the Trade Register in Düsseldorf under reference number HR B 37003.

The accounting, valuation and consolidation methods under US GAAP are different from the German provisions of the HGB primarily in the following respects:

Intangible assets

Under HGB and US GAAP, intangible assets acquired for consideration must be capitalized. However, under HGB, intangible assets which were not acquired for consideration or which were developed internally may not be capitalized.

Under US GAAP, external costs that are directly attributable to the development of intangible assets may be capitalized. This includes incidental costs incurred in obtaining patents and copyright protection. Also, direct expenses associated with the development of internally used software may be capitalized.

Capitalized interest

Under HGB, the capitalization of interest expense in the cost of property, plant and equipment is not mandatory, but permitted if certain conditions are met. Under US GAAP, in accordance with SFAS 34, interest expense is required to be capitalized if such costs are material and attributable to the acquisition or production of a qualifying asset. Qualifying assets are assets that require a long time to acquire or produce.

Leases

The HGB does not explicitly prescribe the treatment of leasing operations. Measurement is generally based on regulations promulgated by the German Fiscal Administration. Taking account of fiscal criteria, lease agreements are generally designed in such a way that the leased property must be recorded by the lessor.

US GAAP contains comprehensive regulations regarding the reporting of leasing transactions (in particular SFAS 13). It basically makes a distinction between capital leases and "operating leases" which depends upon the identification of the economic owner to whom substantially all benefits and risks inherent in the ownership of the property are transferred. If the transaction qualifies as a "capital lease", the lessee as the economic owner, is required to capitalize the leased property. Under an operating lease, the lessor capitalizes the property.

Reversal of impairment charges

Under HGB, when impairment charges have been recorded to reflect a lower applicable asset value, this lower value must be reversed if the reason for which the impairment charge was recorded no longer exists at a later balance sheet date (requirement to reinstate original values under Art. 280 HGB). Under US GAAP, SFAS 121 prohibits the reversal of an impairment charge to an asset's original value.

As, only investments that eliminate in consolidation were subject to reinstatement of original values, the consolidated financial statements remained unaffected.

Inventory valuation

Lower of cost or market

Under HGB, the lower of cost or market principle must be observed, which requires that inventory be valued as of the balance sheet date at acquisition or production cost or at the lower of market or applicable value. The applicable value for raw materials and supplies is determined on the basis of the purchase cost on the market. The applicable value for unfinished and finished goods is determined on the basis of the estimated net realizable value obtainable from selling the goods and – for merchandise held for resale – on the basis of the cost to replace the goods and the estimated net realizable value obtainable from selling the goods. US GAAP – in accordance with ARB 43 – follows the lower of cost or market principle, too. In contrast to HGB, all categories of inventory require that the purchase price as well as the selling price be taken into account when determining inventory value. If the replacement cost is lower than the acquisition or production cost, inventories are valued at the middle value of the calculated replacement cost, net realizable value or net realizable value less an allowance for normal profit.

Long-term production/construction contracts

Principally, the German HGB and German GAAP permit income recognition only after delivery and acceptance of an item are completed, that is, at the earliest when the contractual obligations have largely been met and the remaining risks can be considered immaterial ("completed-contract-method").

Under US GAAP, income is recognized based on the progress made toward completing the contract if a reliable estimate of total proceeds, total costs and stage of progress can be determined ("percentage-of-completion-method"). Measurement is prescribed primarily by SOP 81-1 and ARB 45.

Valuation of unrealized gains as of the balance sheet date

The imparity principle under HGB prescribes that only unrealized losses be reported. Under US GAAP, however, unrealized gains are also reported in the following instances:

Assets and liabilities denominated in foreign currency

Under HGB, unhedged assets and liabilities denominated in a foreign currency are valued at either their purchase cost or at their market price, whichever is more conservative as of the balance sheet date.

Under US GAAP, pursuant to SFAS 52, all unhedged assets and liabilities denominated in foreign currency are valued at the prevailing market rates as of the balance sheet date. As a result, unrealized gains are recognized in the results of the current year.

Long term and current asset investments

Under HGB, investments are valued at net book value or market value, whichever is lower as of the balance sheet date. Under US GAAP, securities are allocated to different categories, according to which the valuation is made as prescribed by SFAS 115. The securities held by the ThyssenKrupp Group are classified as available for sale and are accounted for at year-end market values, even if it results in recording an unrealized gain. The year-end market value adjustment is not recognized in income however, but is rather recorded as a component of equity.

Derivative financial instruments

According to HGB, there is no mandatory approach with respect to the measurement of derivative financial instruments. Hence, valuation is made on the basis of the historical cost concept, the realization rule and the imparity principle.

In common interpretations of the HGB, global macro hedges require that the hedged items be valued at the amounts at which they were hedged. Under US GAAP, such global hedge transactions are not regarded as hedges at all and must be valued at their year-end market rates. Unrealized gain and loss on such transactions must be recognized in the year-end results.

Deferred taxation

Under HGB, deferred taxes must be determined for all timing differences arising between the tax bases of assets or liabilities and their reported amounts in the consolidated financial statements (so-called timing concept), using the current tax rate for computational purposes. Deferred taxes may not be recognized for quasi-permanent differences, which are reconciled only after a very long period of time or through sale or liquidation. Likewise, deferred taxes may not be recognized for tax loss carry forwards.

Under US GAAP, SFAS 109, deferred taxes must be reported for all temporary differences arising between the tax bases of assets or liabilities and their reported amounts in the consolidated financial statements; quasi-permanent differences are also regarded as temporary differences (temporary concept). In addition, deferred tax assets are recognized for tax loss carry forwards. The applicable tax rate is the current rate based on enacted law as of the balance sheet date, which incorporates future known changes to the tax rate. At the end of each accounting period, a judgement must be made concerning the realizability of the deferred tax assets recognized.

Accrued pension and similar obligations

Under both HGB and US GAAP, a liability for the potential cost of post-employment benefits must be accrued on the basis of the expected amount of the projected discounted benefit obligation. HGB permits a number of different actuarial methods; the partial value (Teilwert) method pursuant to Art. 6a of the German Income Tax Law is most commonly used, but it is not the only permissible method. Under US GAAP, the projected unit credit method is mandatory. Thanks to the flexibility in choice of methods, this is also permitted under HGB. As far as pension funds are concerned, certain qualifying assets, pursuant to SFAS 87, must be deducted from the total amount of the obligation or must be capitalized, should the assets exceed the amount of the obligation. In some instances, certain assets also have the ability to offset pension liabilities under German GAAP. However, what qualifies as assets which have the ability to offset pension liabilities differs under US GAAP and HGB. The extent to which a minimum liability must be recognized under SFAS 87 meets the requirement under HGB. The allocation to the accrual, however, is not always expensed. Instead, the full amount of the obligation may be covered by recording an intangible asset or reducing equity, thereby not affecting income. This is not permitted under HGB.

Other accruals

Under HGB, in addition to the recognizable accruals for probable contingencies and contingent losses, accruals for anticipated internal expenses (such as cost of repair or maintenance) are permitted, although they do not represent an obligation to a third party. Measurement is made based on conservatism.

US GAAP is much more restrictive in this regard. Accruals are permitted only if they correspond to an obligation to a third party, if the event leading to the accrual is probable to occur and if the amount of the accrual is reasonably measurable. Accruals for anticipated internal expenses are not permitted. With respects to the measurement of the accrual, the most probable amount is accrued and in a range of equally probable amounts, the lowest amount is accrued. Recognition is essentially prescribed in CON 6 and SFAS 5.

Discontinued operations

Pursuant to Art. 246 (2) of the HGB, expenses may not be offset against income, nor assets against liabilities. As a result, the items allocable to discontinued operations may not be disclosed separately. Under US GAAP, however, in accordance with APB 30, the income statement and balance sheet items are adjusted for the effects associated with discontinued operations. After offsetting, the adjusted amounts are reported in a separate line of the income statement or balance sheet respectively, as the result or net assets of discontinued operations.

During the reporting year, the ThyssenKrupp Group did not conduct any operations qualifying as discontinued operations.

Scope of consolidation

Under Art. 295 HGB, a controlled subsidiary shall not be included in the consolidated financial statements if its activities are so divergent from the activities of the other consolidated companies that its inclusion in the consolidated financial statements would conflict with the requirement to present a true and fair view. Pursuant to US GAAP, all controlled subsidiaries must be included in consolidation regardless of their activities. The ThyssenKrupp Group has no controlled subsidiaries whose inclusion in the consolidated financial statements would be prohibited under Art. 295 HGB.

Purchase accounting

In accordance with both Art. 302 of the HGB and APB 16, the historical book values are carried forward in a business combination accounted for as a pooling of interests transaction. However, the requirements which must be met to obtain pooling of interests accounting under APB 16 are much more stringent than those of the HGB.

The ThyssenKrupp merger satisfied the pooling of interests provisions prescribed by the HGB but failed to meet the pooling requirements of APB 16. Accordingly, the ThyssenKrupp merger had to be reported as a business purchase in accordance with the purchase accounting provisions of APB 16.

Minority interest

The HGB follows the entity theory, which requires that minority interest be classified as a part of equity. In addition, the income or loss attributable to minority interest is included in the consolidated entity’s net income or loss.

Under US GAAP, in accordance with the parent company theory, minority interest is not considered part of equity but are classified separately between equity and liabilities. The income or loss attributable to minority interest is recorded as income or expense and is therefore excluded from the consolidated entity’s net income or loss.

Excess of acquired net assets over cost (“Badwill”)

If the fair market values assigned to the net assets acquired exceed the cost of the investment, a negative difference arises in purchase accounting. Under Art. 309 (2) HGB, this difference is released and recognized in the income statement if it reflects unfavorable developments expected for the results of the company or if it becomes clear as of the balance sheet date that it corresponds to a realized gain. Pursuant to APB 16, the excess of acquired net assets over cost must proportionally reduce the fair market value of non-current assets, excluding long term investments in marketable securities, being acquired. If the allocation reduces the value of non-current assets to zero, the remainder of the excess over cost should be classified as a deferred credit and amortized ratably to income.

Classification requirements
In order to comply with the 4th and 7th EU Accounting Directive as required, the balance sheet was prepared in accordance with the classification standards prescribed in Art. 266 HGB. Hence, it does not conform to the classification standards applicable in the preparation of US financial statements, which are orientated toward the realizability of assets and liabilities. Nevertheless, the information regarding the realizability of the individual balance sheet items, which would have been presented if the financial statements had been classified in conformity with US GAAP standards, is provided as additional information in the Notes or on the balance sheet prepared under HGB classification requirements.

Under HGB, the development of fixed assets must be presented separately, whereas such a separate disclosure is not required by US accounting standards. In order to ensure conformity with EU Accounting Directives, the development of fixed assets is presented additionally as a schedule in the Notes.

2. Additional information

Personnel expenses
The following information is presented in order to be compliant with the disclosure requirements of the German Commercial Code.

	Year ending Sept. 30, 1999	**Year ending Sept. 30, 2000**
Wages and salaries	6,131	7,104
Social security taxes	1,144	1,273
Net periodic pension costs – defined benefit	402	405
Net periodic pension costs – defined contribution	17	15
Net periodic postretirement benefit cost other than pensions	41	43
Other expenses for pensions and retirements	56	56
Related fringe benefits	182	208
Total	**7,973**	**9,104**

Employees

In the Group, the actual average numbers of employees over the past fiscal year were as follows:

	Year ending Sept. 30, 1999	Year ending Sept. 30, 2000
Steel	51,827	53,581
Automotive	34,585	38,924
Elevators	22,785	26,652
Production Systems	8,422	8,486
Components	7,743	9,545
MaterialsServices	12,155	13,224
FacilitiesServices	13,948	19,858
Real Estate	747	836
Others		
Engineering	8,334	8,891
Remaining Others	7,723	7,042
Corporate	1,616	1,308
Total	**169,885**	**188,347**
This total breaks down to		
Wage earners	105,952	118,236
Salaried employees	59,229	64,875
Trainees	4,704	5,236

Executive and Supervisory Board remuneration

Total remunerations made to the Executive Board amounted to 9 million Euros in fiscal 1999/2000; the fix amount thereof is 5 million Euros. The total renumerations made to former members of the Executive Board and of their surviving dependants amount to 11 million Euros.

An amount of 74 million Euros is accrued for pension obligations benefiting former members of the Executive Board and their surviving dependants.

Since ThyssenKrupp AG succeeds both Thyssen AG and Fried. Krupp AG Hoesch-Krupp, all disclosures relating to former members of the board also comprise compensation and pension obligations to the board members of former Thyssen AG and Fried. Krupp AG Hoesch-Krupp, including all companies preceeding the latter.

As of September 30, 2000, no credits or advances have been granted to members of the Executive Board.

To cover the honorarium stipulated for the Supervisory Board in the Articles of Incorporation, an amount of 1 million Euros was recognized as a liability for the fiscal year.

The members of the Executive Board and of the Supervisory Board are listed on the following pages.

3. Executive Board

Chairmen

Dr. Gerhard Cromme
Chairman
Simultaneously Executive Board Chairman
of Thyssen Krupp Automotive AG
- Allianz Versicherungs-AG
- Ruhrgas AG
- E.ON AG
- Volkswagen AG
- ABB AG (Switzerland)
- Suez-Lyonnaise des Eaux S.A. (France)
- Thomson-CSF S.A. (France)

Within the Group:
- Thyssen Krupp Industries AG (Chair)
- The Budd Company (USA)

Prof. Dr. Ekkehard Schulz
Chairman
Simultaneously Executive Board Chairman
of Thyssen Krupp Steel AG
- Commerzbank AG
- Hapag-Lloyd AG
- MAN AG
- RAG AG (Vice Chair)*
- RWE Energie AG
- Strabag AG

Within the Group:
- Eisen- und Hüttenwerke AG (Chair)
- Krupp Thyssen Stainless GmbH (Chair)
- Thyssen Krupp Materials & Services AG (Chair)
- Thyssen Krupp Stahl AG (Chair)
- The Budd Company (USA)
- Thyssen Inc. (USA)

Members

Dr. Hans-Erich Forster
Simultaneously Executive Board Chairman of Thyssen Krupp Materials & Services AG
Within the Group:
- Thyssen Krupp Automotive AG
- Thyssen Krupp Werkstoffe GmbH (Chair)
- WIG Industrieinstandhaltung GmbH
- Thyssen Inc. (USA)

Dieter Hennig
Simultaneously Labor Director of Thyssen Krupp Steel AG
- Böhler Thyssen Schweißtechnik GmbH*

Within the Group:
- EBG Gesellschaft für elektromagnetische Werkstoffe mbH
- Eisenbahn und Häfen GmbH
- Hoesch Hohenlimburg GmbH
- Rasselstein Hoesch GmbH
- Thyssen Krupp Materials & Services AG

Dr. Gerhard Jooss
- Allgemeine Kreditversicherung AG
- ERGO Versicherungsgruppe AG
- Westfalenbank AG
- WestLB International S.A. (Luxemburg)

Within the Group:
- Buckau-Walther AG (Vorsitz)
- Thyssen Krupp Engineering AG
- Thyssen Krupp Steel AG

Dr. Ulrich Middelmann
- Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG
- RAG AG*
- Remington Arms Company, Inc. (USA)

Within the Group:
- Krupp Thyssen Stainless GmbH
- Thyssen Krupp Automotive AG
- Thyssen Krupp Industries AG
- Thyssen Krupp Stahl AG (Dep. Chair)
- Acciai Speciali Terni S.p.A. (Italy)
- Giddings & Lewis LLC (USA)
- The Budd Company (USA)
- Thyssen Elevator Holding Corp. (USA)

Prof. Dr. Eckhard Rohkamm
Simultaneously Executive Board Chairman of Thyssen Krupp Industries AG
- HDI Haftpflichtverband der Deutschen Industrie VVaG
- Mannesmann Rexroth GmbH

Within the Group:
- Blohm + Voss Holding AG (Chair)
- Krupp Werner & Pfleiderer GmbH
- Thyssen Krupp Engineering AG (Chair)
- Thyssen Krupp Werften GmbH (Chair)
- Giddings & Lewis LLC (USA)
- The Budd Company (USA)
- Thyssen Elevator Holding Corp. (USA)

Jürgen Rossberg
Within the Group:
- Thyssen Krupp Engineering AG
- Thyssen Krupp Materials & Services AG
- Thyssen Krupp Stahl AG

Dr. Heinz-Gerd Stein
- AXA Colonia Versicherung AG
- Bankgesellschaft Berlin AG
- Dürr AG
- Gerling Konzern Speziale Kreditversicherungs AG

Within the Group:
- Eisen- und Hüttenwerke AG
- Thyssen Krupp Automotive AG (Chair)
- Thyssen Krupp Industries AG
- Thyssen Krupp Materials & Services AG
- Thyssen Krupp Steel AG
- Thyssen Stahl AG (Vorsitz)
- The Budd Company (USA)
- Thyssen Elevator Holding Corp. (USA)

○ Membership of statutory Supervisory Boards within the meaning of Art. 125 of the German Stock Corporation Act ("AktG") (As of September 30, 2000)

* Minority interest of the ThyssenKrupp Group

○ Membership of comparable German and non-German regulatory bodies of business enterprises within the meaning of Art. 125 of the German Stock Corporation Act ("AktG") (As of September 30, 2000)

4. Supervisory Board

Honorary Chairmen

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

Chairman/ Vice Chairman

Dr. Heinz Kriwet, Düsseldorf
Chairman
- Allianz Lebensversicherungs-AG
- Dresdner Bank AG
- Siemens AG
- Thyssen Krupp Steel AG (Chair)

Dieter Schulte, Duisburg
Vice Chairman
Chairman of the German Trade Union Federation
- Bayer AG

In addition, positions are held in comparable domestic and foreign control bodies within the meaning of Para. 125 German Stock Corporation Act ("AktG").

Members

Dr. Karl-Hermann Baumann, Munich
Chairman of the Supervisory Board of Siemens AG
- Allianz AG
- Deutsche Bank AG
- E.ON AG
- Linde AG
- mg technologies ag
- Schering AG
- Siemens AG (Chair)

Wolfgang Boczek, Bochum
(since October 28, 1999)
Materials tester
Chairman of the Works Council Union of
Thyssen Umformtechnik + Guss
Within the Group:
- Thyssen Krupp Automotive AG

Carl L. von Boehm-Bezing, Bad Soden
Member of the Executive Board of Deutsche Bank AG
- AKA Ausfuhrkredit-Gesellschaft mbH (Chair)
- Messer Griesheim GmbH
- Rütgers AG
- RWE AG
- Steigenberger Hotels AG

Within the Group:
- Deutsche Grundbesitz-Anlagegesellschaft mbH (Chair)
- Deutsche Grundbesitz-Investmentgesellschaft mbH (Chair)
- Deutsche Immobilien Leasing GmbH (Chair)
- Eurohypo AG Europäische Hypothekenbank der Deutschen Bank (Chair)
- Schiffshypothekenbank zu Lübeck AG (Chair)

In addition, positions are held in comparable domestic and foreign control bodies within the meaning of Para. 125 German Stock Corporation Act ("AktG").

Dr. Klaus Götte, Munich
Chairman of the Supervisory Board of MAN AG
- Allianz Lebensversicherungs-AG
- KM Europa Metal AG
- MAN AG (Chair)
- SMS AG

Gerd Kappelhoff, Witten
Trade union secretary in the Düsseldorf branch office of IG Metall
- Thyssen Krupp Automotive AG
- Thyssen Krupp Industries AG
- Rasselstein Hoesch GmbH

Dieter Kroll, Voerde
Skilled steel mill worker
Chairman of the Group Works Council of
ThyssenKrupp AG and Chairman of the
Works Council of Thyssen Krupp Stahl AG
Duisburg-Hamborn/BeeckerwerthWithin the group:
- Thyssen Krupp Steel AG

Reinhard Kuhlmann, Frankfurt/Main
Secretary General of the European
Metalworkers' Trade Union Federation
- Adam Opel AG

Werner Nass, Dortmund
Salaried employee
Chairman of the European Works Council
of ThyssenKrupp AG

Dr. Mohamad-Mehdi Navab-Motlagh, Teheran
Vice Minister of International Affairs and Foreign Investment and President of the Organization for Investment, Economic and Technical Assistance of Iran
- IFIC Holding AG (Chair)

In addition, positions are held in comparable domestic and foreign control bodies within the meaning of Para. 125 German Stock Corporation Act.

Dr. Friedel Neuber, Duisburg
Chairman of the Executive Board of Westdeutsche Landesbank Girozentrale
- Babcock Borsig AG (Chair)
- Deutsche Bahn AG
- Douglas Holding AG
- Preussag AG (Chair)
- RWE AG (Chair)
- TUI Group GmbH

In addition, positions are held in comparable domestic and foreign control bodies within the meaning of Para. 125 German Stock Corporation Act.

Dr. Kersten von Schenck, Bad Homburg
(since May 24, 2000)
Attorney and notary

Thomas Schlenz, Hamminkeln
Shift foreman
Chairman of the Works Council Union of ThyssenKrupp Materials & Services

Dr. Henning Schulte-Noelle, Munich
Chairman of the Executive Board of Allianz AG
- BASF AG
- Dresdner Bank AG
- E.ON AG
- Linde AG (Vice Chair)
- MAN AG (Vice Chair)
- Münchener Rückversicherungs-Gesellschaft AG (Vice Chair)
- Siemens AG

Within the Group:
- Allianz Versicherungs-AG (Chair)
- Allianz Lebensversicherungs-AG (Chair)

In addition, positions are held in comparable domestic and foreign control bodies within the meaning of Para. 125 German Stock Corporation Act.

Wilhelm Segerath, Duisburg
Automotive bodymaker
Chairman of the General Works Council of Thyssen Krupp Stahl AG
Within the Group:
- Thyssen Krupp Steel AG
- Thyssen Krupp Stahl AG

Dr. Walter Seipp, Königstein i. Ts.
Honorary Chairman of the Supervisory Board of Commerzbank AG

Ernst-Otto Tetau, Brietlingen
(since February 16, 2000)
Machine fitter
Chairman of the Works Council of Blohm + Voss GmbH and Chairman of the Works Council Union of ThyssenKrupp Industries
Within the Group:
- Blohm + Voss GmbH
- Thyssen Krupp Werften GmbH

Bernhard Walter, Bad Homburg
Former speaker of the Executive Board of Dresdner Bank AG
- Bilfinger + Berger Bauaktiengesellschaft
- DaimlerChrysler AG
- Degussa-Hüls AG
- Deutsche Lufthansa AG
- Deutsche Telekom AG
- Heidelberger Zement AG
- Henkel KGaA
- mg technologies ag

Within the Group:
- Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG

In addition, positions are held in comparable domestic and foreign control bodies within the meaning of Para. 125 German Stock Corporation Act.

Dieter Wittenberg, Dortmund
Director of Thyssen Krupp Industries AG

- Membership of other statutory Supervisory Boards within the meaning of Art. 125 of the German Stock Corporation Act ("AktG") (As of September 30, 2000)

5. Waive of disclosure pursuant to Art. 264 Par. 3 German Commercial Code HGB

The following domestic subsidiaries in the legal form of a capital corporation have fullfiled the requirements of Art. 264 Par. 3 German Commercial Code to be allowed to make use of the exemption and therefore do not publish their financial statements:

A	AAW Aufzüge GmbH, Essen
	Allgemeine Aufzug-Service GmbH, Berlin
	Aloverzee Handelsgesellschaft mbH, Essen
	Altmann & Böhning GmbH, Berlin
B	Bachmann GmbH, Pegnitz-Bronn
	BIS Blohm + Voss Inspection Service GmbH, Hamburg
	Blohm + Voss GmbH, Hamburg
	Blohm + Voss Repair GmbH, Hamburg
	BLW Präzisionsschmiede GmbH, Munich
	Brandenburger Sondermaschinen- und Anlagenbau de Haan Aufzüge GmbH, Müllrose
C	Carl Gustav Krause GmbH, Hanover
	Christian Hein GmbH, Langenhagen
	ComLink Service und Datentechnik GmbH, Cologne
D	Dortmunder Eisenhandel Hansa GmbH, Dortmund
	Dr. Mertens Edelstahlhandel GmbH, Offenbach
E	Eckert GmbH, Mannheim
	Eggers-Kehrhahn GmbH, Hamburg
	EGM Entwicklungsgesellschaft für Montagetechnik GmbH, Hanover-Langenhagen
	Eisenmetall Handelsgesellschaft mbH, Gelsenkirchen
	Eisenmetall Rohr GmbH, Gelsenkirchen
	ELEG Europäische Lift + Escalator GmbH, Neuhausen a.d.F.
	ESA Elektrotechnik, Stark- und Schwachstrom-Anlagen GmbH, Frankfurt/Main
F	Fördertechnik und Aufzugservice GmbH, Frankfurt/Main
	Fuchs NE-Metallhandel GmbH, Nürtingen
	Fudickar Metall GmbH, Haan/Rhld.
G	Gold & Wellfonder GmbH, Himmelstadt
	Götz Aufzüge GmbH, Bühl-Vimbuch
H	Hans Franke NE-Metallhandel GmbH, Stuttgart
	Henschel Recycling Technik GmbH, Kassel
	HF Vermögensverwaltungsgesellschaft im Ruhrtal GmbH, Hagen
	Hille GmbH, Essen
	Hoesch Rothe Erde GmbH, Dortmund
	HOGEMA Maschinenhandel GmbH, Cologne
	Hommel CNC Technik GmbH, Cologne

	Hommel Präzision GmbH, Cologne
	Hommel Unverzagt GmbH, Cologne
	Hövelmann & Co. Eisengroßhandlung GmbH, Gelsenkirchen
	Hüller Hille GmbH, Ludwigsburg
I	IGM Internationale Gesellschaft für Montageelemente mbH, Bremen
	Immover Gesellschaft für Grundstücksverwaltung mbH, Essen
	Innovative Meerestechnik GmbH, Emden
	Isan-Metall-GmbH, Krefeld
J	Johann A. Krause Maschinenfabrik GmbH, Bremen
	Johann A. Krause Systemtechnik GmbH, Chemnitz
	Jos. Rackl & Co. GmbH, Zirndorf
K	Kloth-Senking Metallgießerei GmbH, Hildesheim
	Krupp Automotive Systems GmbH, Bochum
	Krupp Berco Bautechnik GmbH, Essen
	Krupp BERCO Deutschland GmbH, Ennepetal
	Krupp Bilstein GmbH, Ennepetal
	Krupp Bilstein Suspension GmbH, Ennepetal
	Krupp Bilstein Wagenheber GmbH, Mandern
	Krupp Drauz GmbH, Heilbronn
	Krupp Druckereibetriebe GmbH, Essen
	Krupp Energiehandel GmbH, Essen
	Krupp Extraktionstechnik GmbH, Hamburg
	Krupp Fördertechnik GmbH, Essen
	Krupp Gerlach GmbH, Homburg/Saar
	Krupp GfT Gesellschaft für Anlagen-, Bau- und Gleistechnik mbH, Essen
	Krupp GfT Tiefbautechnik GmbH, Essen
	Krupp Hoesch Federn GmbH, Werdohl
	Krupp Hoesch Stahl AG, Dortmund
	Krupp Hoesch Stahl und Metall GmbH, Gelsenkirchen
	Krupp Hoesch Tecna GmbH, Dortmund
	Krupp Koppers GmbH, Essen
	Krupp Montage- und Servicetechnik GmbH, Duisburg
	Krupp Polysius AG, Beckum
	Krupp Presta Ilsenburg GmbH, Ilsenburg
	Krupp Seeschiffahrt GmbH, Hamburg
	Krupp Stahlbau Berlin GmbH, Berlin
	Krupp Stahlbau Hannover GmbH, Hanover
	Krupp Uhde GmbH, Dortmund
L	Liftservice und Montage GmbH, Saarbrücken

	Lintorfer Eisengießerei GmbH, Ratingen-Lintorf
M	Mai-Born Aufzüge GmbH, Aachen
	MEDIAGATE Medical Services GmbH, Munich
	Metalltüren und -tore Celle GmbH, Celle
	Montan-Verwaltungsgesellschaft mbH, Dortmund
N	Nothelfer GmbH, Ravensburg
	Nothelfer Planung GmbH, Wadern-Lockweiler
	Novoferm GmbH, Rees
O	Otto Wolff Handelsgesellschaft mbH, Düsseldorf
P	Panopa Reisebüro GmbH, Essen
	Peiniger-RöRo GmbH, Ratingen
	Plagge Aufzug-Service GmbH, Kirchheim unter Teck
R	Reisebüro Dr. Tigges GmbH, Essen
	ROKD GmbH, Bielefeld
S	SERVICOM - Gesellschaft für intermediale Strategien mbH, Düsseldorf
	Siebau Siegener Stahlbauten GmbH, Kreuztal
	SPACELINE Communication Services GmbH, Düsseldorf
	SVG Steinwerder Verwaltungsgesellschaft mbH, Hamburg
T	Thyssen Aufzüge Berlin GmbH, Berlin
	Thyssen Aufzüge Düsseldorf GmbH, Neuss
	Thyssen Aufzüge Frankfurt GmbH, Frankfurt a.M.
	Thyssen Aufzüge GmbH, Neuhausen a.d.F.
	Thyssen Aufzüge Hamburg GmbH, Hamburg
	Thyssen Aufzüge München GmbH, Feldkirchen
	Thyssen Aufzüge Sachsen GmbH, Boehlitz-Ehrenberg
	Thyssen Aufzüge Stuttgart GmbH, Neuhausen a.d.F.
	Thyssen Aufzugswerke GmbH, Neuhausen a.d.F.
	Thyssen Bau Consult GmbH, Oberhausen
	Thyssen Facility Management GmbH, Düsseldorf
	Thyssen Fahrtreppen GmbH, Hamburg
	Thyssen Fahrzeugtechnik GmbH, Emden
	Thyssen Gastronomie und Service GmbH, Düsseldorf
	Thyssen Gebäudemanagement GmbH, Rüsselsheim
	Thyssen Henschel Airport Systems GmbH, Kassel
	Thyssen Henschel GmbH, Essen
	Thyssen Henschel Industriedienste GmbH, Kassel
	Thyssen Hünnebeck Gerüst GmbH, Ratingen
	Thyssen Hünnebeck GmbH, Ratingen
	Thyssen Informatik Services GmbH, Krefeld
	Thyssen Krupp Automotive AG, Bochum

	Thyssen Krupp Dienstleistungen GmbH, Essen
	Thyssen Krupp Engineering AG, Dortmund
	Thyssen Krupp Garten- und Landschaftsbau GmbH, Essen
	Thyssen Krupp Health Care Services GmbH, Düsseldorf
	Thyssen Krupp Immobilien Development GmbH, Essen
	Thyssen Krupp Immobilien GmbH, Essen
	Thyssen Krupp Immobilien Management GmbH, Essen
	Thyssen Krupp Industries AG, Essen
	Thyssen Krupp Information Services GmbH, Düsseldorf
	Thyssen Krupp Materials & Services AG, Düsseldorf
	Thyssen Krupp Stahlunion GmbH, Düsseldorf
	Thyssen Krupp Versicherungsdienst GmbH Industrieversicherungsvermittlung, Düsseldorf
	Thyssen Krupp Werkstoffe GmbH, Düsseldorf
	Thyssen Magnet- und Komponententechnik GmbH, Dortmund
	Thyssen Metallhandelsgesellschaft mbH, Berlin
	Thyssen Nordseewerke GmbH, Emden
	Thyssen Polymer GmbH, Bogen
	Thyssen Rheinstahl Technik Holding GmbH, Düsseldorf
	Thyssen Schulte GmbH, Düsseldorf
	Thyssen Schulte Werkstoffhandel GmbH, Berlin
	Thyssen Stahl AG, Duisburg
	Thyssen Stahlverarbeitung GmbH, Witten-Annen
	Thyssen Stückblechkontor GmbH, Düsseldorf
	Thyssen Trans GmbH, Düsseldorf
	Thyssen Transrapid System GmbH, Kassel
	Thyssen Umformtechnik + Guss GmbH, Bochum
	Thyssen Umformtechnik Turbinenkomponenten GmbH, Essen
	Thyssen Verwaltungsgesellschaft für Röhrenhandel mbH, Düsseldorf
	ThyssenKrupp Education and Training GmbH, Essen
	TKIS Document Services GmbH, Essen
	Triaton GmbH, Krefeld
	TULE Thyssen Umformtechnik Leichtbau Entwicklungs GmbH, Ludwigsfelde
U	Uhde Hochdrucktechnik GmbH, Hagen
	UVA Unverzagt GmbH, Stuttgart
V	Volker Mack GmbH, Stutensee-Spöck
W	Walter Herzog GmbH, Stuttgart
	Werner Engelhard Gerüstbau GmbH, Wuppertal
	Westdeutsche Max Cochius GmbH, Frankfurt am Main
	Willy Schiffer Eisen- und Bautenschutz GmbH, Düren
	Witzig & Frank GmbH, Offenburg

Additional information

Products, subsidiaries, technologies... On the following pages we have put together some useful information to help you understand ThyssenKrupp, find your way around the annual report, and make it easier for you to contact us.

Major consolidated companies and equity interests

1 Steel

NAME (as of September 30, 2000)	Shareholding in % [1]	Equity in million Euros [2]	Employees
Thyssen Krupp Steel AG, Duisburg	100.00	3,469	66
Acciai Speciali Terni Deutschland GmbH, Düsseldorf	100.00	1	15
Acciai Speciali Terni España D.V.P., Barcelona/Spain	100.00	9	76
Acciai Speciali Terni S.p.A., Terni/Italy	90.00	269	3,146
AST France S.A., Paris/France	100.00	7	46
AST USA Inc., New York/NY/USA	100.00	4	20
C.i.pro.s. S.r.l., Ballò di Mirano/Italy	70.00	18	72
C.S. Inox - Centro Servizi per l'Inossidabile S.p.A., Terni/Italy	70.00	10	82
EBG Gesellschaft für elektromagnetische Werkstoffe mbH, Bochum	99.50	21	1.548
Edelstahl Witten-Krefeld GmbH, Witten	99.50	58	2,441
Edelstahlwerk Witten AG, Witten	98.84	37	0
Ferteco Mineração S.A., Rio de Janeiro/Brazil	100.00	208	1,394
Gwent Steel Ltd., Newport/UK	100.00	4	110
Hoesch Hohenlimburg GmbH, Hagen	99.50	53	2,039 [3]
Krupp Edelstahlprofile GmbH, Siegen	100.00	39	1,261
Krupp Thyssen Nirosta GmbH, Krefeld	100.00	153	4,702
Krupp Thyssen Stainless GmbH, Duisburg	99.60	467	41
Krupp VDM GmbH, Werdohl	98.04	53	1,584
Krupp VDM Technologies Corp., Parsippany/NJ/USA	100.00	3	19
Mexinox S.A. de C.V., San Luis Potosi, Mexico	95.50	55	1,078
Precision Rolled Products Inc., Reno/NE/USA	100.00	12	187
Rasselstein Hoesch GmbH, Andernach	99.50	111	2,521
Shanghai Krupp Stainless Co. Ltd., Pudong New Area/Shanghai, China	60.00	133	85
Stahlwerke Bochum AG, Bochum	97.00	32	0
Thyssen Bausysteme GmbH, Dinslaken	100.00	10	161
Thyssen Fügetechnik GmbH, Dortmund	100.00	23	275
Thyssen Krupp Stahl AG, Düsseldorf	99.53	1,311	22,220
Thyssen Krupp Stahl Bauelemente GmbH, Oberhausen	100.00	60	23
Thyssen Stahl-Service-Center GmbH, Leverkusen	99.55	34	579
Titania S.p.A., Terni/Italy	100.00	29	93
Tubificio di Terni S.r.l., Terni/Italy	97.00	27	123
UGO S.A., Isbergues/France	75.00	15	491
Galvanizaciones del Mediterraneo GALMED S.A., Sagunto/Spain [4]	24.50	48	58
Hüttenwerke Krupp Mannesmann GmbH, Duisburg [4]	50.00	123	3,477
Thyssen Ros Casares S.A., Valencia/Spain	50.00	17	144
TWB Company, L.L.C., Detroit/MI/USA [5]	33.33	55	307

NAME (as of September 30, 2000)	Shareholding in % [1]	Equity in million Euros [2]	Employees
Thyssen Krupp Automotive AG, Bochum	100.00	120	120
The Budd Company, Troy/MI/USA	100.00	20	4,849
Thyssen Umformtechnik + Guss GmbH, Bochum	99.50	133	5,041
BLW Präzisionsschmiede GmbH, Munich	100.00	10	570
Budd Canada Inc., Kitchener/Ontario/Canada	77.30	42	1,944 [3]
Kloth-Senking Metallgießerei GmbH, Hildesheim	100.00	12	757
Krupp Automotive Systems GmbH, Bochum	100.00	15	71
Krupp Bilstein GmbH, Ennepetal	99.50	12	1,014
Krupp Camford Ltd., Bedford/UK	100.00	10	600
Krupp Drauz GmbH, Heilbronn	100.00	1	487
Krupp Fabco Comp., Halifax/Nova Scotia/Canada	100.00	57	1,089
Krupp Gerlach GmbH, Homburg/Saar	90.00	54	1,060
Krupp Gerlach Company, Danville/IL/USA	100.00	29	405
Krupp Hoesch Federn GmbH, Werdohl	99.32	57	1,200
Krupp Metalúrgica Campo Limpo Ltda., Campo Limpo/Brazil	59.75	167	2,729
Krupp Presta AG, Eschen, Liechtenstein	100.00	163	1,042
Stahl Specialty Company, Kingsville/TX/USA	100.00	112	1,014
Tallent Engineering Ltd., Durham/UK	100.00	54	845
ThyssenKrupp Bilstein of America Inc., San Diego/CA/USA	100.00	0	104
Thyssen Umformtechnik Turbinenkomponenten GmbH, Essen	100.00	5	479
TKA Atlas Corp., Fostoria/OH/USA	100.00	14	260
TKA Body Stampings Ltd., Cannock/UK	100.00	13	782
Waupaca Foundry Inc., Waupaca/WI/USA	100.00	309	3,071
Thyssen Aufzüge GmbH, Neuhausen a.d.F.	100.00	80	124
Thyssen Aufzugswerke GmbH, Neuhausen a.d.F.	99.50	14	1,069
Compagnie Générale d'Applications Ascenseurs S.A.S. 'C.G.2A.', La Plaine Saint-Denis/France	100.00	30	879 [3]
Northern Elevator Ltd., Scarborough/Ontario/Canada	100.00	59	1,345 [3]
Thyssen Fahrtreppen GmbH, Hamburg	100.00	1	784
Thyssen Access Corp., Kansas City/MO/USA	100.00	6	490 [3]
Thyssen Ascenseurs Holding S.A.S., Puteaux/France	100.00	96	6
Thyssen Ascenseurs S.A.S., Angers/France	100.00	39	1,669 [3]
Thyssen Aufzüge Ges.mbH, Graz/Austria	100.00	30	482
Thyssen Aufzüge Norge A/S, Oslo/Norway	100.00	1	86 [3]
Thyssen Aufzüge Ltd., Nottingham/UK	100.00	35	892
Thyssen Boetticher S.A., Madrid/Spain	99.94	68	1,607
Thyssen Elevator AB, Stockholm/Sweden	100.00	3	72 [3]

2 Automotive

3 Elevators

[1] related to the respective parent company in the ThyssenKrupp Group
[2] local
[3] preconsolidation group
[4] financial statement date December 31, 1999
[5] financial statement date May 31, 2000
[6] share calculated through
[7] employees average

NAME (as of September 30, 2000)	Shareholding in % [1]	Equity in million Euros [2]	Employees
Thyssen Elevator A/S, Kopenhagen/Denmark	100.00	4	93
Thyssen Elevator Company, Whittier/CA/USA	100.00	306	6,005
Thyssen Elevator Systems Inc., Horn Lake/DE/USA	100.00	80	1,239
Thyssen Elevators Co. Ltd., Zhongshan/China	80.00	7	303
Thyssen Liften B.V., Krimpen aan den Ijssel/Netherlands	100.00	27	489 [3]
Thyssen Lifts Pacific Pty. Ltd., Mitchell/Australia	100.00	7	197 [3]
Thyssen Sûr S.A., São Paulo/Brazil	99.77	128	1,393 [3]
4 Production Systems			
Cross Hüller Ltd., Merseyside/UK	100.00	27	375
Fadal Engineering Company Inc., Chatsworth/CA/USA	100.00	209	328
Giddings & Lewis LLC, Fond du Lac/WI/USA	100.00	307	878
Hüller Hille GmbH, Ludwigsburg	99.50	26	1,697
Johann A. Krause Maschinenfabrik GmbH, Bremen	100.00	9	1,201
Johann A. Krause Inc., Auburn Hills/MI/USA	100.00	22	182
Kearney & Trecker Corp., Fond du Lac/WI/USA	100.00	116	0
Nothelfer GmbH, Ravensburg	99.50	10	1,489
5 Components			
Berco S.p.A., Copparo/Italy	100.00	71	2,908
Hoesch Rothe Erde GmbH, Dortmund	99.50	26	1,352
Krupp Berco Bautechnik GmbH, Essen	100.00	8	421
Novoferm GmbH, Rees	100.00	41	880
Thyssen Polymer GmbH, Bogen	100.00	7	706
6 Materials-Services			
Thyssen Krupp Werkstoffe GmbH, Düsseldorf	99.50	274	3,858
AIN Plastics, Inc., Mount Vernon/NY/USA	100.00	14	178
Copper and Brass Sales, Inc., Eastpointe/MI/USA	100.00	48 [3]	1,255 [3]
Ferroglobus Kereskedóház Rt., Budapest/Hungary	85.38	21	367
Ken-Mac Metals Inc., Cleveland/OH/USA	100.00	33	218
Krupp GfT Gesellschaft für Anlagen-, Bau- und Gleistechnik mbH, Essen	100.00	2	222
Otto Wolff Handelsgesellschaft mbH, Düsseldorf	99.50	19	201
Otto Wolff Kunststoffvertrieb GmbH, Düsseldorf	76.00	14	447
Thyssen Canada Ltd., Rexdale/Ontario/Canada	100.00	26	186
Thyssen France S.A., Maurepas/France	100.00	53	623
Thyssen Ibérica S.A., Martorelles/Spain	100.00	17	133
Thyssen Inc., Dover/DE/USA	100.00	207	271
Thyssen Krupp Acciai S.p.A., Sesto San Giovanni/Italy	100.00	12	98
Thyssen Mannesmann Handel AG, Düsseldorf	99.50	36	762
Thyssen Nederland B.V., Veghel/Netherlands	100.00	30 [3]	403 [3]

NAME (as of September 30, 2000)	Shareholding in % [1]	Equity in million Euros [2]	Employees
Thyssen (Schweiz) AG, Bronschhofen/Wil/Switzerland	100.00	13	138
Thyssen Sonnenberg Metallurgie GmbH, Düsseldorf	100.00	5	39
Thyssen Specialty Steels Inc., Carol Stream/IL/USA	100.00	18	145
Finox S.p.A., Milan/Italy[4]	40.00	11	23
7 Facilities-Services			
Thyssen Krupp Services GmbH, Düsseldorf	100.00	104	21
Commando (UK) Ltd., Birmingham/UK	100.00	2	1,179
Hommel Unverzagt GmbH, Cologne	100.00	4	13
Kessler + Luch GmbH & Co KG, Gießen	60.00	16	678
Krupp Druckereibetriebe GmbH, Essen	100.00	3	317
Palmers Ltd., Hampshire/UK	100.00	12	847
Peiniger-RöRo GmbH, Ratingen	100.00	11	2,394
Safway Steel Products Inc., Wilmington/DE/USA	100.00	85[3]	1,933[3]
Thyssen Facility Management GmbH, Düsseldorf	100.00	7	8
Thyssen Hünnebeck GmbH, Ratingen	96.00	63	278
Thyssen Krupp Industrieservice GmbH, Düsseldorf	100.00	95	4
Thyssen Krupp Information Services GmbH, Düsseldorf	100.00	129	75
Triaton GmbH, Krefeld	100.00	5	1,933
WIG Industrieinstandhaltung GmbH, Cologne	100.00	6	6,399
8 Real Estate			
Thyssen Krupp Immobilien GmbH, Essen	100.00	34	82
Krupp Hoesch Immobilien GmbH, Essen	100.00	97	0
Krupp Stahl AG & Co Liegenschaftsverwaltung, Bochum	100.00	112	0
Suter und Suter GmbH, Düsseldorf	100.00	10	49
Thyssen Krupp Garten- und Landschaftsbau GmbH, Essen	100.00	0	109
Thyssen Krupp Immobilien Development GmbH, Essen	100.00	7	19
Thyssen Krupp Immobilien Management GmbH, Essen	100.00	0	158
Thyssen Krupp Wohnimmobilien AG, Essen	99.69	310	283
9 Others			
Engineering			
Thyssen Krupp Engineering AG, Dortmund	100.00	199	42
Krupp Fördertechnik GmbH, Essen	100.00	61	841
Krupp Industries India Ltd., Pimpri/India	53.67	35	1,052
B+V Industrietechnik GmbH, Hamburg	100.00	1	611
Krupp Polysius AG, Beckum	100.00	14	1,075
Krupp Uhde GmbH, Dortmund	100.00	69	1,286
Polysius S.A., Aix en Provence/France	100.00	25	154
Thyssen Krupp EnCoke GmbH, Bochum	99.23	44	436

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[4] financial statement date December 31, 1999
[5] financial statement date May 31, 2000
[6] share calculated through
[7] employees average

NAME (as of September 30, 2000)	Shareholding in % [1]	Equity in million Euros [2]	Employees
Remaining Others			
Thyssen Krupp Werften GmbH, Hamburg	100.00	74	0
Blohm + Voss GmbH, Hamburg	99.50	33	1,014
Blohm + Voss Repair GmbH, Hamburg	99.50	8	392
Thyssen Nordseewerke GmbH, Emden	99.50	13	1,457
Krupp Werner & Pfleiderer GmbH, Stuttgart	99.50	44	772
Krupp Seeschiffahrt GmbH, Hamburg	100.00	1	26
RAG Aktiengesellschaft, Essen [4]	20.60 [6]	482	63,092
Thyssen-Elf Oil GmbH, Hamburg	50.00	1	54
National holding companies			
Grupo ThyssenKrupp S.A., Madrid/Spain	100.00	224	0
Thyssen Krupp Italia S.p.A., Milan/Italy	100.00	146	0
ThyssenKrupp France S.A., Rueil-Malmaison/France	100.00	294	0
ThyssenKrupp Nederland B.V., Roermond/Netherlands	100.00	113	0
ThyssenKrupp UK PLC., Solihull/UK	100.00	240	0
ThyssenKrupp USA, Inc., Atlanta/GA/USA	100.00	1,202	0
Shareholdings			
Kone Oy, Helsinki/Finland	10.00	911	22,630
Ruhrgas AG, Essen [4]	4.68 [6]	2,622	2,494 [7]

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[4] financial statement date December 31, 1999
[5] financial statement date May 31, 2000
[6] share calculated through
[7] employees average

Abbreviated terms

AICPA	American Institute of Certified Accountants
APB	Accounting Principles Board
ARB	Accounting Research Bulletin
CON	Statement of Financial Accounting Concepts
DJ STOXX	Dow Jones STOXX
EITF	Emerging Issues Task Force
EPS	Earnings per Share
FASB	Financial Accounting Standards Board
FIN	FASB Interpretation
HGB	German Commercial Code
Lifo	Last in, first out
MD&A	Management`s Discussion and Analysis of Results of Operations and Financial Condition
PoC	Percentage of Completion
ROCE	Return on Capital Employed
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SOP	Statement of Position
US GAAP	United States Generally Accepted Accounting Principles
WACC	Weighted Average Capital Cost

Subject index

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This report is available in German and English; both versions are also available on the Internet and can be downloaded at http://www.thyssenkrupp.com.

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Glossary

Audit
Examination of a company (division) undertaken by an independent auditor to determine whether defined standards have been observed

Code of best practice
Guidelines for corporate governance in exchange-listed German companies, presented by an independent policy commission

Conference call
Telephone conference, used, for example, for current briefings of analysts

Corporate governance
Designation in international parlance for company management and company controlling focused on responsible, long-term value creation

DAX
Deutscher Aktien-Index [German Stock Index], compiled from the German Stock Exchange. The index reflects the value development of the 30 largest and strongest-selling stocks, including ThyssenKrupp stock. It represents 70% of the total capital stock of domestic exchange-listed stock corporations and over 75% of stock exchange sales revenues transacted in German equities.

Dow Jones STOXX
European stock index of Stoxx Ltd. The founders of Stoxx were Deutsche Börse AG, Bourse de Paris, Schweizer Börse and publishing house Dow Jones and Company

EBITDA
Earnings Before Interest, Income Taxes, Depreciation and Amortization

Economic value added (EVA)
Difference between ROCE and cost of capital, multiplied by capital employed; if EVA is positive, returns are higher than the cost of capital

Equity ratio
Ratio of balance sheet equity capital to balance sheet total

Euroland
Economic territory of the member states of the European Currency Union

First-stage processing
Initial processing of materials in service centers (e.g. blanking, surface treatment)

Gearing
Ratio of financial payables to equity capital

IT
Information technology

Purchase accounting
US GAAP accounting method for accounting for a company acquisition

Remanufacturing
Comprehensive overhaul and conversion of machines and equipment in such a manner that they are equivalent to new products

Return on equity
Ratio of income before income taxes and minority interest to average equity capital

ROCE
Return On Capital Employed

SMC
Sheet Molded Compound, fiber-reinforced plastic material

Sport utility vehicle
Multipurpose vehicles, for example, off-road vehicles

Spread
Range of price fluctuations

Tailored blank
Metal blank comprising individual steel sheets of different grade, gauge and finish which are welded together and are suitable for deep drawing

Volatility
Intensity of price fluctuations of a stock compared to the market development

2001/2002 dates

March 2, 2001	Annual Stockholders' Meeting
March 5, 2001	Payment of dividends for the 1999/2000 fiscal year
May 30, 2001	Interim report 1st half of the 2000/2001 fiscal year (October through March)
June 6, 2001	Analysts' meeting
August 28, 2001	Interim report 3rd quarter of 2000/2001 (October through June)
Beginning of December 2001	First overview of the 2000/2001 fiscal year
January 15, 2002	Annual press conference
	Analysts' meeting
February 28, 2002	Interim report 1st quarter of 2001/2002 (October through December)
March 1, 2002	Annual Stockholders' Meeting

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