

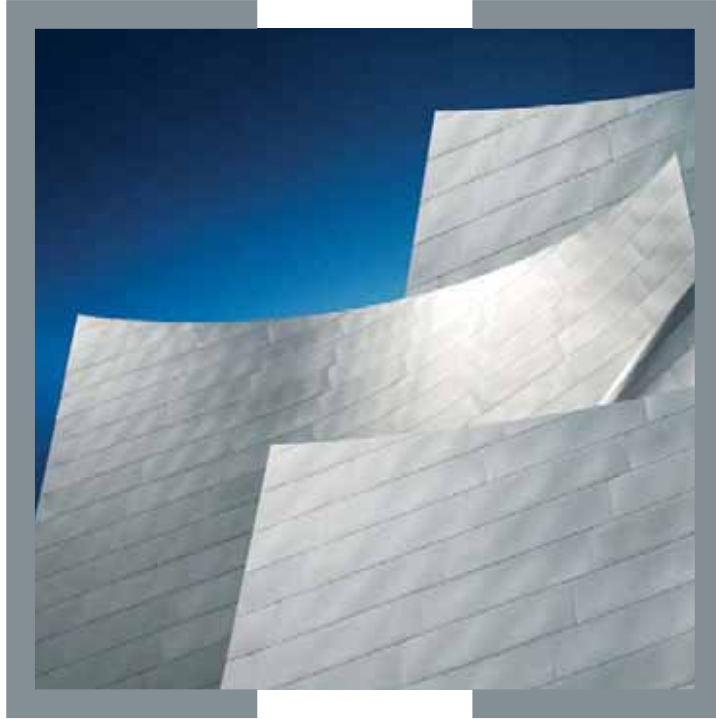
Annual Report 2005 – 2006

Stainless + Alloys: Our materials join worlds.



ThyssenKrupp Stainless





Shining

*Our materials are the basis
for extraordinary products.*

ThyssenKrupp Stainless

*enables key technological
leaps in a wide variety of sectors.*

Key indicators of ThyssenKrupp Stainless AG

		2005/2006
Order intake	in million €	7,292
Sales value	in million €	6,437
EBITDA	in million €	667
EBIT	in million €	489
EBT	in million €	423
ThyssenKrupp Value Added	in million €	199
ROCE	%	16
Investments	in million €	221
Melt Shop Production	in 1,000 metric tons	2,770
Stainless Cold Rolled Flat Production	in 1,000 metric tons	1,706
Employees		12,197
Employees national		6,303
Employees international		5,894

Note: The key indicators in the table relate to ThyssenKrupp Stainless as a segment of the ThyssenKrupp Group.



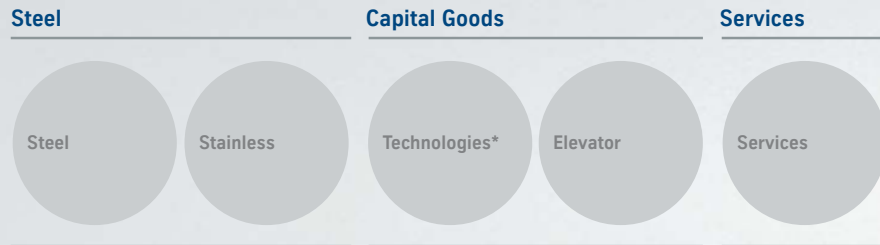
ANNUALREPORT

ThyssenKrupp Stainless AG



THYSSENKRUPP IN BRIEF

ThyssenKrupp is a global concern with business activities focused on the areas of Steel, Capital Goods and Services. We have 188,000 employees developing innovative and forward-looking products and services for the world of today and tomorrow. In all five segments – Steel, Stainless, Technologies, Elevator and Services – they are committed to finding solutions to the needs of our demanding customers. We want to make a difference.



*combined with Automotive since October 01, 2006

CONTENTS

ANNUAL REPORT 2005–2006 THYSSENKRUPP STAINLESS AG

- 3 Contents
- 4 The company in brief
- 6 To the business associates, friends and employees of our company

EXECUTIVEBOARD

- 10 Executive Board and Supervisory Board

OURBUSINESS

- 16 Strategic positioning
- 18 Business development

VALUESPOTENTIAL

- 26 Employees
- 30 Environmental protection
- 34 Sustainability

APPLICATIONSPRODUCTS

- 40 The new modernity
- 41 Shining performance
- 42 Reliability counts
- 43 Timeless living
- 44 Enjoyment without worry
- 45 Lighter and safer
- 46 Maximum demands
- 47 Challenge on a new scale
- 48 Accepting responsibility
- 49 Small is beautiful

OURINVESTMENTS

- 52 Capital expenditures

COMPANYPERFORMANCE

- 60 Efficiency enhancement programs
- 62 Research and development

OPERATINGUNITS

- 68 ThyssenKrupp Nirosta
- 69 ThyssenKrupp Acciai Speciali Terni
- 70 ThyssenKrupp Mexinox
- 71 Shanghai Krupp Stainless
- 72 ThyssenKrupp Stainless International
- 73 ThyssenKrupp VDM

- 74 Contact

THE COMPANY IN BRIEF

ThyssenKrupp Stainless AG brings together all ThyssenKrupp's activities in the areas of stainless steel flat-rolled products, nickel alloys and titanium. Thanks to its innovation potential, our company has achieved a leading market position worldwide.

THE THYSSENKRUPP STAINLESS AG

Since the reorganization of ThyssenKrupp's steel activities at the start of the 2005/2006 fiscal year, ThyssenKrupp Stainless has been an independent segment within the ThyssenKrupp Group. ThyssenKrupp Stainless GmbH was converted into a stock corporation (AG) on December 14, 2005.

THYSSENKRUPP STAINLESS AIMS
TO CEMENT AND EXPAND ITS LEADING
INTERNATIONAL POSITION.

The holding company of the Stainless segment is ThyssenKrupp Stainless AG. It carries out management and coordination functions for the companies and business groups allocated to it. These operating companies include German-based ThyssenKrupp Nirosta, Italy's ThyssenKrupp Acciai Speciali Terni, ThyssenKrupp Mexinox in Mexico, Shanghai Krupp Stainless in the People's Republic of China and ThyssenKrupp VDM, a producer of nickel materials with plants in Germany and the USA. ThyssenKrupp Stainless International is responsible for all stainless sales, distribution and service activities of the Stainless group where these are not directly allocated to the production companies.

The company is an established leader in stainless steel flat-rolled products and nickel alloys. Our strategic goal is to consolidate and expand this leading position on the international market.

ThyssenKrupp Stainless considers itself a reliable partner to its global customers in, for example, the appliance, electronics, automotive and aerospace industries. To serve these customers efficiently with high-quality products and services close to their production sites, ThyssenKrupp Stainless already has production sites, service centers and sales bases worldwide and is continuously expanding this network.

ThyssenKrupp Stainless is a company with high innovation potential and a strong commitment to innovation. Research and development activities concentrate on developing specific solutions for our customers with respect to improved material properties, attractive and resilient surfaces, as well as process innovations with the objective of continuously improving quality, minimizing the use of resources and making production processes environmentally friendly. Through continuous improvement mechanisms, ThyssenKrupp Stainless moves closer each day to its objective of sustainable and cost-efficient production at the highest quality level.

ThyssenKrupp Stainless in figures

		2004/2005	2005/2006
Order intake	million €	5,573	7,292
Sales	million €	5,572	6,437
EBITDA	million €	509	667
EBIT	million €	353	489
EBT	million €	286	423
Capital employed	million €	2,989	3,068
ThyssenKrupp Value Added	million €	68	199
Free cash flow	million €	(165)	243
ROCE	%	12	16
Melt shop production	1,000 metric tons	2,641	2,770
Stainless cold-rolled flat production	1,000 metric tons	1,495	1,706
Employees (as of Sept. 30)		12,201	12,197



TO THE BUSINESS ASSOCIATES, FRIENDS AND EMPLOYEES OF OUR COMPANY

Welcome to the first ever annual report of ThyssenKrupp Stainless AG.

Both Thyssen and Krupp have a long tradition of stainless steel activities. In 1995 these activities were combined in a joint company. The subsequent period saw significant expansion of the business, including the acquisition of Acciai Speciali Terni and ThyssenKrupp Mexinox as well as growing activities in China. As a result of this increasing internationalization, in 1997 the stainless activities were pooled in the newly established holding company ThyssenKrupp Stainless. The business continued to develop positively, with the logical consequence that effective October 1, 2005, ThyssenKrupp Stainless was given the status of an independent segment in the ThyssenKrupp Group. This move reflected the increased importance of stainless steel and high-performance materials and their specific market conditions and production processes. This and the success we have enjoyed in recent years give us confidence, but we also see it as an obligation and an incentive to pursue the course we have marked out.

In this initial annual report, we would like to introduce you to our products and services. We want to show you who we are: the leading supplier of stainless steel flat products and high-performance materials such as nickel alloys and titanium, and thus a global provider of material innovations that permit important technological leaps in various sectors. And we want to show you what our capabilities are: the production and distribution of high-quality products and provision of competent related services in our six business units.

A look at our key indicators shows that we once again performed strongly in the past fiscal year. In a difficult competitive environment, ThyssenKrupp Stainless AG further increased its earnings in the 2005/2006 reporting period and cemented its market position. We must now look to constantly expand our activities and develop them to meet future requirements. To this end, in the past year we continued the successful measures that were already up and running and launched new projects. We are making major investments to create the conditions in which we can improve our cost position, extend our product portfolio, increase our value-added capabilities, and further optimize our delivery performance and product quality at the very highest level.

Our plans for the construction of a joint plant with ThyssenKrupp Steel in the southern USA are aimed at enabling us to participate more strongly in the expected market growth in North America. Having established a presence on the US market with supplies mainly from our Mexican operation but

also from other plants in our group, the construction of our own production facility is the next logical step. Our distribution network will be systematically expanded through the addition of further service centers by our production companies and by ThyssenKrupp Stainless International. We will continue to enlarge the range of services on offer and thus increase the share of services in our overall business. With innovative developments such as our “SilverIce” transparent coating or the new “GritLine” finish, we will also continuously expand our product portfolio.



ThyssenKrupp Stainless AG is an important driver of material innovations in the ThyssenKrupp Group. To ensure we continue to develop, produce and market high-quality products, we need committed employees who can anticipate the needs of our customers. ThyssenKrupp Stainless AG has 12,200 such employees, who must now close ranks even more tightly. A prime example of this togetherness was seen in the period following the fire at the Krefeld plant of ThyssenKrupp Nirosta in June 2006. Displaying exemplary professionalism and solidarity, employees from the most diverse areas of the Stainless group worked together across company and national boundaries to find solutions aimed at supporting our customers and companies at this difficult time. Taking our lead from this cooperation, we want to further promote the spirit of a common identity among our workforce, to motivate everyone to pull together to meet our common goals. In this way ThyssenKrupp Stainless will master the challenges of the future and continue on its successful path.

Stainless steel, nickel alloys, titanium – fascinating materials that can be used to make innovative, beneficial and sometimes unique products. We at ThyssenKrupp Stainless and our operating companies believe in these materials and are committed and dependable partners to our global customers. We hope that some of this will come across as you read our first annual report.

Yours,

A handwritten signature in blue ink that reads "Jürgen Fechter". The signature is fluid and cursive.

Jürgen Fechter
Executive Board Chairman of
ThyssenKrupp Stainless AG



EXECUTIVEBOARD

ThyssenKrupp Stainless AG



Jürgen H. Fechter (center)
Dr. Michael Rademacher (right)
Klaus-Peter Hennig (left)

EXECUTIVE BOARD AND SUPERVISORY BOARD

EXECUTIVE BOARD

Jürgen H. Fechter, Krefeld
Chairman

Dr. Michael Rademacher¹, Voerde
Vice Chairman

Klaus-Peter Hennig, Krefeld
Labor Director

Dr. Marion Helmes², Düsseldorf
Responsible for Controlling/Finances/
Accounting

¹ from October 01, 2006
² to September 30, 2006

COMPOSITION OF THE SUPERVISORY BOARD UNTIL NOVEMBER 07, 2005

Dr. Ulrich Middelman, Bochum
Chairman
Vice Chairman of the Executive Board
of ThyssenKrupp AG

Elke Eller, Gründau
Vice Chairwoman
Manager of the Otto Brenner Foundation

Gianfranco Fattorini, Terni/Italy
Clerk
Segretario Provinciale della FIOM/CGIL

Bernd Kalwa, Krefeld
Lathe operator
Chairman of the General Works Council
of ThyssenKrupp Nirosta GmbH

**Dr. Karl-Ulrich Köhler, Mülheim an
der Ruhr**
Member of the Executive Board
of ThyssenKrupp AG and Chairman
of the Executive Board
of ThyssenKrupp Steel AG

**Dr. Wolfgang Kohler, Mülheim an
der Ruhr**
Economist

Prof. Dr. Reiner Kopp, Aachen
Chair and institute for plastic deformation,
Aachen College of Technology

Ralf Michael Kreuser, Wuppertal
Vice President of
ThyssenKrupp Stainless GmbH

Ralf Springob, Altena
Materials tester
Chairman of the Works Council, Altena
Vice Chairman of the Works Council
of ThyssenKrupp VDM GmbH

Dr. h. c. Heinrich Stawowy, Langenfeld
Consultant engineer

Peter Urban, Dinslaken
Vice Chairman of the Executive Board
of ThyssenKrupp Steel AG

Karl-Heinz Weber, Haiger-Steinbach
Machine fitter
Chairman of the Works Council,
Dillenburg

SUPERVISORY BOARD FROM NOVEMBER 08/10, 2005 COMPOSED ACCORDING TO THE GERMAN CODETERMINATION ACT**Dr. Ulrich Middelman¹, Bochum**

Chairman
Vice Chairman of the Executive Board
of ThyssenKrupp AG and
Chairman of the Supervisory Board
of ThyssenKrupp Steel AG

Elke Eller², Gröndau

Vice Chairwoman
Manager of the Otto Brenner Foundation,
IG Metall Executive Committee,
Frankfurt office

Ingo Adomat², Krefeld

Vice Chairman of the Works Council
of ThyssenKrupp Nirosta GmbH, Krefeld

Gerd Bendiks², Unna

Chairman of the General Works Council
of ThyssenKrupp VDM GmbH, Unna

Prof. Dr.-Ing. Wolfgang Bleck¹, Aachen

Holder of the chair and head
of the institute for metallurgy,
Aachen College of Technology

Dr. Jürgen Claassen¹, Essen

Executive Vice President and Head
of Corporate Communications
and Strategy at ThyssenKrupp AG

Gary Elliott⁵, Düsseldorf

Chairman of the Executive Board
of ThyssenKrupp Elevator AG

Gianfranco Fattorini², Terni/Italy

Clerk
Segretario Provinciale della FIOM/CGIL

Manfred Grein², Diez

Vice President
of ThyssenKrupp Stainless AG

Ulrich Hocker¹, Düsseldorf

Manager-in-Chief of Deutsche
Schutzvereinigung für Wertpapierbesitz e.V.

Bernd Kalwa², Krefeld

Chairman of the General Works Council
of ThyssenKrupp Nirosta GmbH,
Vice Chairman of the Group Works Council
of ThyssenKrupp AG and
Chairman of the Works Council
of ThyssenKrupp Nirosta GmbH, Krefeld

Ralf Klose⁴, Neuenrade

Chairman of the Works Council and
Vice Chairman of the General Works Council
of ThyssenKrupp VDM GmbH, Werdohl

Dr. Karl-Ulrich Köhler⁶, Mülheim an der Ruhr

Chairman of the Executive Board
of ThyssenKrupp Steel AG and member
of the Executive Board of ThyssenKrupp AG

Prof. Dr. Reiner Kopp¹, Aachen

Professor emeritus, chair and
institute for plastic deformation,
Aachen College of Technology

Michael Pieper¹, Hergiswil/Switzerland

Chairman of the Executive Board
of Franke Holding AG

Prof. Dr. Michael Pohl¹, Bochum

Executive director of the institute
for materials – materials testing,
Ruhr University Bochum

Dieter Pützhofen¹, Krefeld

Former Lord Mayor of the City of Krefeld

Karl-Heinz Salm³, Monheim

Chairman of the Works Council
of ThyssenKrupp Nirosta GmbH, Benrath

Nikolaus Schmidt², Frankfurt

Economy/Technology/Environment Dept.,
IG Metall Executive Committee,
Frankfurt office

Ralf Springob^{2/7}, Altena

Chairman of the Works Council
of ThyssenKrupp VDM GmbH, Altena

Volker Strehl^{2/8}, Bochum

Chairman of the Works Council
of ThyssenKrupp Nirosta GmbH, Krefeld

Dr. Bernd Thiemann¹, Kronberg

Partner of management consultancy
Drueker & Co. GmbH & Co. KG

Karl-Heinz Weber², Haiger-Steinbach

Member of the Works Council
of ThyssenKrupp Nirosta GmbH, Dillenburg

¹ elected by the Annual General Meeting on November 08, 2005

² appointed by decision of the local court Duisburg dated November 10, 2005

³ appointed by decision of the local court Duisburg dated March 22, 2006

⁴ appointed by decision of the local court Duisburg dated July 05, 2006

⁵ until September 30, 2006

⁶ from October 01, 2006

⁷ until April 04, 2006

⁸ until January 31, 2006



In demand

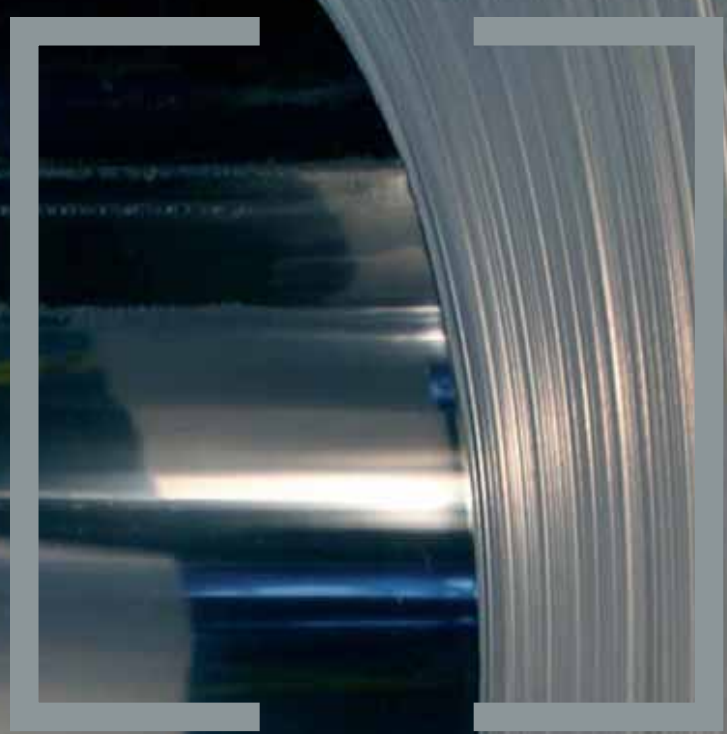
ThyssenKrupp Stainless

develops and manufactures

high-quality products.

CUSTOMERS ARE OUR FOCUS

ThyssenKrupp Stainless
responds to
customer wishes with
supreme quality,
tailored products and
comprehensive service.



OUR BUSINESS

ThyssenKrupp Stainless AG



STRATEGIC POSITIONING

Together with its global operating subsidiaries, ThyssenKrupp Stainless is increasingly positioning itself as a supplier of a wide range of high-performance materials from stainless steel to nickel alloys to titanium.

But rather than just delivering the materials, we aim to act as a competent service provider. This means supplying our customers with solutions for a wide range of applications, providing product support services, for example in the form of various first-stage processing operations, and operating as close to our customers as possible by continuously expanding and optimizing our global distribution and service center network.

A SERVICE OFFERING

GEARED TO MARKET NEEDS ADDS

TO PRODUCT VALUE.

The Stainless group's key strategic goals are:

- to strengthen our good market position in Europe and safeguard our competitiveness
- to participate in the growth in other key markets, in particular in North America and China
- to expand our global distribution network
- to further optimize our product portfolio and increase our value added

To achieve these goals we work systematically on improving our operating performance at all our companies. Our aim is to continuously improve the quality of our products and services.

All the measures we undertake to implement our strategy are geared to achieving these goals. This is why we are investing significant funds in the modernization of our production facilities and the expansion of our finishing and first-stage processing capacities. Further investments are focused on developing new and improving existing products and processes and not least on expanding and strengthening our distribution network.

In addition we aim to continue to participate in the steady growth of the stainless market. The main focus is on the European and in particular the North American market. We are therefore examining the possibility of establishing a production site for stainless flat products at a joint location in the USA. The stainless steel slabs produced in a 1 million metric ton capacity melt shop could be processed on the hot strip mill to be built by ThyssenKrupp Steel. In addition we aim to invest in a cold-rolling facility which will be designed initially to produce 325,000 tons of cold strip and 100,000 tons of pickled hot strip. Our Mexican stainless steel plant ThyssenKrupp Mexinox could then also be supplied with starting material directly from the new plant in the USA.

At the same time, value added is to be further increased both in stainless flat products and in high-performance nickel alloys and titanium. To achieve this goal, a number of investments are planned both for the production plants and in the service center organization.

By investing further in nickel alloys and titanium production, we aim to increase our share of the fast-growing aerospace and energy markets. For this reason we are further expanding our capacities in this area with the aim of participating more strongly in the market for super-alloys for the oil, gas, aerospace, offshore and nuclear industries and gaining increased self-sufficiency in the manufacturing processes, which today are still carried out in some cases by third parties.

TAPPING INTO FAST-GROWING
MARKETS THROUGH INVESTMENT IN
NICKEL ALLOYS AND TITANIUM.

ThyssenKrupp Stainless						
Business field	Stainless steel flat	Stainless steel flat Titanium Processing	Stainless steel flat	Stainless steel flat	Stainless steel flat distribution	Nickel alloys
Company	ThyssenKrupp Nirosta (Germany)	ThyssenKrupp Acciai Speciali Terni (Italy)	ThyssenKrupp Mexinox (Mexico)	Shanghai Krupp Stainless (China)	ThyssenKrupp Stainless International (Germany)	ThyssenKrupp VDM (Germany) Precision Rolled Products (USA)

BUSINESS DEVELOPMENT

ThyssenKrupp Stainless is enjoying a strong upward trend. There have been significant increases in the stainless steel sector. Orders are up in terms of both value and volumes and have doubled in the titanium business.

MARKET SITUATION

STRONG DEMAND IS ENSURING HIGH
LEVELS OF CAPACITY UTILIZATION.

In 2005, global demand for stainless cold-rolled products was at roughly the same level as the year before, with decreases in Western Europe and the USA compensated by strong growth in China. However, the market started to pick up in the final months of the year and this positive trend continues. World consumption of cold-rolled products is expected to reach around 15.1 million tons in 2006, 12.5 percent higher than in the weak prior year. At the same time, however, prices for some of the raw materials used to make stainless steel increased drastically. Nickel prices in particular reached new record highs.

In Western Europe, stronger economic growth and restocking by distributors and end users of inventories, which had been severely depleted in 2005, led to a significant increase in demand. In addition, temporary and in some cases long-term production cutbacks by stainless producers led to a supply shortage. The European producers recorded substantial improvements in order intake and were able to increase base prices on several occasions. All European stainless producers were operating at full capacity. There were temporary bottlenecks in supplies to customers, and delivery times increased steadily. Higher prices and supply shortages also resulted in a significant increase in imports, which had declined the year before.

In North America, inventories at distributors and end consumers likewise returned to normal. Another factor driving demand was steady US business spending. Producers have an order backlog of ten to twelve weeks. Here, too, several base price improvements were possible in the course of the fiscal year.

The strong expansion of the Chinese economy continues to drive the positive demand trend in Asia. Here too, inventory levels returned to normal. In addition, in mid-year three major Chinese producers responded to a still unsatisfactory market situation by announcing production cutbacks to restrict supply. In China, too, prices were increased on several occasions from the beginning of 2006. Nevertheless, due to the lack of an alloy surcharge, the price increases could not keep up with the rise in raw material prices.

Market development of stainless cold-rolled products from 2001 to 2006

	2001 1,000 metric tons	2002 1,000 metric tons	2003 1,000 metric tons	2004 1,000 metric tons	2005 1,000 metric tons	2006 1,000 metric tons
Western Europe	2,944	3,067	3,176	3,254	2,929	3,557
Eastern Europe	211	225	244	278	336	414
NAFTA	1,534	1,600	1,554	1,777	1,664	1,882
China	1,936	2,443	3,106	3,161	3,747	4,057
Other Asian countries	3,328	3,360	3,795	4,139	4,111	4,484
Others	442	520	585	666	642	709
Total	10,395	11,215	12,460	13,275	13,430	15,103

Source: CRU, November 2006

At around 230,000 metric tons, world demand for nickel alloy mill products was higher in 2006 than the year before. There is an encouraging trend in the oil and gas sectors and in turbine construction – both for aircraft and for land-based gas turbines. Demand growth in these areas is currently causing bottlenecks for remelted grades. Increased investment activity in the chemical and plant construction industries is also leading to higher demand for nickel materials.

GLOBAL DEMAND FOR NICKEL ALLOYS
IS RISING CONTINUOUSLY.

Demand also remained consistently strong for titanium and titanium alloy mill products. This reflects both increased demand from the aerospace industry, in particular as a result of new aircraft generations using an ever higher share of titanium materials, and growth in orders from the plant construction sector for major projects such as power stations, chemical plants and seawater desalination facilities.

ORDER INTAKE AND SALES

The volume of business in the Stainless segment expanded significantly as a result of the strong market recovery in conjunction with effective base price rises in the European and NAFTA markets, the further enhancement of the product spectrum – in connection with an increase in value added – and not least higher raw material costs and their impact on prices.

Compared with the year before, order intake increased by 31 percent to €7.3 billion for volume and price reasons. Total shipments of Stainless were ten percent higher than a year earlier, mainly due to increased shipments of cold-rolled products.

The Stainless group's sales grew by 16 percent to €6.4 billion in the reporting year. This is mainly attributable to higher customer deliveries and the significant rise in base prices for stainless steel. In addition, alloy surcharges increased following the rise in raw material costs, especially for nickel.

ThyssenKrupp Nirosta in Germany and ThyssenKrupp Acciai Speciali Terni in Italy recorded particularly high order intake and expanded their sales significantly. Both business units benefited considerably from the very strong growth in stainless demand in Europe. Following the expansion of the finishing shop in Terni, ThyssenKrupp Acciai Speciali Terni was also able to substantially increase business with end customers. Despite a fire at the Krefeld cold-rolling mill, ThyssenKrupp Nirosta was able to fill most customer orders thanks to targeted support from the segment's other stainless companies, in particular in Italy and China.

Orders also improved significantly at ThyssenKrupp Mexinox and Shanghai Krupp Stainless, with both companies recording higher shipments and sales. At ThyssenKrupp Mexinox, the high demand in North America in conjunction with favorable prices had a positive impact. In addition, ThyssenKrupp Mexinox further expanded its market position for high-value stainless steel products. Shanghai Krupp Stainless likewise achieved higher sales, thanks in particular to the production support provided for ThyssenKrupp Nirosta to minimize the losses caused by the fire. Despite increasing demand from the Chinese domestic market, prices still failed to reach a satisfactory level in line with raw material prices.

Following the restructuring of the international service center network which was largely completed the year before and the opening of the distribution center in Guangzhou, China, ThyssenKrupp Stainless International benefited above all from the significant expansion in service center business.

ORDER INTAKE REFLECTS

A STRONG MARKET RECOVERY.

Orders received by ThyssenKrupp VDM exceeded the prior-year level, mainly as a result of a sharp rise in prices. The growth in demand from the aerospace, energy, oil and gas sectors together with the increase in the cost of raw materials led to higher prices. ThyssenKrupp VDM achieved strong sales growth.

EARNINGS

In the past fiscal year ThyssenKrupp Stainless achieved a significant improvement in all performance indicators against the previous year. Earnings before interest and taxes (EBIT) increased from €353 million to €489 million, earnings before taxes from €286 million to €423 million.

The improvement in the value-based indicators is particularly impressive: ROCE climbed from 12 to 16 percent, TKVA from €68 million to €199 million, and free cash flow from –€165 million to €243 million.

ThyssenKrupp Stainless					
ThyssenKrupp Nirosta (Germany)	ThyssenKrupp Acciai Speciali Terni (Italy)	ThyssenKrupp Mexinox (Mexico)	Shanghai Krupp Stainless (China)	ThyssenKrupp VDM (Germany)	ThyssenKrupp Stainless International (Germany)
ThyssenKrupp Nirosta Präzisionsband (Germany)	Terninox (Italy)	ThyssenKrupp Trading (Mexico)		Precision Rolled Products (USA)	ThyssenKrupp Silco Inox (Hungary)
EBOR Edelstahl (Germany)	Tubificio di Terni (Italy)	ThyssenKrupp Mexinox (Mexico)			ThyssenKrupp Stainless (UK)
smb Chromstahl (Germany)	ThyssenKrupp Titanium (Italy/Germany)				ThyssenKrupp Stainless France (France)
ThyssenKrupp Nirosta North America (USA)	Società delle Fucine (Italy)				ThyssenKrupp Stainless DVP (Spain)
	ThyssenKrupp AST USA (USA)				ThyssenKrupp Eurinox (Turkey)
					ThyssenKrupp Stainless Guangzhou (China)
					ThyssenKrupp Stainless Polska (Poland)

The improvement in the figures reflected the recovery in demand which began in almost all market segments from early 2006, accompanied by a continuous increase in base prices. This positive trend was driven by a significant increase in demand from end users and by restocking after the depletion of stocks in the previous year. The temporary and permanent production cutbacks and losses by European stainless producers also contributed to the stabilization of prices. However, earnings were impacted by the drastic rise in raw material and energy costs. On the other hand, the still very successful efficiency enhancement programs introduced in recent years, such as “TK best”, “3S – Success in Stainless Steel” and “VDM – Value Driven Mobilization” also made a significant contribution to the improvement in earnings.

EFFICIENCY ENHANCEMENT
PROGRAMS ARE HAVING A POSITIVE
IMPACT ON COMPANY SUCCESS.

The ThyssenKrupp Nirosta group reported a slight improvement in profit against the previous year, with higher expense from the fire damage in the Krefeld plant being offset by insurance recoveries. However, the profits of ThyssenKrupp Acciai Speciali Terni and its subsidiaries were significantly higher than a year earlier; the forging and titanium activities made a major contribution to this. In a positive market environment, ThyssenKrupp Mexinox matched the good earnings of the prior year. The Chinese cold-rolling operation once again returned a loss, albeit significantly lower than a year earlier. Although demand is still increasing on the Asian market, and in particular in China, overcapacities are growing as well. As a result, it was not possible to offset the higher costs of raw materials through price increases. In an improving stainless market, the global service center and distribution activities of ThyssenKrupp Stainless International returned significantly higher profits.

The nickel alloy operations achieved a substantial improvement in earnings. Key to this was the continuing strong demand from the plant engineering, aerospace, oil and gas sectors. Cost-cutting and efficiency enhancement programs also contributed to the positive performance.

OUTLOOK

We expect demand for stainless steel, nickel alloys and titanium to continue to rise in 2007 in Europe, North America and also in Asia, in particular China. While in China most producers have been operating below capacity due to strong capacity growth in recent years, producers in Europe and the USA are barely able to keep up with demand. In view of the long delivery periods and normal stock levels, we expect the good workload to continue into the next fiscal year.

ThyssenKrupp Stainless will continue to focus on internal performance enhancements, the expansion of product support services and the growth of our distribution and service center network in the coming fiscal year.



Value adding

*ThyssenKrupp Stainless
increases value added through
enhanced products and services
and optimized
delivery performance.*

SINGLE-MINDED

At ThyssenKrupp Stainless
everyone follows
a common goal: the production
and distribution
of high-quality products
and related services.



VALUESPOTENTIAL

ThyssenKrupp Stainless AG



EMPLOYEES

On September 30, 2006 the Stainless group employed a total of 12,197 people worldwide. Further education and training of our employees is of great importance for the success of ThyssenKrupp Stainless.

Despite the expansion of capacities, the opening of new service centers and minor acquisitions, the number of employees was roughly the same as at the end of the previous fiscal year.

The reduction in the headcount at ThyssenKrupp Nirosta and ThyssenKrupp Acciai Speciali Terni is mainly the result of the continuation of optimization programs and other measures, while the increase at ThyssenKrupp Mexinox and Shanghai Krupp Stainless reflects the expansion of business.

The number of employees also decreased at ThyssenKrupp VDM and ThyssenKrupp Stainless International. The changes are mainly attributable to the sale of foreign sales branches and rationalization measures carried out at the service centers.

The workforce of the holding company ThyssenKrupp Stainless AG increased by nine employees at September 30, 2006 compared with a year earlier. This is mainly due to the increase in duties caused by segment status and the associated transfer of work and personnel from TK Steel (old), the expansion of the corporate department Communications/Executive Affairs, and, for the first time, the recruitment of two commercial apprentices.

HIGHLY QUALIFIED EMPLOYEES

ARE OUR POTENTIAL.

Employees by company (as of Sept. 30)

	2004/2005	2005/2006
ThyssenKrupp Nirosta group	4,677	4,647
ThyssenKrupp Acciai Speciali Terni group	3,533	3,447
ThyssenKrupp Mexinox group	1,230	1,321
Shanghai Krupp Stainless	534	570
ThyssenKrupp VDM	1,760	1,746
ThyssenKrupp Stainless International	419	409
ThyssenKrupp Stainless AG	48	57
ThyssenKrupp Stainless in total	12,201	12,197

Figures exclude dormant employment contracts and long-term illnesses in accordance with corporate policy.



TRAINING AND DEVELOPMENT

Strategic HR management is a high priority in the ThyssenKrupp Stainless segment. In the past fiscal year, around 25,000 days were allocated to training measures for over 13,000 participants. Alongside coaching in methodology and international competences, the focus was on technology seminars and training in the areas of occupational safety, health management and environmental protection.

In the framework of the segment's personnel development program, a forward-looking concept for specialist and executive staff was initiated with segment-wide training events and seminars.

For example, a program for junior specialist and management staff was launched to promote intercultural understanding in the framework of international cooperation. Junior executives from all business units had the opportunity to take part in this program and at the same time set up a network which will prove useful to them in their future careers.

STRATEGIC HR MANAGEMENT
IS A HIGH PRIORITY.

ONGOING TRAINING OF ALL

EMPLOYEES IS THE BASIS FOR

INTERNATIONAL SUCCESS.

To keep senior staff and executives of ThyssenKrupp Stainless up-to-speed on new developments, the “ThyssenKrupp Stainless Executive Forum” was established, which examines topical academic issues from a practical viewpoint and provides valuable impetus for the implementation of new ideas at operating level. In 2006 the focus was on the strategic action area “Successful and sustainable service management” with the aim of systematically developing ideas for expanding the company’s service offering.

In the individual business units, too, numerous personnel development activities focusing on HR and organizational development were initiated in the past fiscal year.

For example, a high percentage of the ThyssenKrupp Nirosta workforce took part for the first time in a company-wide employee survey. After the results have been evaluated and communicated, an analysis and discussion process will take place to define and implement tailored measures.

The “Young and Old for Nirosta” project, aimed at securing a balanced age structure, was launched at ThyssenKrupp Nirosta. Under the project, various measures will be integrated in an overall strategy developed in response to the demographic trend.

At ThyssenKrupp VDM the introduction of an “ideas manager” helped boost participation in the company suggestion scheme, thereby enhancing access to the innovation potential and creativity of our employees.

With the expansion of the training center at the Terni location in Italy, ThyssenKrupp Acciai Speciali Terni increased the capacity and range of its training facilities to meet the continuously increasing requirements placed on the knowledge and skills of employees. In addition, ThyssenKrupp Acciai Speciali Terni conducted company-wide training programs to enhance the management competency of foremen and shift managers on a practical level.

Under a practical and active personnel development system, ThyssenKrupp Mexinox has so far helped around 230 employees successfully retake examinations to gain their secondary-school leaving qualifications.

In a targeted effort to retain employees in a region characterized by high turnover, Shanghai Krupp Stainless offered its employees employer-financed health insurance. Within just a few months turnover was significantly reduced.



SIGNIFICANT EVENTS

Due to a technical defect, a major fire occurred in the cold-rolling plant of ThyssenKrupp Nirosta in Krefeld on June 22, 2006, in which two annealing and pickling lines were largely destroyed. Work on rebuilding the two production lines affected will run into the new fiscal year. In the meantime we are filling customer orders as far as possible with the support of our sister companies in China and Italy.

OTHER BUSINESS UNITS CUSHION
PRODUCTION LOSSES.

ENVIRONMENTAL PROTECTION

Environmental protection is a high priority at ThyssenKrupp Stainless. Responsibility towards the environment, minimizing emissions and wastes, and using raw materials and energy efficiently are important goals. Modernization of production lines also serves environmental protection.

Environmental management begins with the design of the production processes in our plants around the world. All locations of ThyssenKrupp Stainless use production systems which are environmentally and resource friendly. Significant successes have been achieved in reducing dust emissions, noise, water and energy consumption and in reusing wastes. Our materials, too, play an indispensable role in making processes possible which protect the environment.

EFFORTS TO REDUCE AIR AND WATER
POLLUTION AND MAXIMIZE RECYCLING
ARE AN EXPRESSION OF
OUR CORPORATE RESPONSIBILITY.

With environmentally compatible production sites, a large percentage of reprocessed material and above all the 100 percent recyclability of our products, we make an above-average contribution to global environmental protection.

ThyssenKrupp Stainless and its operating companies have achieved a great deal in the area of environmental protection. Control of air and water pollution and an almost 100 percent recycling system are an integral part of our operating processes.

During pickling in the production of stainless steel, large quantities of used acids and metal-bearing sludges are generated which until now have been purified and neutralized before being fed into public sewage systems or taken to landfill. A new electrochemical process, electrodialysis, allows higher acid recovery rates and reduces the nitrate load in the wastewater by 35 percent. The goal of further development work is a closed treatment process without any generation of used acids or wastewater. The research is expected to be completed in two years with an industrial-grade solution.

The CO₂ emissions trading system began in the EU on January 1, 2005. Both ThyssenKrupp Nirosta and ThyssenKrupp Acciai Speciali Terni meet their requirement in full, meaning it was not necessary to buy emissions credits in this trading period. Thanks to operating measures, CO₂ emissions were reduced compared with the base period.

THYSSENKRUPP NIROSTA

ThyssenKrupp Nirosta promotes environmental protection with an extensive range of measures. At the Bochum melt shop a catalogue of actions to reduce diffuse emissions was drawn up and implemented. This had a positive impact above all on chromium and nickel levels in the neighboring residential area. In May 2006, a new phase was begun to secure and restore the company-owned landfill at Blücherstrasse under an approved overall plan.



Further measures to reduce dust emissions were taken in the Krefeld melt shop and in the slag processing area. The overall pollution situation in the area around the Krefeld plant was improved by the reduction in diffuse emissions. A regular neighborhood dialogue was begun with the aim of improving acceptance.

Further steps to improve wastewater quality have been and are being taken at the wastewater treatment station in the Krefeld cold rolling mill. Successful tests to further reduce nitrogen loads in the wastewater are being continued.

At the Benrath plant, targeted modifications are being made to the 1300 pickling line to significantly reduce fresh and waste water quantities. After completion of the necessary preliminary investigations the sewer rehabilitation measures will be carried out in the coming years.

At the Dillenburg plant, a new oil separator was installed ahead of the discharge point into the Dietzhölze river. The drum warehouse is being modernized and given a floor coating in accordance with the new regulations.

EQUIPMENT OPTIMIZATION

UTILIZES ADDITIONAL

ENVIRONMENTAL POTENTIAL.

MEASURES LEADING TO

A REDUCTION IN DUST EMISSIONS.

THYSSENKRUPP ACCIAI SPECIALI TERNI

The environmental activities of ThyssenKrupp Acciai Speciali Terni in fiscal 2005/2006 were focused mainly on optimization of existing equipment. This was done primarily by installing new dust collection systems and enhancing existing systems. Most investment was carried out in the continuous casting area. In detail:

- A new dust collector (cloth filter system) was installed at the slab cutting station of continuous caster No. 2.
- The vacuum ingot pouring plant now has a dust extractor.
- A dust collection system was installed on the torch of the slab cutting station of strip caster No. 3.
- A dry steam jet system was installed in the deslagging stand of continuous caster No. 3 to control the spread of dust during slag removal.

THYSSENKRUPP MEXINOX

ThyssenKrupp Mexinox has reduced its water consumption following the start-up of a new wastewater cleaning system and is thereby helping to protect the environment in the region. The company thus preempted local rules to widen environmental protection. The new system also includes a facility to treat and recycle acid. Further successes were achieved through broad recycling measures for other consumables, for example paper.

THYSSENKRUPP VDM

The environmental management system of ThyssenKrupp VDM remains on an upward track: For ThyssenKrupp VDM, environment management is not only a contribution to protecting the environment but also a tool for the sustainable success of the company. The environmental management systems of the Altena and Werdohl plants are ISO 14001-certified. In 2004 the ISO 14001 standard was revised as the basis for certification and brought further into line with the well-known ISO 9001 standard for quality management.

The documentation of environment, health and safety issues is supported by the information portal on the company's intranet where all employees can find out about new developments in the management system and the current, applicable forms to be used. Documents such as the ThyssenKrupp VDM environment manual, environmental policies, safety datasheets and operating procedures are also available to everyone.

LATEST TECHNOLOGY LIMITS

NOISE POLLUTION.

In June of fiscal year 2005/2006 the Altena site again passed an environmental audit carried out by TÜV Nord. VDM thus demonstrates that it not only produces alloys for applications which protect the environment, it also practices environmental protection itself.

The latest technology to prevent increased noise is being used in the installation of a fourth pickling tank at the Altena site. A study has confirmed the environmental compatibility of the extension measure for humans, animals and plants. The installation of a tank rim extractor system with multistage fume cleaning ensures that air pollution control requirements are met both inside the building and in the surrounding area.



SUSTAINABILITY

Sustainable corporate policy is geared to securing the future for future generations while taking economic, ecological and social aspects into account. In this field of tension, it is economic success which determines the scope for action in the other fields.

ThyssenKrupp Stainless offers intelligent and sustainable solutions for this.

Profitability

Our understanding of sustainability places the emphasis on economic solidity and long-term success based on value management, but also takes account of the non-economic aspects.

SUSTAINABLE CORPORATE POLICY

MEANS SECURING THE FUTURE

FOR SUBSEQUENT GENERATIONS.

To be successful on the strategic track of sustainable development, six success factors have to be kept in mind: effectiveness, efficiency, resources, impacts, solidarity and justice. In an environment shaped by global competition these factors have to be constantly reexamined together with customers, suppliers, capital providers, employees and other central stakeholders.

Effectiveness and efficiency are at the center of all decisions and actions; a company can only secure its future if it concentrates on products and markets which offer favorable growth opportunities. Quality and service must be right, new technological opportunities have to be identified and turned into marketable products and services. As globalization progresses, we have to follow customers into new markets. Whatever the strategic steps, the bottom line is being able to sell products with an appropriate margin between expense and income. Only then will sufficient financial resources remain available to develop the four other success factors.

Materials

Longevity and 100 percent recyclability are two of the most important arguments for the materials of ThyssenKrupp Stainless. Products made of stainless steel are an investment in the future for manufacturers and customers. Stainless steel is a particularly environmentally friendly material due to its ability to be completely recycled without any quality loss. Recyclability is thus an important material property. This property and their widespread uses make stainless steels indispensable materials today and in the future.

People

One central resource for the sustainable development of the company are our employees. They provide us with their motivation, knowledge and experience. We have to strengthen this resource through training, development and ideas management. At their sites, ThyssenKrupp Stainless and its subsidiaries are regarded as reliable employers who create and secure jobs. ThyssenKrupp Stainless also supports the communities in which it operates.

Innovations

Innovations are an important ingredient for future business success. The research and development activities of ThyssenKrupp Stainless are therefore focused on continuous improvement and innovation in both products and processes as well as in the price performance ratio. Customers as partners are at the center of everything, which is why development and sales efforts go hand in hand from an early stage. Closely linked with product development is process development. The introduction of new products calls for mastery of the relevant production technologies. Early identification and assessment of the success of innovations requires closeness to the market, i.e. a deep understanding of customer needs and knowledge of what competitors are doing. Once identified, development tasks are carried out in the relevant centers of excellence of the ThyssenKrupp Stainless group. When dealing with key issues affecting important customer sectors we also collaborate with other companies of the ThyssenKrupp Group, with institutes and universities around the world, and on a case-to-case basis with other steel companies.

OUR BUSINESS SUCCESS IS BASED
ON CUSTOMER FOCUSED RESEARCH
AND DEVELOPMENT.

Environment

Environmental protection is a high priority at ThyssenKrupp Stainless. Responsibility towards the environment, minimizing emissions and wastes, and using raw materials and energy efficiently are important goals for all employees. Environmental management stands for systematic and continuous attention to environmental aspects which begins with the design of the production processes in our plants around the world. All locations of ThyssenKrupp Stainless use production systems which are environmentally and resource friendly. Significant successes have been achieved in reducing dust emissions, noise, water and energy consumption and in reusing wastes. Our materials, too, play an indispensable role in making processes possible which protect the environment.

With environmentally compatible production facilities and processes, a large percentage of reprocessed material and above all the 100 percent recyclability of our products, we make an above-average contribution to global environmental protection.



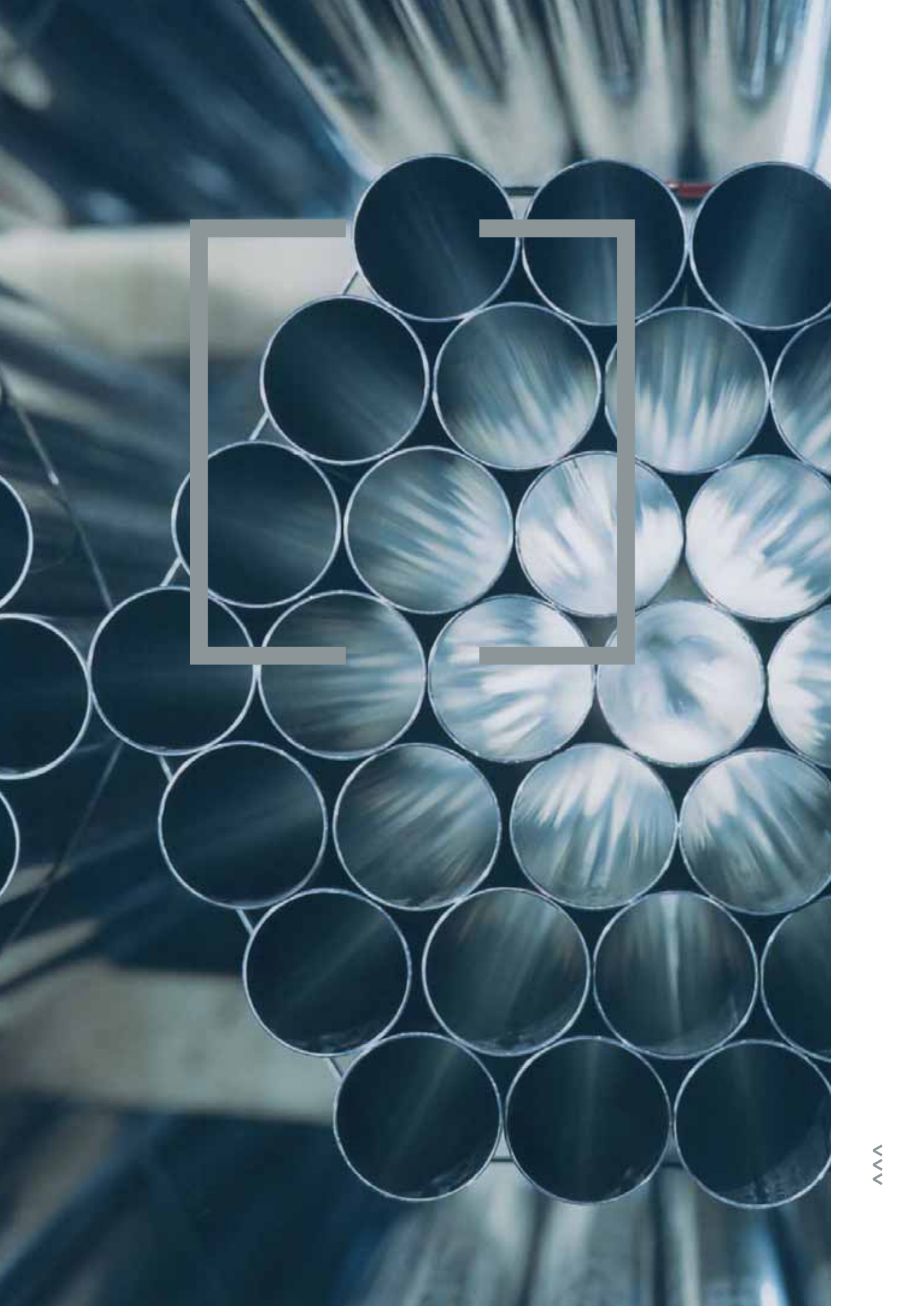
Growing

ThyssenKrupp Stainless

*is the world's leading supplier
of stainless steel and
high-performance materials
and is focused on continuous growth.*

FASCINATING

Stainless steel,
nickel alloys and titanium
are exceptional materials
for innumerable applications –
from leading-edge technology
to everyday items.



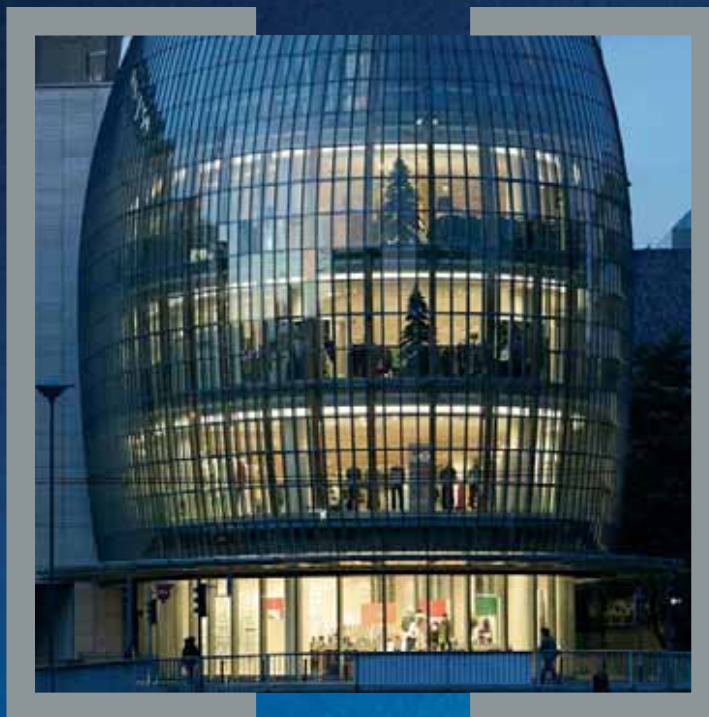
APPLICATIONS PRODUCTS

ThyssenKrupp Stainless AG



Clear perspective:

Stainless steel as a design element for star architects



THE NEW MODERNITY

Stainless steel from ThyssenKrupp adds a new dimension to modern building, a material that symbolizes quality, environmental responsibility and sustainability like no other. With its high design quality and elegant looks, stainless steel conveys timeless modernity. Top architects throughout the world are exploiting the possibilities it offers in terms of transparency and durability. Our material is being used to realize unique building projects – universal design icons of the 21st century.

Whether it's the "ChemSunny Plaza" in Beijing with material from Shanghai Krupp Stainless, the EdificioFórum in Barcelona, the Science Center in Bremen or the "Peek + Cloppenburg" department store in Cologne with stainless steel from ThyssenKrupp Nirosta – materials from ThyssenKrupp permit architecture of unprecedented transparency and boldness.

Visibly dynamic:

Convincing solutions for trucks and motorbikes



SHINING PERFORMANCE

Stainless steels from ThyssenKrupp are conquering road and rail, their unique properties providing users with genuine competitive advantages. We offer steels with purpose-matched properties for car components such as suspensions, catalytic converters and fuel tanks as well as for rail freight trucks and train and tram bodies. Titanium has proven itself in various exhaust and brake systems, even in the exhausts of luxury cars. Miniature stainless steel parts are found in speedometers, airbags and ABS systems.

Top cyclists swear by robust lightweight titanium bikes. Stainless steels from ThyssenKrupp are used in food and chemical tankers: their corrosion resistance and strength allow wall thicknesses which reduce vehicle weight significantly. Convincing lightweight solutions, from trucks to sports cars to motorbikes.

*Trendsetting technology:
Intelligent materials on the up*



RELIABILITY COUNTS

The quality of life in major population centers depends to a large degree on how traffic flows are managed, including those of people on foot. Technology from the ThyssenKrupp Group combines comfort with cost-efficiency: escalators and elevators transport people reliably using intelligent control systems and long-lasting components. Handrails, trim strips and end plates are made of stainless steel from ThyssenKrupp.

The new "GritLine" finish from ThyssenKrupp Nirosta gives inexpensive stainless steels the elegant looks and corrosion resistance of polished materials. The transparent stainless steel coating "SilverIce" guarantees surfaces free of fingerprints – a huge advantage for button panels in elevators and a huge source of potential for uses in the kitchen, from sinks to stainless steel refrigerators.

*Material follows function:
Convincing technology and attractive design*



TIMELESS LIVING

Timeless elegance and maximum functionality are the hallmarks of stainless steel in the home: its subtle, high-quality appearance makes it the favorite material of many designers. Stainless steel makes trim panels, pots, cutlery, sinks and washing machines long-lasting, hygienic and easy to clean. Leading appliance manufacturers rely on the functionality and elegance of stainless steel from ThyssenKrupp.

Whether it's kitchens from world-famous manufacturers or appliances from big-name suppliers, a "Nirosta inside" sticker could be applied to all of them. Tubular heating elements are found for example in dishwashers, washing machines and kettles. Heating conductor alloys from ThyssenKrupp VDM are used wherever electricity is converted into heat: in tumble driers, toasters, coffeemakers and hotplates.

Visibly clean:

Food industry relies on stainless hygiene



ENJOYMENT WITHOUT WORRY

Consumers expect responsibility on the part of food producers. Hygiene is a basic requirement. No material meets this requirement better than stainless steel.

Corrosion resistance, heat resistance and durability are the properties which the food and drinks industry exploits. The smooth surfaces of commercial and restaurant kitchens, made with materials from the ThyssenKrupp Stainless group, give microorganisms no chance: even after years of use, equipment retains its shape and remains spotlessly clean. Breweries and dairies are not the only ones to benefit. Customers in fast-food restaurants do too.

High flyers:

High-performance materials for leading-edge technology



LIGHTER AND SAFER

The aerospace industry is a key driver of technological progress. It requires high-performance materials which satisfy extreme demands in terms of temperature and strength. Superalloys based on titanium and nickel are used among other things to make turbine blades for jet engines, where they are exposed to extreme temperatures and centrifugal forces. High-performance materials from ThyssenKrupp are also used in other growth markets such as the energy, oil and gas sectors.

ThyssenKrupp VDM operates facilities for the aerospace industry and produces for example parts for Ariane rockets. Without titanium, no jumbo jet would be able to get off the ground. Our material is found in undercarriages and jet engines. Titanium helps reduce aircraft take-off weight. That's why the developers of the new superjumbos are relying so heavily on this material.

*On the high seas:
Titanium defies seawater*

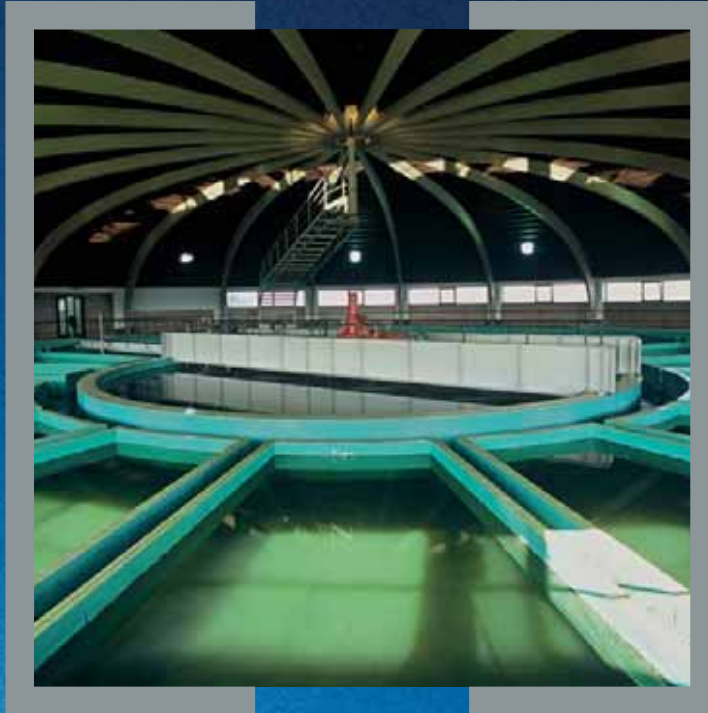


MAXIMUM DEMANDS

The transportation of goods on the high seas and the production of oil and gas from offshore fields place huge demands on personnel and equipment. Materials from ThyssenKrupp Stainless are to be found in many applications like these. On offshore platforms titanium is used in fire water piping, in tube and plate heat exchangers and in valves. Stainless steel is an important part of the flexible pipelines through which oil and gas are transported.

Virtually all ships powered by diesel engines have plate heat exchangers made of titanium. As they use seawater for cooling, corrosion resistance is crucial. Container ships require five to eight tons of titanium plate, and liquefied gas tankers up to 20 tons. With sea freight volumes increasing, the future looks bright.

*Extreme conditions:
High demands in plant technology*



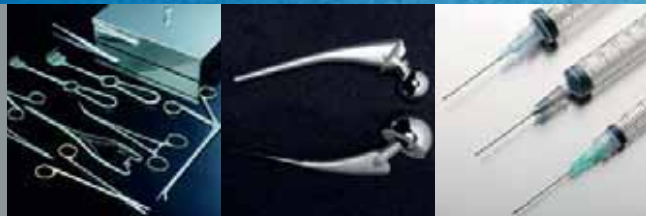
CHALLENGE ON A NEW SCALE

Increasing water needs and decreasing fresh water resources are making seawater desalination more and more important: the materials used in desalination plants have to meet extreme demands. Only the most corrosion-resistant materials are suitable for long-term contact with aggressive saltwater. ThyssenKrupp has developed tubes for this application which substantially increase heat exchanger life. As many plants work on the principle of evaporation and condensation, the material has to display optimum thermal conductivity as well as salt resistance.

Whether in separating processes in the chemical industry, in oil and gas processing or in various kinds of tubes, stainless steel and titanium are indispensable. The advantages of stainless steel are put to good effect not only in seawater desalination, in power plants, flue gas desulfurizers and chemical plants. The latest fuel cell technology also relies on stainless components.

Clinically clean:

Stainless steel benefits doctors and patients



ACCEPTING RESPONSIBILITY

Advanced medicine calls for maximum safety of all components and systems. Stainless steel and titanium offer all the qualities needed for research and practice – whether in medical implants, surgical instruments or the walls of operating theaters. Stainless steel precision strip is of major importance in medicine as a starting material for precision tubes and hypodermic needles. With many drugs, attention has to be paid to adequate corrosion resistance against possible aggressive ingredients.

ThyssenKrupp Nirosta produces materials which are used among other things to manufacture special spray cans and nozzles for this purpose. Thanks to its biocompatibility titanium is in demand as a starting material for medical products such as joint prostheses, bone fixing materials, dental implants and artificial heart valves.

*Precision work:
Stainless in its finest form*



SMALL IS BEAUTIFUL

A large number of grades, tailored to specific applications, make ThyssenKrupp Nirosta precision strip a material of choice in precision mechanics. Stainless is found in watches, bracelets, cell phones, cars, electronic and medical equipment and many consumer goods. Famed timepiece manufacturers utilize the benefits of our material. The inner workings of cell phones made by leading manufacturers consist partly of stainless steel components.

Function, looks and durability satisfy processors and consumers alike. Frequent model changes place ever new demands on our materials – but it's a challenge that ThyssenKrupp meets with creativity and ingenuity.

OUR INVESTMENTS

ThyssenKrupp Stainless AG



CAPITAL EXPENDITURES

ThyssenKrupp Stainless is investing in the future with an extensive program of measures. New production lines are being built and existing ones modernized. The main focus of investment was the expansion of the product portfolio and the optimization of our worldwide distribution structure.

ThyssenKrupp Stainless invested a total of €230 million in property, plant and equipment and intangible assets in fiscal year 2005/2006, with depreciation at €142 million. The main areas of investment were the expansion of processing capacities and the further optimization of our worldwide distribution structures. Significant funds were invested to modernize production equipment and extend finishing and processing capacities. Other projects focused on developing new and improving existing products and processes and not least on expanding and enhancing our distribution network.

Among other things we invested in the production of high-value products (bright annealing line ThyssenKrupp Mexinox), strengthening in-house processing by expanding the finishing lines at ThyssenKrupp Acciai Speciali Terni and ThyssenKrupp Mexinox and increasing the decorative finishing capacities (Mexinox). Other projects included the expansion of processing capacities at the EBOR service center, investment in a new strip painting unit at the new finishing shop in Terni, the start-up of the distribution center in Guangzhou (China), the construction of a service center in Poland, and the restructuring of the service center in Birmingham (United Kingdom).

EXTENSIVE EXPENDITURES
GO INTO THE MODERNIZATION
OF PRODUCTION LINES.

Major individual investment projects initiated or implemented in the past fiscal year were as follows:

Replacement of two annealing and pickling lines at ThyssenKrupp Nirosta

Due to the fire in the cold-rolling plant of ThyssenKrupp Nirosta in Krefeld on June 22, 2006, the affected production lines have to be replaced under an investment project involving a high two-digit million sum. The project will take several months to complete. Until then, ThyssenKrupp Nirosta will fill customer orders from the production capacities of other plants of the sister companies Shanghai Krupp Stainless and ThyssenKrupp Acciai Speciali Terni.

New production facilities at ThyssenKrupp Acciai Speciali Terni

In the past fiscal year an extensive investment program was launched. The measures under this program are aimed at strengthening the stainless steel business of ThyssenKrupp Acciai Speciali Terni, in particular at the Terni location, on a sustainable basis. Under the biggest single project, an advanced 20-high cold-rolling stand was ordered for the Terni plant in mid 2005, which after commissioning in October 2006 replaced two older stands. It will allow ThyssenKrupp Acciai Speciali Terni to manufacture more products with higher value-added and so increase its proportion of higher-margin end customer business. In March 2006 ThyssenKrupp Acciai Speciali Terni signed the contract for the construction of a new annealing and pickling line for stainless hot-rolled strip in Terni.



This production line will have a capacity of around 650,000 tons per year and will replace several existing lines. The end product is pickled hot-rolled stainless in widths up to 1,570 millimeters and thicknesses of 1.5 to 7.0 millimeters. It is intended as starting material for our own cold-rolling mills and for supply to end users, e.g. the tube and pipe industry. In the design of this modern unit, priority was given to high productivity, first-class product quality and the use of environmentally friendly pickling processes. The extensive experience gained in the construction and start-up of four new annealing/pickling lines in the Stainless group over the past five years proved valuable.

To optimize logistics, the line will be built in the direct vicinity of the existing hot strip mill. Start-up is scheduled for the 3rd quarter 2007.

These investments continue the restructuring and modernization of stainless steel production capacities at the Terni location of ThyssenKrupp Acciai Speciali Terni resolved in early 2005 in connection with the closure of electrical steel production.

INVESTMENTS ENSURE GREATER
VALUE-ADDED.

Modernization of the Terni meltshop and expansion of Società delle Fucine

A new VOD converter in the meltshop of ThyssenKrupp Acciai Speciali Terni in Terni will form the technical basis for improved forging ingot quality, larger forgings and the production of materials from the Stainless group's product range which were beyond the capabilities of the previous plant configuration.

INVESTMENTS INCREASE EFFICIENCY

AND OPEN NEW MARKET POTENTIAL.

A key project in the expansion of Società delle Fucine is the investment in a manipulator which will speed up the forging process while reducing manpower and energy requirements. The aim of the investment is to enhance the efficiency of the forging operation and focus the product mix more strongly on higher-value products, mainly for the energy sector. At the same time, annealing capacity will have to be increased with the installation of a further vertical furnace. In the machining area, an additional vertical lathe will create further capacity among other things for the production of hollow ingots for the tank and power plant construction sector.

With the implementation of this project, Società delle Fucine has developed additional market potential in the production of large forgings in finished weights of up to 250 metric tons (500 ton ingots) to meet increased demand from the energy and plant construction sectors.

New finishing line for the cold-rolling mill of ThyssenKrupp Acciai Speciali Terni

The conversion of the former service center CS Inox in Terni into a mill finishing department is largely completed, as are the expansion of the finishing capacities and the construction of a paint line for producing stainless steel strip with the newly developed transparent coating "SilverIce" for highly demanding applications.

Capacity expansion and product portfolio enhancement at ThyssenKrupp Mexinox

On August 24, 2006, ThyssenKrupp Mexinox started operation of a bright annealing line in San Luis Potosí (Mexico). This line gives the stainless steel produced an especially "shiny" surface. This additional production line will allow ThyssenKrupp Mexinox to increase its capacities and widen its product range, particularly in the area of higher-value products to meet demanding requirements. The plant's annual production will increase by around 30,000 to roughly 250,000 metric tons of stainless cold-rolled. This measure will significantly strengthen our position on the important stainless steel markets in Central and particularly North America. ThyssenKrupp Stainless can now meet the requirements of its customers even more accurately.

POSITION IN THE NAFTA REGION

BEING EXPANDED.

The new bright annealing line at ThyssenKrupp Mexinox had previously been used in the Terni (Italy) plant of ThyssenKrupp Acciai Speciali Terni. In the space of only 18 months, the line was dismantled at its original location, shipped to Mexico, completely refurbished and rebuilt. A new building was erected to house the line. The furnace, in which the cold-rolled strip is annealed in a controlled atmosphere, is installed in a 62 meter tall tower – which has become the plant's new landmark. To be able to supply the additional production volume in strip and sheet of various sizes according to customer requirements, new cutting and polishing facilities are currently being fitted in the finishing shop.

Implementation of the forward strategy at ThyssenKrupp VDM in Unna

ThyssenKrupp Stainless is investing in its Unna location. At the Unna plant of subsidiary ThyssenKrupp VDM a new forging line is being built and the remelting capacities expanded. The new line will start operation in 2008. These measures will help gain access to new customer groups. At the same time ThyssenKrupp Stainless will strengthen its leading position on the world market for superalloys on a long-term basis.

MAINTAIN OUR LEADING POSITION
IN SUPERALLOYS.

The investment projects now approved are part of a package of measures for ThyssenKrupp VDM aimed at expanding in highly profitable segments of the nickel alloy market, particularly in superalloys, i.e. high-performance materials with special corrosion and heat resistance properties. These are used mainly in the high-growth aerospace, energy, oil and gas markets. With the new forging line ThyssenKrupp VDM will expand its range of products in particular for the aerospace industry. In addition to the existing licenses, further approvals could be attained in future among other things for rotating turbine components in jet engines.

Modernization of wire production at ThyssenKrupp VDM in Werdohl

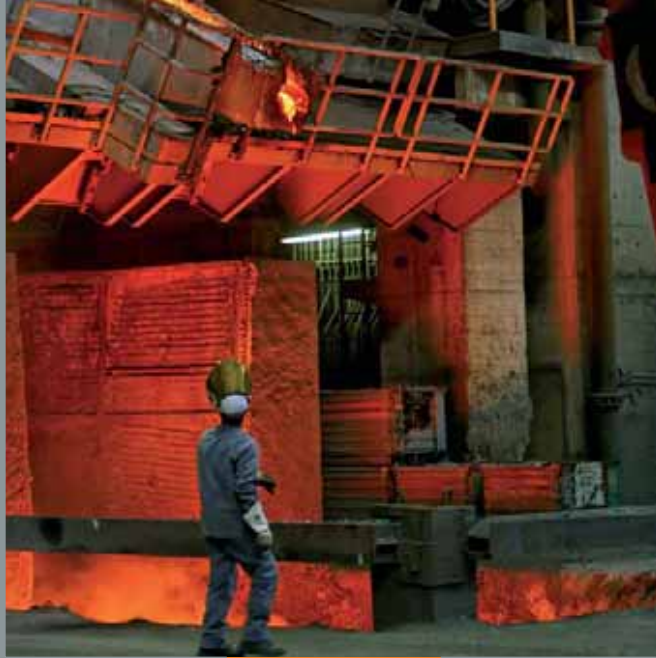
In response to increasing market requirements and an ever fiercer competitive environment, ThyssenKrupp VDM has launched an extensive program to improve all business processes over the long term. ThyssenKrupp VDM aims to test all value-adding levers to improve its positive performance and stabilize the company on a sustainable basis.

MODERNIZATION PROGRAMS
STRENGTHEN THE NICKEL ALLOYS
AND TITANIUM OPERATIONS.

In this connection, ThyssenKrupp VDM has decided to modernize its wire production capacities. The current wire production plant in Bärenstein is not capable of meeting modern-day requirements in terms of technology and logistics. For this reason, it is planned to relocate wire production from Bärenstein to Werdohl, where the company is registered, by 2008.

New vacuum arc furnace at Deutsche Titan in Essen

A further vacuum arc furnace was installed at Deutsche Titan GmbH (now ThyssenKrupp Titanium GmbH) in Essen, a company in the ThyssenKrupp Acciai Speciali Terni business unit, to significantly expand production capacity for titanium ingots.



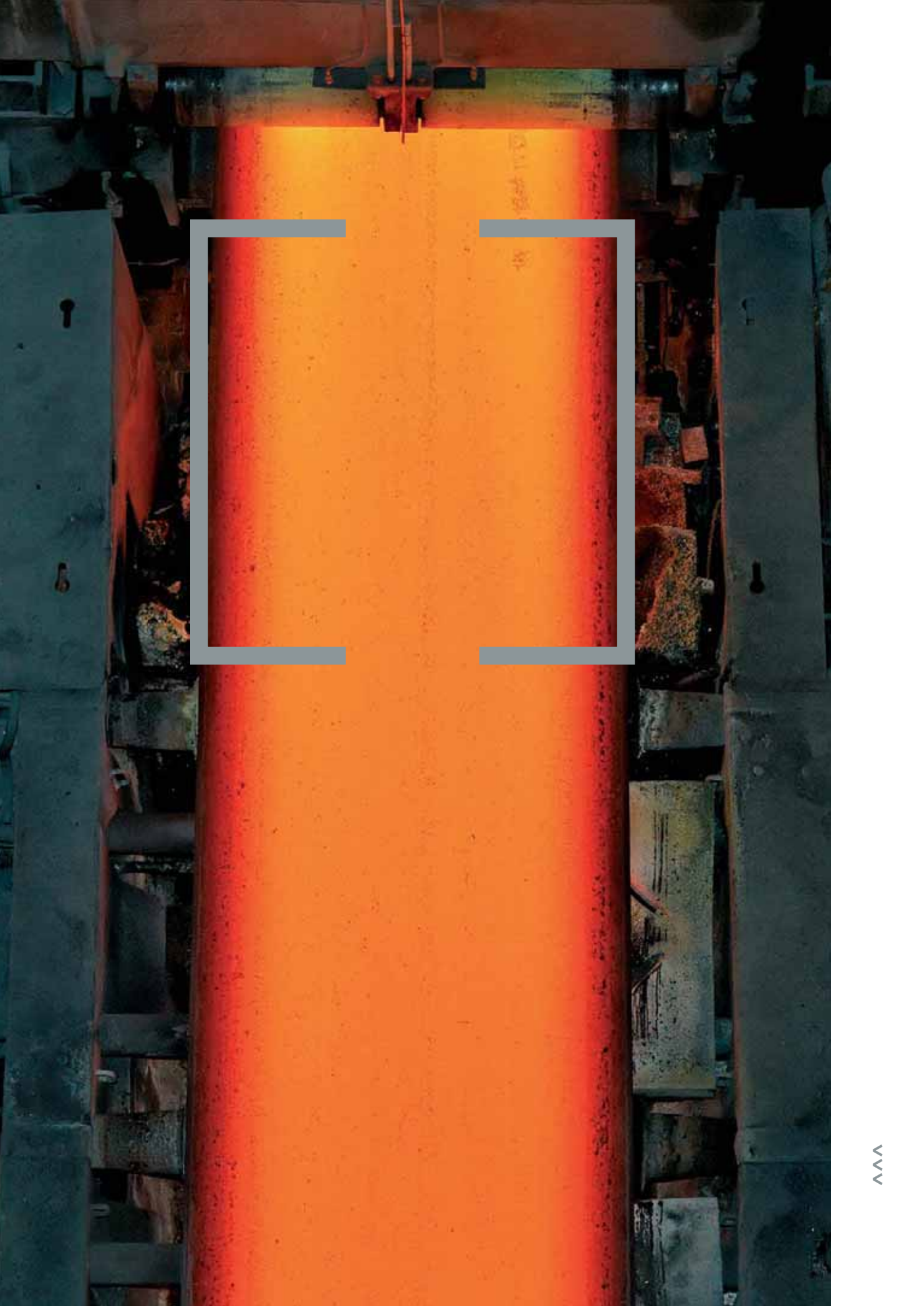
Innovative

ThyssenKrupp Stainless

*is a major driver of material innovations
and is facing up to the challenges
of tomorrow.*

POINTING THE WAY FORWARD

ThyssenKrupp Stainless
is investing
in the future with
an extensive program
of measures.



COMPANY PERFORMANCE

ThyssenKrupp Stainless AG



EFFICIENCY ENHANCEMENT PROGRAMS

Every ThyssenKrupp Stainless business unit aims to maximize efficiency. A bundle of program measures is realizing significant efficiency improvements. Exchange of experience between the individual segments is generating further promising projects.

In fiscal year 2005/2006 several improvement programs were carried out in the Stainless segment:

- Further development of the Groupwide improvement program “TK best” focusing on the initiatives Operating Efficiency, Sales, Performance Quality and Purchasing.
- Continuation of the “Success in Stainless Steel” (3S) program at the European stainless steel companies.
- Implementation of the “Value Driven Mobilization” (VDM) improvement program at ThyssenKrupp VDM

TK BEST

Introduced throughout the Group around five years ago, the “TK best” improvement program has lost none of its momentum. In the past fiscal year the project landscape in the Stainless segment showed further significant progress, involving all domestic and foreign companies of the Stainless group. Up to and including September 2006, the number of projects launched increased by 98, or 35 percent, to 375. 187 of the projects have already been successfully completed, a further 158 are still under implementation.

The program is strongly supported and promoted by the responsible executive board members from the operating companies, the segment holding company and ThyssenKrupp AG. By regularly visiting projects in Germany and abroad, they again underlined the significance of the program for the entire Group in the past fiscal year.

SUCCESS IN STAINLESS STEEL (3S)

The “Success in Stainless Steel” (3S) program to improve the operating performance of the European stainless steel companies ThyssenKrupp Nirosta and ThyssenKrupp Acciai Speciali Terni will be successfully completed on schedule in fiscal year 2006/07. By the end of the past fiscal year, the income improvement target corridors defined on a top-down basis had already been achieved on 20 of the projects, some of which were carried out on a cross-company basis.

IMPROVEMENT PROGRAMS

STRENGTHEN THE PROFITABILITY OF

THE STAINLESS GROUP.



VALUE DRIVEN MOBILIZATION (VDM)

The “Value Driven Mobilization” program of ThyssenKrupp VDM focuses on significantly improving operating performance in production, market/sales and cross-functional processes. The program is currently in the ramp-up phase, some of the earnings potential identified has already been realized in the past fiscal year.

THE EFFICIENCY ENHANCEMENT
MEASURES ARE RESULTING IN
SIGNIFICANT SAVINGS.

THYSSENKRUPP INNOVATION CONTEST

The seventh ThyssenKrupp Innovation Contest took place in the reporting period. The contests are held annually to recognize development projects which combine a high degree of innovation with market potential and customer value.

The Stainless group was again successful in the 2006 Innovation Contest. The number of projects entered – five in all – underlines the innovative strength of the Stainless segment. The “SilverIce UV – The Anti-Fingerprint Formula” project entered by a team from ThyssenKrupp Acciai Speciali Terni and ThyssenKrupp Nirosta won second prize in this year’s contest.

RESEARCH AND DEVELOPMENT

Technological progress by processors, increasing customer requirements and the competitive situation set new challenges for research and development at ThyssenKrupp Stainless. Working with our customers, our development centers come up with high-quality and innovative solutions.

In fiscal year 2005/2006, ThyssenKrupp Stainless AG invested €19.3 million in research and development throughout the group. To improve our products and processes, we have our own development centers both for stainless steel and for high-performance materials. Furthermore, there is close cooperation between the various development centers of the entire group. In cooperation with our customers, these competence centers come up with high-quality solutions.

NEW MATERIAL CONCEPTS AND ATTRACTIVE FINISHES FOR FLAT STAINLESS STEEL

Continuing high prices for the alloying element nickel are creating an increasing need for less expensive material alternatives. For this reason we are looking closely into the production of raw material-saving, ferritic materials with market-capable properties. Various alloy composition and production concepts for this were developed in the past fiscal year. For example, targeted modifications were made to a nickel-free ferritic material to improve its processability by manufacturers of chemical process equipment.

A further material concept focuses on the use of high-strength steels based on two-phase materials using low amounts of alloying elements. In addition to lower alloy costs, customers can also save on material as the high strength allows a reduction in wall thickness. This group of materials is not very well represented on the market so far but is attracting increasing interest. The design of the material is carried out on computer using specially developed software.

In response to continuing high prices for raw materials, especially nickel and molybdenum, new materials have been developed which offer comparable corrosion resistance and high strength with lower input of these alloy materials. This development is being accompanied by substantial investments into a further improved melting metallurgy at the Terni site.

One focus of innovation in the Stainless segment is the development of new surface finishes offering enhanced appearance and functionality. One example is Nirosta GritLine, which is comparable with the already established Rolled-On finish marketed by ThyssenKrupp Mexinox in North America. Both are embossed finishes which resemble popular polished finishes. The unbroken surface offers aggressive media less opportunity for attack and allows the use of less expensive base materials in many cases.

OUR RESEARCH PEOPLE

ARE DESIGNING COST-EFFECTIVE

MATERIAL ALTERNATIVES.



The star among the new stainless steel finishes is the transparent coating SilverIce UV. It makes stainless steel surfaces less sensitive to fingerprints, more resistant to scratches and even easier to clean. It can be used to protect trim panels which have to meet high quality requirements. The product has already established itself successfully on the market. SilverIce UV won 2nd prize in the 2006 ThyssenKrupp Innovation Contest.

NEW FINISHES COMBINE
IMPROVED LOOKS WITH HIGH
FUNCTIONALITY.

To enable us to meet customers' increasing demands on surface quality, we have also further upgraded our automatic strip surface inspection facilities. All our surface inspection systems, consisting of numerous high-resolution video cameras, are now connected to a central company-wide quality database, where special programs analyze the results and correlate them with process data. This has enabled us to both further improve the quality of shipped products and increase process reliability with a reduction in production costs.

PREPARED FOR TOMORROW'S MATERIAL REQUIREMENTS

Research progress was also made with our nickel and titanium alloys. Our development efforts into vacuum-melted nickel alloys for the growing aerospace, power generation, oil and gas markets were continued. The aim of ThyssenKrupp VDM is to expand into highly profitable segments of the nickel alloy market. Above all this includes the so-called superalloys, i.e. high-performance materials displaying special corrosion and heat resistance properties.

NEW SUPERALLOYS SET
BENCHMARKS IN CORROSION
AND HEAT RESISTANCE.

These superalloys are used for example for rotating turbine parts in aircraft engines and land-based turbines. Wide-ranging material development programs are looking into the behavior of superalloys in steam power plants operating at temperatures of 700°C, much higher than conventional thermal power plants.

For this reason, ThyssenKrupp VDM is also investing in a new forge to widen our range of products for the aerospace industry. This will enable us to gain additional approvals in the future, including for rotating turbine parts in jet engines.

Our development efforts in the fuel cell area were also continued. The properties of alloy Crofer 22 for use in fuel cells were further enhanced. To exploit the full potential of this material, corrosion in fuel cells was investigated in more detail. Tests under specific operating conditions are being continued in cooperation with customers.

As early preparation to meet the material requirements of the future, ThyssenKrupp VDM is taking part in COORETEC, a program sponsored by the German Ministry for Economy and Labor pursuing the development of 700-degree steam power plants. The higher temperatures compared with conventional power plants call for new material concepts, which represent potential fields of application for nickel alloys. Under the program, ThyssenKrupp VDM is investigating corrosion and oxidation behavior and determining long-term mechanical properties. The materials Alloy 617/Nicrofer 5520Co and Alloy C-263/Nicrofer 5120CoTi will be tested in particular.

Development work in the titanium area was concerned with both conventional applications and emerging products.

For instance, titanium sheet which is roll-clad with aluminium and subsequently reactive-annealed for use at higher temperatures has passed its first trials in Bugatti exhaust systems. The roll-clad coating acts as a diffusion barrier to prevent the oxidation which is otherwise usual at these high temperatures. A further improvement to this composite material is planned to increase its elevated-temperature and creep strength. Together with Volkswagen AG a modification of the titanium alloy has been developed which is currently in trial production. In combination with the diffusion barrier this system offers a new field of application for these temperatures.

NEW DEVELOPMENTS ARE OPENING UP
ADDITIONAL APPLICATIONS.

The use of the tailored blank concept to widen the range of sheet sizes producible from titanium strip looks promising after initial stamping tests at a manufacturer of plate heat exchangers. The concept could also be extended to tailored blanks with different thicknesses and different titanium grades.



Major subsidiaries and equity interests

COMPANY (as of September 30, 2006)	Capital Share % ¹⁾	Equity Capital in million € ²⁾	Employees
Stainless			
ThyssenKrupp Stainless AG, Duisburg, Germany	99.61	743.1	57
ThyssenKrupp Nirosta			
ThyssenKrupp Nirosta GmbH, Krefeld, Germany	100.00	693.1	4,285
ThyssenKrupp Nirosta Präzisionsband GmbH, Krefeld, Germany	100.00	6.2	245
ThyssenKrupp Nirosta North America, Inc., Bannockburn/Illinois, USA	100.00	12.6	4
ThyssenKrupp Acciai Speciali Terni			
ThyssenKrupp Acciai Speciali Terni S.p.A., Terni, Italy	100.00	412.4	2,600
Deutsche Titan GmbH, Essen, Germany	100.00	19.0	115
Terninox S.p.A., Terni, Italy	100.00	49.6	167
ThyssenKrupp AST USA, Inc., New York, USA	100.00	12.3	2
Titania S.p.A., Terni, Italy	100.00	40.9	128
Tubificio di Terni S.p.A., Terni, Italy	97.00	25.5	177
ThyssenKrupp Mexinox			
ThyssenKrupp Mexinox S.A. de C.V., San Luis Potosí, Mexico	95.50	112.9 ³⁾	1,275
Mexinox Trading S.A. de C.V., Mexico D.F., Mexico	100.00	10.1 ³⁾	0
Mexinox USA Inc., Brownsville/Texas, USA	100.00	45.4	46
Fischer Mexicana S.A. de C.V., Puebla, Mexico	50.00 ⁴⁾	13.7 ³⁾	207
Shanghai Krupp Stainless			
Shanghai Krupp Stainless Co., Ltd., Pudong New Area/Shanghai, China	60.00	113.8 ³⁾	570
ThyssenKrupp Stainless International			
ThyssenKrupp Stainless International GmbH, Krefeld, Germany	100.00	0.0	45
ThyssenKrupp Eurinox Paslanmaz Çelik Servis Merkezi A.S., Istanbul, Turkey	100.00	8.5	141
ThyssenKrupp Stainless Benelux B.V., Rotterdam, Netherlands	100.00	31.5	4
ThyssenKrupp Stainless DVP, S.A., Barcelona, Spain	100.00	9.5	55
ThyssenKrupp Stainless France S.A., Paris, France	100.00	9.8	64
ThyssenKrupp Stainless International (Guangzhou) Ltd., Guangzhou, China	100.00	15.5	36
ThyssenKrupp Stainless UK Ltd., Birmingham, UK	100.00	12.4	25
ThyssenKrupp VDM			
ThyssenKrupp VDM GmbH, Werdohl, Germany	98.04	66.5	1,443
Precision Rolled Products Inc., Reno/Nevada, USA	100.00	18.0	194
ThyssenKrupp VDM USA Inc., Parsippany/New Jersey, USA	100.00	5.6	36

¹⁾ related to the respective parent company in the ThyssenKrupp Group

²⁾ according to federal state regulation

³⁾ annual balance sheet December 31, 2005

⁴⁾ Joint Venture

OPERATINGUNITS

ThyssenKrupp Stainless AG



THYSSENKRUPP NIROSTA

With total stainless output of around 1.2 million metric tons per year, including just under 900,000 tons in the form of cold-rolled products, ThyssenKrupp Nirosta GmbH is one of the leading producers of stainless steel and the largest single company of ThyssenKrupp Stainless AG. It produces a broad range of hot- and cold-rolled stainless products in virtually all grades, finishes, delivery forms and sizes demanded by the market.

THYSSENKRUPP NIROSTA IS
A LEADING SUPPLIER OF STAINLESS
FLAT PRODUCTS WITH MORE THAN
A MILLION TONS OF OUTPUT.

The company has five production sites in Germany, which is Europe's biggest stainless market. Crude steel production takes place in Bochum and Krefeld. The slabs produced there are reduced to hot strip on the hot rolling mill of ThyssenKrupp Steel AG in Bochum, then processed to cold strip on the cold rolling mills in Dillenburg, Düsseldorf and Krefeld.

ThyssenKrupp Nirosta has three German service centers (NSC in Wilnsdorf, EBOR Edelstahl GmbH in Sachsenheim and smbChromstahl GmbH) and a sales company in the important US stainless market (ThyssenKrupp Nirosta North America in Bannockburn/Illinois).

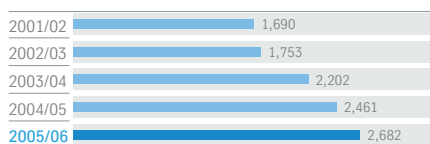
Subsidiary ThyssenKrupp Nirosta Präzisionsband GmbH is located in Dahlerbrück and produces stainless steel precision strip in thicknesses of 0.05 to 1.5 millimeters and widths of 3 to 650 millimeters meeting special demands on material properties, dimensional tolerances and edge quality.

ThyssenKrupp Nirosta in figures

		2004/2005	2005/2006
Order intake	million €	2,298	3,032
Sales*	million €	2,461	2,682
Volumes*	1,000 metric tons	1,125	1,180
Employees (as of Sept. 30)		4,677	4,647

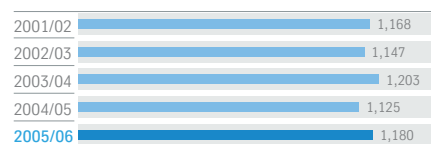
* unconsolidated

Sales million €



unconsolidated

Volumes 1,000 metric tons



unconsolidated

THYSSENKRUPP ACCIAI SPECIALI TERNI

ThyssenKrupp Acciai Speciali Terni has plants in Terni and Turin in Italy, Europe's second-largest stainless market. The Terni plant is a fully integrated mill with a 1.5 million tons per year stainless melt shop. The slabs produced there are reduced to hot strip on the mill's own hot rolling mill and further processed on the cold rolling mills in Terni and Turin. Much of the hot strip produced is supplied as starting material to the group's cold rolling operations in Mexico and China. In the past fiscal year, ThyssenKrupp Acciai Speciali Terni produced around 1.3 million metric tons of stainless steel, of which 570,000 tons were cold-rolled products.

THYSSENKRUPP ACCIAI SPECIALI
TERNI HAS A BROAD PRODUCT RANGE.

The company has its own service center – Terninox S.p.A. in Ceriano Laghetto – with a capacity of around 85,000 metric tons per year. The key US export market is served via the sales company ThyssenKrupp Acciai Speciali Terni USA in Bannockburn/Illinois.

ThyssenKrupp Acciai Speciali Terni also has several production subsidiaries:

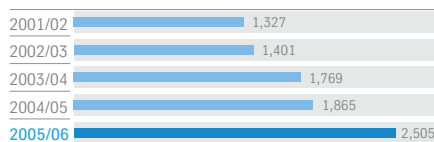
- Tubificio di Terni S.p.A. is a leading producer of welded stainless steel tubes, in particular for the automotive industry.
- Società delle Fucine S.p.A. is a longstanding open-die forging operation in Terni which can produce forgings of up to 220 metric tons and mainly serves the energy, plant construction, chemical, petrochemical and marine technology sectors.
- Terni-based ThyssenKrupp Titanium S.p.A., with its German subsidiary ThyssenKrupp Titanium GmbH, is the biggest producer of titanium in Western Europe, supplying titanium flat and long products to the chemical, plant construction and aerospace industries.

ThyssenKrupp Acciai Speciali Terni in figures

		2004/2005	2005/2006
Order intake	million €	2,174	3,061
Sales*	million €	1,865	2,505
Volumes*	1,000 metric tons	1,154	1,280
Employees (as of Sept. 30)		3,533	3,447

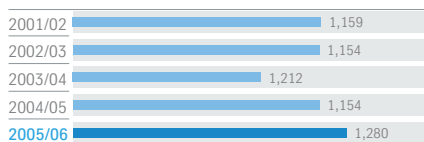
* unconsolidated

Sales million €



unconsolidated

Volumes in 1,000 metric tons



unconsolidated

THYSSENKRUPP MEXINOX

ThyssenKrupp Mexinox in San Luis Potosí is Mexico's only producer of cold-rolled stainless products. The company was established in 1976, and ThyssenKrupp Stainless acquired a majority interest in 1997. Since then, the plant has been continuously expanded and now has a cold-rolled capacity of around 250,000 metric tons. Most of the plant's starting material is hot-rolled strip from the group's European plants

THYSSENKRUPP MEXINOX
 PRODUCES MAINLY FOR
 THE NORTH AMERICAN MARKET.

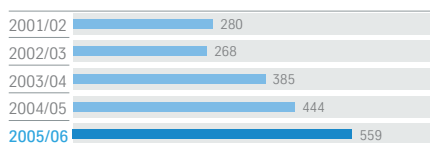
ThyssenKrupp Mexinox primarily serves the North American market, where ThyssenKrupp Stainless has now established a strong position through its broad range, high product quality and extensive service offering. Distribution on the domestic Mexican market is carried out via a network of seven warehouses, while exports to the USA – also a key market for Mexinox – are handled via the sales company ThyssenKrupp Mexinox USA in Bannockburn/Illinois and a warehouse in Brownsville/Texas.

ThyssenKrupp Mexinox in figures

		2004/2005	2005/2006
Order intake	million €	472	559
Sales*	million €	444	559
Volumes*	1,000 metric tons	261	286
Employees (as of Sept. 30)		1,230	1,321

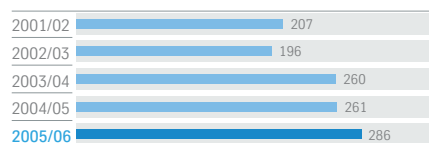
* unconsolidated

Sales million €



unconsolidated

Volumes 1,000 metric tons



unconsolidated

SHANGHAI KRUPP STAINLESS

Shanghai Krupp Stainless Co., Ltd., based in the Shanghai-Pudong industrial zone (People's Republic of China), is a joint venture established in 1998 between ThyssenKrupp Stainless AG, which holds a 60 percent majority interest, and the Shanghai Pudong Iron & Steel Group, part of the Baosteel group.

The plant started operation in November 2001 as a cold rolling mill with a capacity of around 80,000 metric tons per year. Since then it has been expanded in phases to its current capacity of around 300,000 tons. Shanghai Krupp Stainless procures part of its starting material from the group's European plants and part in the form of locally produced hot strip.

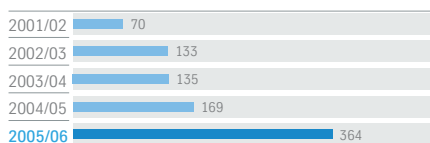
THE SHANGHAI COLD ROLLING MILL
NOW HAS A CAPACITY OF UP TO
300,000 TONS.

Shanghai Krupp Stainless in figures

		2004/2005	2005/2006
Order intake	million €	170	427
Sales*	million €	169	364
Volumes*	1,000 metric tons	117	199
Employees (as of Sept. 30)		534	570

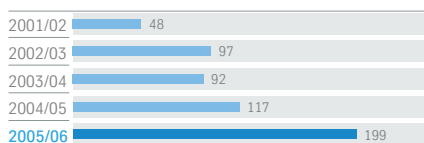
* unconsolidated

Sales million €



unconsolidated

Volumes 1,000 metric tons



unconsolidated

THYSSENKRUPP STAINLESS INTERNATIONAL

THYSSENKRUPP STAINLESS INTERNATIONAL IS STEADILY EXPANDING ITS DISTRIBUTION NETWORK.

ThyssenKrupp Stainless International is a wholly owned subsidiary of ThyssenKrupp Stainless. It is primarily responsible for distributing the group's stainless flat products in all markets where ThyssenKrupp Stainless does not have its own local production companies with sales organizations. For this it operates a broad distribution network with service centers in all major stainless consumption areas.

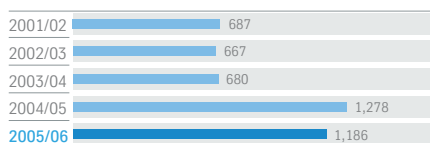
ThyssenKrupp Stainless International currently has service centers in Spain, the United Kingdom, France, Poland, Hungary, Turkey and China. It also has numerous sales companies around the globe, some holding their own stocks.

ThyssenKrupp Stainless International in figures

		2004/2005	2005/2006
Order intake	million €	1,297	1,244
Sales*	million €	1,278	1,186
Volumes*	1,000 metric tons	837	726
Employees (as of Sept. 30)		419	409

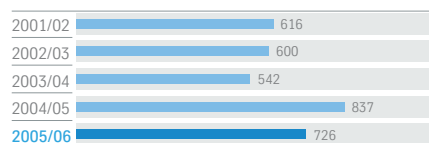
* unconsolidated

Sales million €



unconsolidated

Volumes 1,000 metric tons



unconsolidated

THYSSENKRUPP VDM

ThyssenKrupp VDM GmbH is a leading international supplier of high-performance nickel alloys, cobalt alloys and special stainless steels. The company supplies these products in the form of sheet, strip, bar and wire to customers in the energy, oil, gas, plant construction, aerospace and electronics sectors.

THYSSENKRUPP VDM IS
A WORLD-LEADING SUPPLIER OF
HIGH-PERFORMANCE ALLOYS.

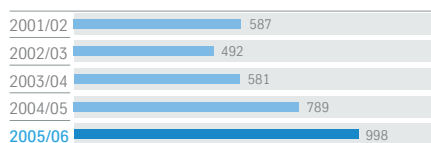
At its plants in Germany and the US facilities of subsidiary Precision Rolled Products, ThyssenKrupp VDM employs the latest technologies, particularly in the area of melting and remelting, to meet ever-increasing customer requirements.

ThyssenKrupp VDM in figures

		2004/2005	2005/2006
Order intake	million €	899	1,080
Sales*	million €	789	998
Volumes*	1,000 metric tons	49	46
Employees (as of Sept. 30)		1,760	1,746

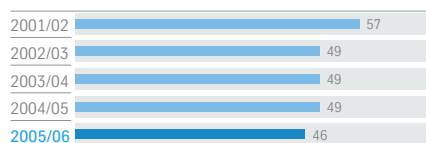
* unconsolidated

Sales million €



unconsolidated

Volumes 1,000 metric tons



unconsolidated

CONTACT

Editor

ThyssenKrupp Stainless AG
Kaiser-Wilhelm-Strasse 100
47166 Duisburg/Germany
Phone: +49 (0) 203 52-1
Fax: +49 (0) 203 52-5102
Internet: www.thyssenkrupp-stainless.com

Corporate Division Public Relations/Executive Affairs

Phone: +49 (0) 203 52-45130
Fax: +49 (0) 203 52-45132
E-Mail: stainless@thyssenkrupp.com

Design

CCS Werbeagentur GmbH

Photography

Manos Meisen, Birgit Eckart, Rainer Kaysers, André Laaks,
Karsten Enderlein, Siemens AG, Norsk Hydro ASA

*This report can be downloaded from the internet under:
www.thyssenkrupp-stainless.com*





