

Remarks

by

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and

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at the

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Ladies and gentlemen,

I, too, would like to welcome you to our press conference in Berlin. As Executive Board Chairman of ThyssenKrupp Stainless AG I would like to tell you something about the company, our strategy and the situation on the market for stainless steel.

ThyssenKrupp Stainless AG brings together all the activities of ThyssenKrupp in the fields of stainless steel flat products, nickel alloys and titanium. Since October 1, 2005 ThyssenKrupp Stainless has had the status of an independent segment within the ThyssenKrupp Group. This step was taken to reflect the increasing importance of stainless steel and high-performance materials as well as their specific market conditions and production processes. In its seven subsidiaries with plants in Germany, Italy, Mexico, China and the USA, ThyssenKrupp Stainless employs around 12,200 people in total. The Stainless group is world number one in stainless steel flat products and among the market leaders in high-performance materials.

Our strategic goal is to cement and grow these leading international market positions. Our growth strategy is founded on three main pillars: in stainless flat products securing our competitiveness in our core European market and further penetrating the attractive NAFTA market, and in high-performance materials expanding our business with nickel alloys and titanium. This forward strategy was rigorously continued in the 2006/2007 fiscal year just ended. Major investment projects to optimize production structures and increase capacity at our operating companies were implemented or launched to further strengthen the position of the Stainless group. In addition to the USA project, further three-digit-million investments are currently being carried out. These measures will create additional potential for further strengthening the profitability of the Stainless group.

A few months ago we announced the closure of the Turin plant of our Italian subsidiary ThyssenKrupp Acciai Speciali Terni. In the meantime the relocation of production to Terni has begun. With the re-commissioning of relocated and modernized equipment from Turin, the ramp-up of new production lines and the further expansion of the finishing line we are developing the Terni plant into a major integrated stainless mill of world standing. The investments in the forging plant of ThyssenKrupp Acciai Speciali Terni will enable us to make even larger and more complex forgings for highly demanding applications in the future. At ThyssenKrupp Nirosta, too, we will further widen our service offering with the continued expansion of the EBOR Edelstahl service center in Sachsenheim near Stuttgart. In the area of high-performance materials we will close a gap in rod production with the start-up of our

own forge at the Unna plant of ThyssenKrupp VDM in the first half of 2008, smoothing our entry into the aerospace market. At ThyssenKrupp Titanium, melting capacity for titanium ingots at the Essen plant will be significantly increased by two new special furnaces. The link with our stainless steel activities will allow us to expand our downstream capacities for coil, sheet and tube without additional investment.

Our investment in Alabama and the planned stainless mill under a joint project with ThyssenKrupp Steel is without doubt a milestone for ThyssenKrupp Stainless and a central element of our segment strategy. By moving directly into the USA we aim to significantly expand our business in North America. The Stainless group is already actively involved in the North American stainless market: our market share in the USA alone is over 10 percent. Most of these products come from our Mexican subsidiary ThyssenKrupp Mexinox. In addition, there are imports from our plants in Germany, Italy and China. Marketing is carried out by our well-established sales company in Chicago.

The share of ThyssenKrupp Stainless in the total project spend will be around 840 million euros. Our minimum requirement for investments is a return on capital of at least 15 percent. In the United States we will be building a complete plant for stainless steel flat products, including in particular a melt shop with electric arc furnace, AOD converter and continuous caster. The slabs it produces will be rolled into hot-rolled coil on a wide hot strip mill operated jointly with our sister company ThyssenKrupp Steel. Of this hot-rolled material, some 340,000 metric tons per year will be supplied as starting material to ThyssenKrupp Mexinox. A further roughly 475,000 tons per year will be marketed directly in North America as end products in the form of stainless hot-rolled and cold-rolled products.

Ladies and gentlemen,

ThyssenKrupp Stainless AG is making every effort to further improve its competitiveness. That we are on the right track is shown by our recent earnings figures. ThyssenKrupp Stainless ended fiscal year 2005/2006 with earnings of 423 million euros. This pleasing performance was bettered once again in the first three quarters of fiscal 2006/07. However, the parameters on the stainless market have changed temporarily. There are two main factors responsible for this. Firstly the trend in nickel prices. Nickel is an important alloying element which is a key determinant of the price of the so-called chrome-nickel steels, which account for the majority of stainless steels. Secondly, the current situation in the stainless industry is being massively impacted by imports of stainless flat products into Europe, especially from Asia and primarily from China.

In May 2006 the nickel price reached an unprecedented level of more than 50,000 US dollars per ton, an increase of almost 350 percent compared with the end of 2005. In the space of these one-and-a-half years the market price for nickel-containing stainless steels – which make up around two thirds of the stainless market – almost trebled. This situation caused major uncertainty among customers. Instead of chrome-nickel steels, end users began buying less expensive low-nickel grades. This development was not unexpected by us. We therefore developed a series of material alternatives and optimized their production and processing, which allows us to offer suitable low-cost solutions for almost all customer applications. We are confident that the unique material stainless steel, which recently recorded worldwide growth rates of 6 to 7 percent, will lose none of its importance in the future.

In parallel with the nickel price development, there was also the impact of the second factor I mentioned: the sharp rise in third-country imports to Europe, mainly from Asia and particularly from China, since the end of 2006. According to statistics of the industry association EUROFER, imports from Asia to Europe multiplied from around 10,000 tons per month up to mid-2006 to over 50,000 tons per month from late 2006. These high imports of stainless steel are an increasing problem for the European producers. The cause of this is the drifting apart of supply and demand due to the unbridled construction of new capacities in China. Producers there are trying to operate their mills to capacity and are offloading surplus quantities to distributors and service centers in Europe at below-cost prices.

The trend reversal in the nickel price that began in early June caused stockholding distributors to reduce their high inventories as quickly as possible, which resulted in a collapse in prices and the cancellation of orders from producers. In response to this situation, most European producers sharply reduced their production, particularly in the 3rd calendar quarter. To stabilize the market the Stainless group cut back production significantly in its European plants. This cutback mainly affected the chrome-nickel grades and in the 2nd half of the fiscal year just ended amounted to around 400,000 tons of crude steel output, or almost 30% of our European capacity. Our competitors also made similar production cutbacks. It is all the more surprising that despite significantly lower demand and increasing availability the nickel price has not fallen any further since mid-August and indeed has even begun to recover.

We face a situation in which high Asian imports at competition-distorting prices are causing harm to European stainless producers. We support free world trade, but not under these conditions. For this reason the European stainless producers now plan to move against im-

ports from China. The steel association EUROFER is therefore preparing to file an antidumping complaint with the European Commission.

As you can see, the Stainless group finds itself both in a changeable market environment and in an exciting phase of realignment. The prospects for our markets and our competitive position make me optimistic, despite all the current dislocations. We will continue the course we have chosen in this spirit. We have launched a whole series of investments and are working in many areas to further improve our cost position, productivity and service capabilities. The fiscal year ahead of us will be a year of transition for us – as regards both the market environment and the realization of many of our investments. I am convinced that the expectations we have placed in our extensive investments will be fulfilled in the near future. At any rate ThyssenKrupp Stainless is very well equipped to meet the challenges of the coming months and years.

Thank you for your attention!