

Government Commission on the German Corporate Governance Code

Press release

Berlin, March 11, 2005

Statement by Dr. Gerhard Cromme, Chairman of the Government Commission on the German Corporate Governance Code, on the bill announced by Federal Minister Zypries on the disclosure of management board compensation:

The decision by Federal Justice Minister Zypries to introduce a bill that would require individual disclosure of management pay, is consistent. In the past she repeatedly stated that a legislative solution would be introduced unless at least 80 to 90% of listed companies complied with the corresponding recommendation of the German Corporate Governance Code.

The current surveys by the Berlin Center of Corporate Governance show that 97% of the Code's 72 recommendations are met. Three years after its introduction, therefore, the record of the Code is successful. The trend with regard to the individual disclosure of executive pay is also positive in that 20 of 30 DAX companies have agreed to disclosure for all management board members and three further companies for the management board chairman.

The 80 to 90% requirement set by the government has not been met. It is therefore logically consistent that the Federal Justice Minister is introducing legislation. Voluntary disclosure will become mandatory. An opportunity for self-regulation has been missed.

It is gratifying that the salient points of the bill will closely reflect the existing Code recommendation. This means that ultimately a Code recommendation will become law.

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