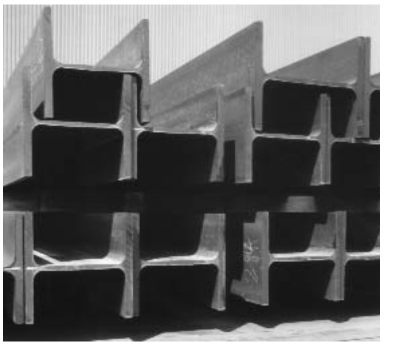
Interim Report | 1st Quarter 2007

SALZGITTER AG
Stahl und Technologie

Salzgitter Group in Figures

		1st Quarter 2007	1st Quarter 2006	Δ
Sales (consolidated)	**€ million**	**2,381**	**1,983**	**20 %**
Steel Division	€ million	723	607	19 %
Tubes Division	€ million	428	398	8 %
Trading Division	€ million	1,075	866	24 %
Services Division	€ million	131	93	42 %
Other/Consolidation	€ million	25	20	22 %
of which flat rolled products	€ million	1,059	988	7 %
of which sections	€ million	326	216	51 %
of which tubes	€ million	656	519	26 %
of which export share	%	50	56	-11 %
EBT from operations (before special items)	**€ million**	**325**	**199**	**64 %**
Earnings before tax (EBT)	**€ million**	**325**	**50**	**549 %**
Net income	**€ million**	**197**	**36**	**451 %**
Balance sheet total	**€ million**	**7,391**	**5,809**	**27 %**
Fixed assets	**€ million**	**1,679**	**1,943**	**-14 %**
Current assets	**€ million**	**5,712**	**3,866**	**48 %**
Inventories	€ million	1,688	1,425	18 %
Equity	**€ million**	**3,722**	**2,038**	**83 %**
Liabilities	**€ million**	**3,669**	**3,771**	**-3 %**
Non-current liabilities	€ million	2,190	2,074	6 %
Current liabilities	€ million	1,480	1,697	-13 %
of which due to banks	€ million	116	196	-41 %
Capital expenditure[1)]	**€ million**	**59**	**35**	**70 %**
Depreciation and amortization[1)]	**€ million**	**50**	**50**	**1 %**
Employees				
Personnel expenses	€ million	249	241	3 %
Period-average core workforce		17,045	17,020	0 %
Period-average total workforce		18,412	18,353	0 %
Crude steel production[2)]	**kt**	**1,748**	**1,822**	**-4 %**
Key figures				
Earnings before interest and tax (EBIT)[3)]	€ million	331	56	487 %
EBIT before depreciation and amortization (EBITDA)	€ million	381	106	259 %
Earnings per share (undiluted)	€	3.41	0.62	450 %
Return on capital emplyed (ROCE)[4) 5)]	%	30.8	8.8	
Cash flow	€ million	20	-113	

Disclosure of financial data in compliance with IFRS
1) Excluding financial assets
2) In regard of the participations in Hüttenwerke Krupp Mannesmann (and Vallourec in 2006)
3) EBT plus interest paid (excluding interest element in allocations to pension provisions)
4) EBIT in relation to the total of shareholders' equity (without calculation of accrued and deferred taxes), tax provisions, interest-bearing liabilities (excluding pension provisions) and liabilities from financial leasing, forfaiting and asset-backed securitization
5) Annualized

Summary

Outstanding start into the new financial year 2007

Thanks to the robust constitution of the global economy and the sustained upswing in Germany and Europe, demand for steel and tubes products continued to run at a high level, also in the first quarter of 2007. Buoyed by these excellent general conditions, the **Salzgitter Group** set new record figures in Group sales and operating profit for a 3-month period in the first quarter of 2007.

The 20 % increase in consolidated **external sales** reflected the currently excellent condition of all divisions. The largest contributions were made by trading and steel production. **Profit before tax** significantly outperformed the record figure ever posted for a quarter (without taking account of special effects) and, for the first time, surpassed the threshold of € 300 million. The Steel Division was the mainstay of earnings, followed by the Tubes and Trading divisions which were more or less at an equal level.

A high shipment volume and price increases – both for annual contracts and in the spot market business – served to raise the total and the external sales of the **Steel Division** substantially. Boosted by the stronger sections business and the decidedly gratifying earnings generated by flat steel and plate activities, pre-tax profit reached a new record high.

The positive business environment for tubes products also held steady in the reporting period. A marginal increase of shipping volumes in conjunction with a firmer selling price trend delivered very presentable results. The **Tubes Division's** large-diameter pipe and stainless steel tube product segments in particular contributed to raising sales and pre-tax profit.

Buoyed by the booming demand for steel, the first quarter of 2007 ran an extremely successful course for the **Trading Division**. Shipments and sales remained at the outstanding level of the third and fourth quarter in 2006. The German steel stockholding trade benefited especially from the great demand for steel and a firm price trend. In comparison with the year-earlier period, earnings before tax doubled.

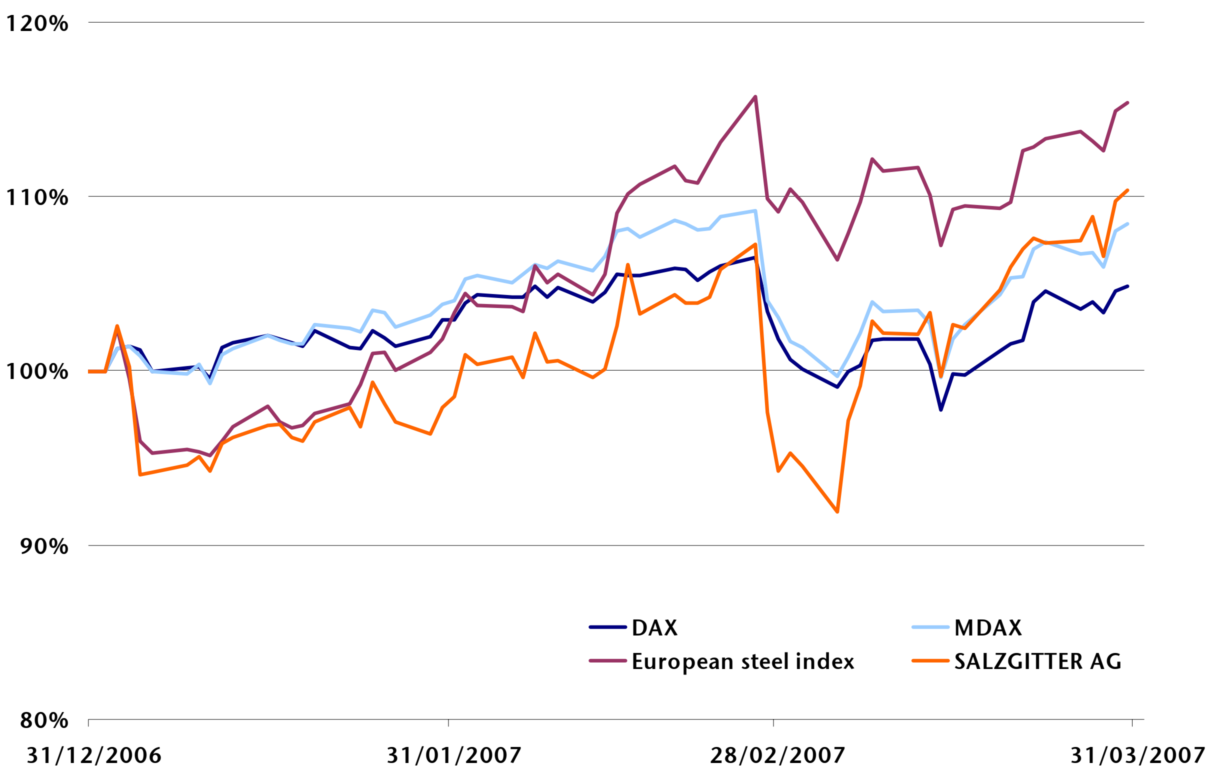
Against the supportive background of the excellent capacity utilization of the producing Group activities, companies belonging to the **Services Division** delivered pleasing results in the first quarter of 2007. Once again, the main contributing factor here was the excellent performance of Deutsche Erz- und Metall-Union GmbH, a company trading in raw materials.

In the **Others/Consolidation** segment, external sales, which are based on business in semi-finished products with external parties, rose marginally in the first quarter of 2007. Successful asset management, in conjunction with higher interest income from money investments which have gained substantially in value, resulted in a positive pre-tax profit.

Forecast: All in all, on the basis of currently available information and in view of expectations of the development of the procurement and sales markets, as well as of the general conditions, and taking account of the effects of the Profit Improvement Program, we expect the **Salzgitter Group to generate a pre-tax profit of around one billion euro in the ongoing financial year**. Express reference is made to the fact that opportunities and risks arising from currently unforeseeable trends in sales prices, input materials and capacity level developments, as well as changes in the currency parity, may considerably affect performance in the course of the remaining financial year 2007. The resulting fluctuation in the consolidated pre-tax result may, as experience has shown, be within a considerable range.

Investor Relations

Capital market and the performance of the Salzgitter stock



Sources: Xetra closing prices DBAG, Datastream STEELEU

Owing to the favorable economic trend, which exceeded expectations, the **stock markets** were distinctly bullish in the first two months of the year 2007. On February 28, however, an unexpected slump on the Shanghai stock exchange, which sent shockwaves around the world, caused gains achieved to date to be swiftly eroded. After a changeable start to March, a renewed uptrend set in which persisted until the end of the quarter and beyond. All in all, the DAX climbed 5 % in the first three months of the year 2007 and the MDAX 9 % as against year-end 2006.

Having closed the year 2006 at € 99.05, the **Salzgitter share** reached new highs right at the start of the new year. In the course of January, pessimistic analyst coverage about the constitution of the steel markets led temporarily to profit taking which, as early as the middle of the same month, then developed into another uptrend. At the end of February, across the board corrections took place on the global stock markets and exerted a negative impact also on the Salzgitter share. The results of the financial year 2006, which were published on March 8, 2007, and outperformed expectations, and the release of the news of the acquisition of the Klöckner-Werke AG on the same day, caused the share price to rally and to noticeably and sustainably surpass the level of € 100. On March 30, the share price reached a new all-time high of € 109.64. The Salzgitter share closed the first quarter of 2007 at € 109.32. Compared with year-end 2006, the share price performance stood at 10 % – again surpassing the leading indices – in the period under review.

In the first quarter of 2007, the **average daily turnover** of the Salzgitter share on German stock exchanges, which came to around 470,000, was marginally lower than the exceptionally high previous year's figure. Based on this trading volume, the Salzgitter AG share took third place in the current MDAX ranking list of Deutsche Börse AG. With a **free float market capitalization** of € 4.2 billion as per March 31, 2007, it also garnered third place in the MDAX ranking. Consequently, Salzgitter AG currently belongs to the group of potential candidates for admission to the DAX.

Since the start of 2006, Salzgitter AG has presented itself at an investor conference in Frankfurt and at a road show in London as part of its **capital market communication**. In addition, analysts and investors visited the plants in Salzgitter and Mülheim. After the release of the Annual Report 2006, the annual financial statements were presented and commented on at the extremely well attended analyst conferences in Frankfurt and London.

Since the beginning of the financial year, a total of 48 company reports and recommendations on the Salzgitter share have been published by 23 banks, along with financial publications with the following current **ratings** (as per March 31, 2007): 15 buy/outperform, 5 hold/neutral, 3 sell/underperform.

Treasury shares

As per March 31, 2007, Salzgitter AG held **5,690,451 treasury shares** in its portfolio. In comparison with the portfolio status as per December 31, 2006 (6,321,277 units), the number of shares had decreased by 630,826.All in all, 710.140 shares were dispensed in the period under review and used for the following purposes: 124 shares at an average price of € 103.36 in lieu of payment for the services of third parties, 379,827 shares in exchange for 2,000,000 shares of Klöckner-Werke AG and 900,000 shares of RSE Grundbesitz und Beteiligungs-AG, 330,050 shares at an average price of 95.44 € to obtain additional shareholders and 139 shares for free or as a bonus to members of the workforce. In return, in accordance with the authorization given by the General Meeting of Shareholders held on June 8, 2006, a total of 79,314 shares were purchased at an average price of € 101.90. (Regarding the shareholdings in Klöckner-Werke AG and RSE Grundbesitz- und Beteiligungs-AG please see chapter “Events of significance”.)

Information for investors

		Q1 2007	Q1 2006
Nominal capital as of 31/03	€ million	161.6	161.6
Number of shares as of 31/03	million	63.2	63.2
Number of shares outstanding as of 31/03	million	57.5	56.9
Market capitalization as of 31/03 [1)2)]	€ million	6,289	3,456
Price as of 31/03 [1)]	**€**	**109.32**	**60.75**
High 01/01/ - 31/03/ [1)]	€	109.64	66.00
Low 01/01/ - 31/03/ [1)]	€	88.13	45.21
Security identification number	620200		
ISIN	DE0006202005		

1) All data based on prices from XETRA trading

2) Calculated on the basis of the respective closing price at the end of the period multiplied by the number of shares outstanding per this date

Management Report

Economic environment

The positive **global economic** trend also persisted in the first quarter of 2007 as the economies of Asia and Europe continued to prosper. During the reporting period, however, the economic momentum of the USA slowed as a result of the crisis in the US real estate market. By contrast, economic output in China rose unexpectedly sharply in the first quarter of 2007 despite government measures geared to cool heated economic growth. In other Asian countries as well, and in Eastern Europe, the upswing continued unabated. The International Monetary Fund currently estimates global economic growth for the whole of 2007 at +4.9 %, down from +5.4 % in 2006.

In the first three months of 2007 the economic environment in the **euro zone** remained stable in a year-on-year comparison, contrary to expectations. Private consumption, capital expenditure and exports progressed at a very gratifying level. The corresponding increase in tax revenue enables many EU-countries to pursue the consolidation of their state finances and a more expansionary fiscal policy. In their spring forecasts, Germany's leading economic research institutes have raised their growth expectations for 2007 as a whole, from +2.1 % to +2.5 %.

Economic momentum in **Germany** returned to a normal level during the reporting period as the effects of upfront buying due to the value added tax (VAT) hike on January 1, 2007 ceased when the VAT increase became effective. Contrary to predictions, however, industrial production did not fall, as the impact of the rise in VAT is likely to have been compensated not for the least by effects resulting from the mild winter. The major German economic research institutes have issued optimistic outlooks on year 2007 in view of the healthy employment situation and its positive impact on domestic demand, as well as the continuation of prospering foreign trade. The spring forecasts predict an economic growth of +2.4 % for Germany in 2007.

Business situation within the Group

		Q1 2007	Q1 2006
Crude steel production[1]	kt	1,748	1,822
External sales	**€ million**	**2,381**	**1,983**
EBITDA[2]	€ million	380.9	106.0
EBIT[2]	€ million	330.8	56.4
EBT from operations (before special items)	**€ million**	**325.4**	**198.9**
Earnings before tax (EBT)	**€ million**	**325.4**	**50.2**
Net income	**€ million**	**196.6**	**35.7**
ROCE[3] [4]	**%**	**30.8**	**8.8**
Capital expenditures[5]	€ million	59.0	34.6
Depreciation and amortization[5]	€ million	50.1	49.6
Cashflow	€ million	20.3	-113.2
Net position to banks[6]	**€ million**	**2,304**	**803**
Equity ratio	%	50.4	35.1
Core workforce	as of 31/03/	17,059	16,979
Apprentices, students, trainees	as of 31/03/	896	868

[1] Calculated on the basis of the shareholdings in Huettenwerke Krupp Mannesmann (and Vallourec in 2006)

[2] EBIT = EBT plus interest paid (excluding interest element in allocations to pension provisions); EBITDA = EBIT plus depreciation and amortization

[3] EBIT in relation to the total of shareholders' equity (without calculation of accrued and deferred taxes), tax provisions, interest-bearing liabilities (excluding pension provisions) and liabilities from financial leasing, forfaiting and asset-backed securitization

[4] Annualized

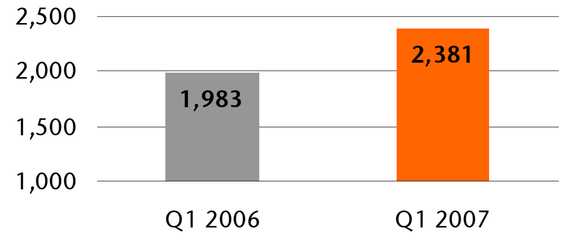
[5] Excluding financial assets

[6] Including securities and structured investments

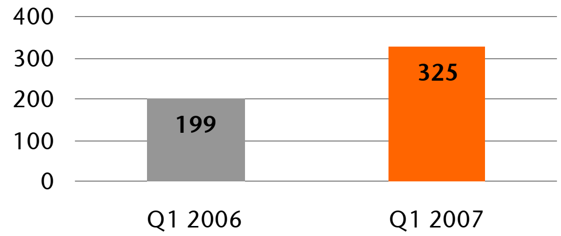
Thanks to the robust constitution of the global economy and the sustained upswing in Germany and Europe, demand for steel and tubes products continued to run at a high level, also in the first quarter of 2007. Buoyed by these excellent general conditions, the Salzgitter Group set new record figures in Group sales and operating profit for a 3-month period in the first quarter of 2007.

The 20 % increase in consolidated **external sales** to € 2.38 billion reflected the currently excellent condition of all divisions, whereby trading and steel production made the major contributions.

Group-External Sales (in € million)

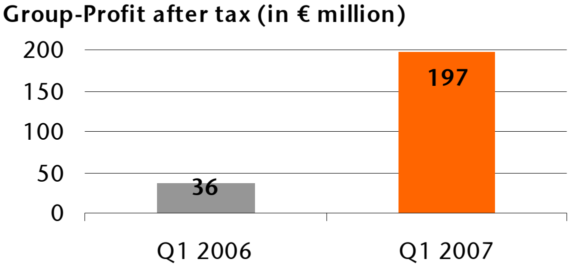


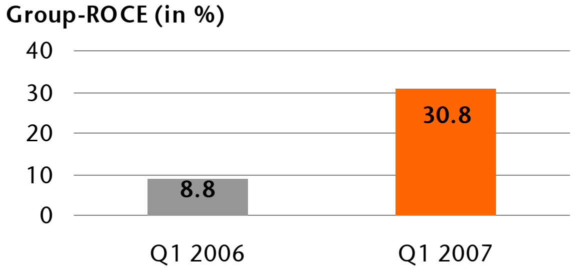
Group-EBT from operations (in € million)



Profit before tax of € 325.4 million, generated exclusively by operations, notably exceeded the former record figure (excluding special effects) for a quarter. The record level achieved for pre-tax profit to date was € 286.3 million in the final quarter of 2006. This achievement clearly outperforms the result of the year-earlier period (EBT of the first quarter 2006: € 50.2 million, including € 148.7 million in expenses from hedging transactions; comparable operating EBT: € 198.9 million). The mainstay of earnings was the Steel Division, followed by the Tubes and Trading divisions which were more or less equal.

In the first quarter of 2007, **profit after tax** came to € 196.6 million; **earnings per share** were calculated at € 3.41. **Return on capital employed** stood at 30.8 %.





In the first three months of 2007, the **total assets** of the Salzgitter Group grew by € 413 million to € 7.39 billion (December 31, 2006: € 6.98 billion). Whereas **fixed assets** rose by a mere 3 % to € 1.68 billion (December 31, 2006: € 1.63 billion), **current assets** climbed 7 % to € 5.71 billion (December 31, 2006: € 5.33 billion). The main influence was the € 227 million increase in trade receivables which was due to the expansion in business volume.

On the liabilities side, the success of the period is reflected in **equity** which expanded from € 265 million to € 3.72 billion (December 31, 2006: € 3.46 billion). In line with current assets, **current liabilities** also rose, but only by € 145 million (March 31, 2007: € 1.48 billion; December 31, 2006: € 1.33 billion). **Long-term liabilities** of € 2.19 billion remained virtually unchanged (December 31, 2006: € 2.19 billion).

Investments in property, plant and equipment, including intangible assets, exceeded the amount of depreciation and amortization and came to € 59 million in the reporting period. Of this amount, € 43 million was attributable to the **Steel Division**; noteworthy in this context is the "Kraftwerk 2010" measure, the new Continuous Pickling Line 2 and the hot strip cut-to-length line.

The **"Steel 2012" growth concept** was presented to the public in March. The concept comprises a number of medium and large-scale investment projects for the plants of the Steel Division such as, for instance, expanding the capacity of the electric steel plant in Peine by adding a second electric arc furnace, as well as extensive investments in the continuous casters and rolling mills in the plants of Salzgitter, Peine and Ilsenburg. These measures are intended to gradually raise crude steel capacity by 1.3 million tons/year. Along with reducing the volume of material purchased by producing companies from external parties, the goals are to expand the product program, as well as to raise the efficiency of facilities. All in all, the capital needed to implement the projects in the years up to 2012 comes to an estimated € 1.4 billion, an amount of which about half can be financed by funds from ongoing depreciation.

The **Tubes Division** is currently in the process of widening the product range of Mannesmann Fuchs Rohr GmbH (24" tube mill); moreover, Europipe subsidiary Berg Steel Pipe Corp. has chosen Mobile, a town in the State of Alabama, USA, as the site of its new spiral welded pipe mill.

Despite the reporting date-induced increase in trade receivables, **operating cash flow** of € 20.3 million remained positive. The **net position to banks**, including financial investments which are not disclosed under cash and cash equivalents, had risen to € +2.30 billion (December 31, 2006: € +2.28 billion; March 31, 2006: € +803 million).

The **core workforce** of the Salzgitter Group came to 17,059 employees as per March 31, 2007. The increase of 167 persons as against December 31, 2006, was mainly due to hiring trainees in the Services Division, as well as to raising the number of employees in the Tubes Division. In a breakdown by division, there were the following changes: Steel -43, Tubes +73, Trading +5, Services +131 and Holding +1.

Steel Division

		Q1 2007	Q1 2006
Order bookings	kt	1,473	1,690
Order backlog as of 31/03/	kt	1,288	1,254
Crude steel production	kt	1,324	1,421
LD steel (SZFG)	kt	1,054	1,183
Electric steel (PTG)	kt	270	238
Rolled steel production	kt	1,411	1,389
Shipments	**kt**	**1,454**	**1,452**
Rolled steel	kt	1,398	1,397
Processed products	kt	56	55
Sales[1)]	€ million	1,007	836
External sales	**€ million**	**723**	**607**
Earnings before tax (EBT)	**€ million**	**181.5**	**104.3**
Core workforce	as of 31/03/	6,787	6,968

[1)] Incl. sales to other corporate divisions

Boosted by the positive economic environment, the stable demand for steel gave European steel producers an outstanding start into the new year, particularly as there was virtually no seasonally-induced weakening of business typical to the winter months. Capacity utilization in the steel processing sectors of the EU was so good that even the relatively high amount of steel imports from countries outside the EU were absorbed by consumers and therefore did not result in oversupply. This is also substantiated by indicators for the inventory situation of steel stockholders that recorded an increase in inventories and a concurrent rise in the volume of stock leaving the warehouse so that, from this standpoint, there is no indication of a critical **supply and demand situation**. In the case of some products, there are even signs of potential supply bottlenecks.

During the period under review, EU **selling prices** ran at an extremely high level in an international comparison, which in essence enhanced the attractiveness of European markets for the import business. As from January, however, international steel markets staged a recovery, especially the US market, with the result that, at the end of March, American prices at least had realigned themselves with the EU level.

A major reason for the rise in selling prices was the higher cost of purchasing **raw materials** over the course of the new financial year. With the conclusion of lead negotiation agreements on prices in 2007 for iron ore valid worldwide, another significant increase in the price of this raw material was fixed; on a US-dollar basis, there were price increases of between 7 % and 10 % free shipping port depending on the type and provenance. By contrast, the lead price for coking coal was reduced 16 % for the 12-month period starting from April. The freight rates for the shipping of iron or and coal soared by 37 % in the course of the first quarter. During the same period, scrap prices advanced to a level of more than €/t 230 so that taking account of the volumes needed for steel production, the costs of raw materials rose again. Not even the positive trend in the dollar was able to compensate for this development.

In the first three months of the financial year, **Salzgitter Flachstahl GmbH** (SZFG) continued to produce at a consistently high level. A four-week shutdown of Blast Furnace B in March for scheduled maintenance work on the top part of the lining of the furnace caused the production of crude steel to fall around 11 % below the volume produced in the previous year's period; at the same time, rolled steel production and shipment declined only marginally owing to the pre-production of slabs. Although the aggregated order intake of SZFG was below the exorbitant record figure of the first quarter of 2006, it remained at a very satisfactory level, as did the order book which contracted by around a mere 4 %. In the process or renegotiating annual contracts at year-end and into the new year, with the automotive sector for instance, we were able to implement price increases which compensated for the huge rise in costs in 2006 and of raw materials in the current year, especially for zinc. Improvements in selling prices were also implemented in the quarterly business. Sales of SZFG in the first quarter therefore exceeded the year-on-year figure by 8 %, and pre-tax profit climbed even more sharply.

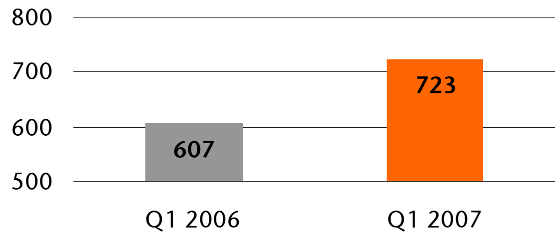
The pleasingly upbeat business performance of **Ilsenburger Grobblech GmbH** (ILG) of the previous quarters also held steady, as the heavy plate market had a stable start into 2007, due to both prices and demand. The order books of the plate-processing sectors have secured capacity in almost all product segments in 2007 and, partly, up until the start of 2008. This gave rise to supply bottlenecks in high grade products and in a number of product dimension categories, although imports in the commodity segment from countries outside the EU rose at the same time. In the wake of brisk demand, the order intake of ILG was most gratifying though it was below the record figure of the first quarter of 2006. Orders on hand fell only marginally short of the record high of the previous quarter. Sales and pre-tax profit set new record figures which were considerably higher in a year-on-year comparison.

The ongoing, sustained upswing in the German as well as the European construction industry ensured that demand in the first three months of the current year remained at a high and steady level. Accordingly, the favorable business situation of **Peiner Träger GmbH** (PTG), which had begun to develop back in the spring of 2006, stabilized. As order intake was only marginally lower than the highest volume to date seen in the year 2004, orders on hand in the reporting period set a new record. Both figures were higher year on year. Owing to a very gratifying sales price trend and the steadily rising volume of shipments, sales and in particular the pre-tax result of PTG posted a sizeable increase in comparison with the previous quarters and last year's figures and achieved new benchmark levels.

Salzgitter Bauelemente GmbH also continued to benefit from the recovery in the construction sector and, with stable shipments and firm selling prices, raised sales and profit before tax as against the first quarter of 2006. **HSP Hoesch Spundwand und Profil GmbH** lifted shipments and sales in a year-on-year comparison. Earnings before tax were positive and improved versus the previous year's figure. With shipments and sales in a slight downtrend, **Salzgitter Europlatinen GmbH** nearly matched the pre-tax profit of the previous year's period.

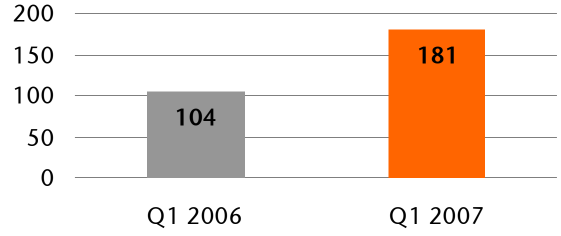
The combined **shipments** of rolled steel and the processed products of the Steel Division were still trading at the excellent level of the previous year. **Total sales and external sales** of the Division set new records as, in addition, the average selling prices of products were higher year on year.

Steel-External sales (in € million)



Thanks to the further strengthening performance of PTG and the absolutely gratifying contributions of SZFG and ILG, the **pre-tax profit** of the Steel Division outperformed the previous year's figure by around 75 %. The result marked an new high for the producing steel activities of the Salzgitter Group.

Steel-EBT (in € million)



In the first quarter of 2007, the **consolidated order intake** of the Division was 13 % lower than the record figure of the year-earlier period. By contrast, **orders on hand** grew by as much as 3 %, thereby ensuring that capacity utilization, for the most part, will be at a high level in the months ahead.

In respect of the **investment plans of the Steel Division**, the main focus in the reporting period was on securing the scheduled implementation of major projects currently under way, in particular of the Continuous Pickling Line 2 and the new power plant: The project **"Continuous Pickling Line 2"** is progressing as scheduled. Along with the building complex, the foundations for the facilities have been laid for the most part, and assembly work on the first plant components has begun. The plant has been scheduled to go into operation in March 2008. The planning work on the new **power plant** is being consistently expedited. At present, tenders are being invited for larger portions. The implementation of assembly sections already awarded is underway, as scheduled.

All other projects which are still at the implementation phase are within budget and on schedule.

As per March 31, 2007, the **core workforce** comprised 6,787 employees. Compared with December 31, 2006, the workforce has thus been reduced by 43 employees and, as against March 31, 2006, by 181 employees. The main reason for the decline was the entry of employees into the active phase of age-related part-time employment and the associated reallocation to Salzgitter Service und Technik GmbH in the Services Division.

Management Report

Tubes Division

		Q1 2007	Q1 2006
Order bookings	€ million	679	358
Order backlog as of 31/03/	€ million	1,740	1,168
Sales[1)]	€ million	591	503
External sales	**€ million**	**428**	**398**
Earnings before tax (EBT)	**€ million**	**65.5**	**62.2**
Core workforce	as of 31/03/	4,264	4,202

[1)] Incl. sales in own segment (excluding intra-company sales in the DMV Group, EP Group and MFR Group) and to other corporate divisions

In the first quarter of 2007, the constitution of the international **market for steel tubes** was excellent. Brisk demand from the energy sector in particular ensured that the capacity utilization of the manufacturers of large-diameter pipes and oil field tubes remained at a high level. In addition, the generally stable economic environment also had a favorable impact on all other sectors which are customers of tubes manufacturers, with the result that the delivery times for many tubes products were considerably prolonged.

All companies belonging to the Tubes Division reaped the benefit of a very healthy market in the reporting period. The product segments developed as follows:

Owing to unusually high order intake, the **large-diameter pipes** business saw capacity utilization running at levels that were way above average. In the first quarter, further pipeline projects were booked in Europe, Russia and the Middle East. Both Europipe GmbH (EP) and Salzgitter Großrohre GmbH have meanwhile reached an order level which almost fully utilizes capacity in 2007. Some of the orders received will even last into the year 2008. Due to the ongoing good capacity utilization, shipments of both companies remained virtually unchanged from the previous year's level during the reporting period, while sales increased notably owing to the selling price trend. Profits before tax were considerably higher than in the first quarter of 2006.

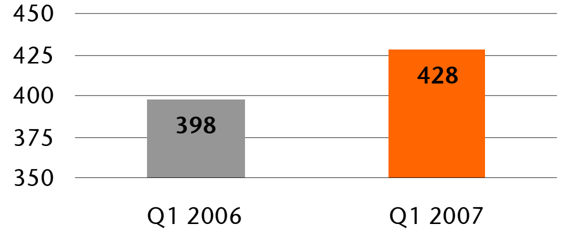
The conducive market environment and brisk project business for **medium-line pipes** enabled Mannesmann Fuchs Rohr GmbH, a company operating in this product segment, to raise sales and, to an even greater extent, the pre-tax result, despite a marginal decline in shipments. Both order intake and orders on hand on March 31, 2007, were above the figures of the first quarter of 2006.

MHP Mannesmann Präzisrohr GmbH and Mannesmann Robur B.V., both companies which produce **precision tubes**, recorded brisk order activity from automotive suppliers and the engineering sector, especially from manufacturers of hydraulic and pneumatic products, as well as from stockholding companies in the first three months of 2007. In the reporting period, shipment volumes and sales outperformed the figures of the first three months of 2006. Pre-tax profit grew by an above-average rate.

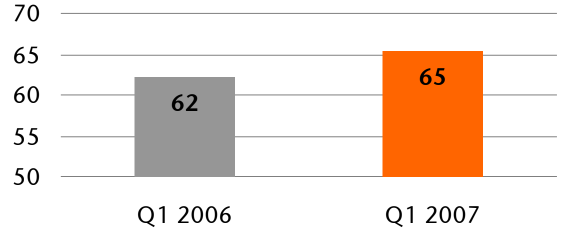
The persistently high level of nickel prices did not exert a negative impact on the business activities of manufacturers of **stainless steel tubes** in the first quarter of 2007. Boosted by the ongoing high demand from energy-related industries, and especially from power plant construction, new orders and orders on hand of Mannesmann DMV Stainless GmbH (DMV) rose, along with shipments and sales. Pre-tax profit doubled.

During the reporting period, the **external sales** of the **Tubes Division** climbed 8 % to € 428 million as against the previous year's figure. The main drivers behind this development were the large-diameter tubes segment and DMV.

Tubes-External sales (in € million)



Tubes-EBT (in € million)



Owing to the substantial improvement in the results of all product segments, **profit before tax**, which came to € 65.5 million, very clearly exceeded the previous year's comparable figure of € 31.2 million. The total amount of profit generated by the Tubes Division in 2006, which amounted to € 62.2 million, comprised € 31.0 million due to the Vallourec participation which was disinvested at a later date.

Consolidated **order intake** of the Division as per March 31, 2007, posted approximately € 680 million, and were thus around 90 % higher year on year. This increase was primarily attributable to the large-diameter pipes and stainless steel tubes product segments. **Orders on hand** improved 11 % in the first quarter of 2007 in comparison with the start of the year to reach a new record figure of € 1.74 billion.

As per March 31, 2007, the **core workforce** of the Division had risen by 73 people as against December 31, 2006, and by 62 people in comparison with December 31, 2006, to reach a total of 4,264 employees. The change resulted from hiring new employees in the producing companies in response to the healthy order book netted with the reduction in personnel arising from the deconsolidation of Eupec PipeCoatings, France, in 2006.

Trading Division

		Q1 2007	Q1 2006
Shipments	kt	1,819	1,527
Sales[1]	€ million	1,267	969
External Sales	**€ million**	**1,075**	**866**
Earnings before tax (EBT)	**€ million**	**64.8**	**30.1**
Core workforce	as of 31/03/	1,840	1,710

[1] Incl. sales in own segment and to other corporate divisions

International **steel trading** was buoyed by the flourishing global economy in the first quarter of 2007 as well. Along with the upswing in the EU and in Germany in particular, the fact that the seasonal tailing off of demand typical to the winter period did not materialize ensured brisk business activities of steel stockholding companies. In international trading, the dampening of demand caused by concerns about the US economy was offset by higher demand from Africa, the Middle East and other regions of Asia.

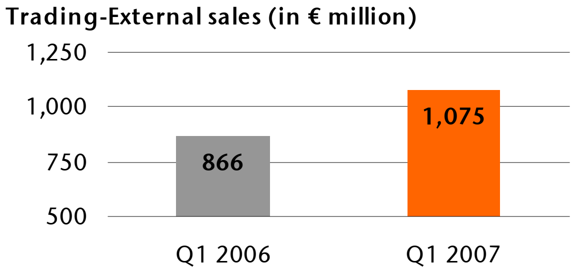
In the first quarter of 2007, the companies of **Salzgitter Mannesmann Handel Group** (SZMH) took advantage of the positive market environment, thereby achieving a repeat of their successful performance in 2006. The **steel stockholding** companies benefited from the healthy order books of European steel processing companies, in particular customers in the construction industry. Selling prices remained at a high level, not least also due to support from rising import prices. Driven by higher volumes of shipment, sales and, in particular, profit before tax, exceeded figures of the first quarter of 2006 significantly. In the reporting period, the **international trading** operations of Salzgitter Mannesmann International GmbH also raised shipment and sales as against the previous year's period. Alongside brisker project business, this was attributable to high-volume business in input materials for Salzgitter's production companies. Companies operating in North America were an exception, as the slowdown in the construction sector in the USA had the effect of curbing demand. The result of trading activities improved marginally.

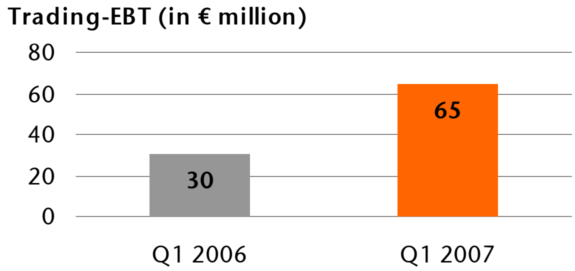
Universal Eisen und Stahl GmbH, a company specialized in heavy plate trading, recorded another very successful quarter. Along with the still buoyant core business, the company benefited from expanding the capacity of flame-cutting operations and from brisk demand for cut plate. With shipments remaining stable, sales in the first quarter of 2007 increased considerably as against the year-earlier period. Pre-tax profit doubled.

The steel service center **Hövelmann & Lueg GmbH** lifted shipments and sales in the first three months of 2007 in comparison with the first quarter of 2006. The drivers of this trend were improved selling prices for hot-rolled and coated products, as well as generally improved shipment volumes. Pre-tax profit advanced only marginally due to higher purchase prices.

The participation in **Robert SAS**, a French steel service center, was sold to the joint venture partner in the first quarter, and deconsolidation took place with retrospective effect as of September 30, 2006. Consequently, no results were disclosed for this company in the reporting period. The commercial relationships between Salzgitter Group companies and Roberts SAS will continue.

The **external sales** of the **Trading Division** rose 24 % to € 1.07 billion as against the first three months of 2006. Accordingly, quarterly sales reached the threshold of more than one billion euros for the third time in a row. Boosted by the contributions of the steel stockholding companies of the SZMH Group and of UES **profit before tax** doubled to € 64.8 million as against the first three months of 2006.





As per March 31, 2007, the **core workforce** of the Division had risen by 5 people compared with December 31, 2006, and by 130 people compared with March 31, 2006, to reach a total of 1,840 employees. The main reasons for the change were the takeover of Flachform Stahl GmbH by HLG and an increase in the personnel of UES.

Services Division

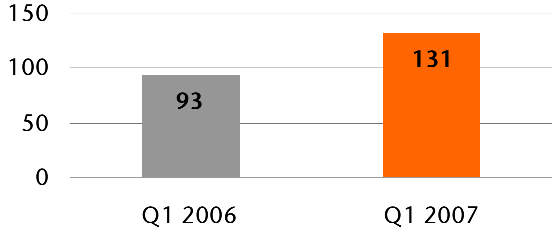
		Q1 2007	Q1 2006
Sales[1)]	€ million	296	236
External sales	**€ million**	**131**	**93**
Earnings before tax (EBT)	**€ million**	**8.1**	**5.7**
Core workforce	as of 31/03/	4,047	3,981

[1)] Incl. sales in own segment and to other corporate divisions

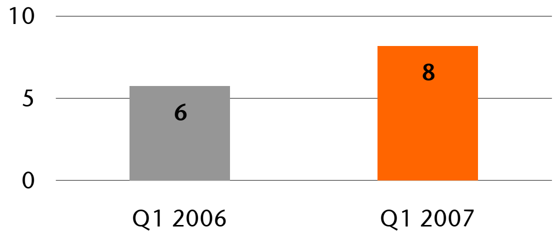
The healthy economy and the brisk demand for services emanating from companies of other divisions and external customers brought about a upward development of the Services Division's companies in the first quarter of 2007.

In the first three months of 2007, **total sales** of the Division reached a new record level of just under € 300 million (+26 % as against the first quarter of 2006). This trend was mainly attributable to the increase in the sales of Deutsche Erz- und Metall-Union GmbH (DEUMU), a company trading in raw materials, caused by higher sales volumes and firmer scrap and industrial metal prices. The **external sales** of the Division rose 42 % to € 131 million, also primarily owing to DEUMU.

Services-External sales (in € million)



Services-EBT (in € million)



Pre-tax profit climbed 42 % to € 8.1 million as against the first quarter of 2006, with a major part again being contributed by DEUMU and SZST Salzgitter Service und Technik GmbH.

Salzgitter Mannesmann Forschung GmbH (SZMF) coordinates as the central research entity the product and process research efforts for the entire Group. Focal points of the **R&D activities** are the development of high-strength strip, plate and large-diameter pipes as well as of precision tubes. In the period under review, special emphasize was put on the development of strip cast technology with the goal of implementing research results in a pilot plant.

Employing trainees and reallocating staff under the partial retirement regulations from other Group companies to Salzgitter Service und Technik GmbH were the reasons for the increase in the **core workforce** of the Division by 131 employees as per March 31, 2007, as compared with December 31, 2006, and by 66 employees as per March 31, 2006. These changes brought the total number of employees to 4,047.

Others/Consolidation

In the segment Others/Consolidation **external sales**, which are based on business in semi-finished products with external parties, rose marginally in the first quarter of 2007 to € 25 million (first quarter of 2006: € 20 million). Successful asset management, in conjunction with higher interest income from money investments which have gained substantially in value, lifted **profit before tax** notably (first quarter of 2007: € 5.6 million). The pre-tax result of the first quarter of 2006, which came to € -152.3 million, was burdened by special expenses of € 148.7 million for a hedging transaction which was later closed out.

Management Report

Outlook

The current general conditions for the Salzgitter AG companies can continue to be regarded as excellent. Accordingly, the business activities of the **Salzgitter Group**, underpinned especially by the sustained upswing in Germany and Europe, should remain at their current level. However, as in every year, seasonal effects, such as downtime for scheduled maintenance and repair work on our plants or interruptions in customer operations could still impact on the production in the third and fourth quarter.

In the **Steel Division**, the price hikes implemented as per April 1 compensated for the increase in the cost of raw materials and energy. Brisk demand in the rolled steel product segments is set to guarantee high capacity utilization of production facilities in the months ahead.

Good capacity utilization should also persist in the **Tubes Division** in the coming quarters. The record level of orders has secured capacity utilization in most of the plants up until and into the fourth quarter of 2007, while in some companies, capacity utilization extends even beyond the fourth quarter.

In the course of the current year, the business activities of the **Trading Division** are likely to benefit from the expanding consumption of steel in Germany, Europe and the rest of the world. However, gross margins may well normalize owing to the increase in replacement costs. In addition, significant risks are harbored in the steady weakening of the US economy, as well as in the potential for political tensions escalating, particularly in the Middle East.

The very gratifying condition of the **Services Division** is likely to persist in 2007 thanks to the strong demand emanating from internal and external customers.

All in all, on the basis of currently available information and in view of expectations of the development of the procurement and sales markets, as well as of the general conditions, and taking account of the effects of the Profit Improvement Program, we expect the **Salzgitter Group to generate a pre-tax profit of around one billion euro in the ongoing financial year**. Express reference is made to the fact that opportunities and risks arising from currently unforeseeable trends in sales prices, input materials and capacity level developments, as well as changes in the currency parity, may considerably affect performance in the course of the remaining financial year 2007. The resulting fluctuation in the consolidated pre-tax result may, as experience has shown, be within a considerable range.

Events of significance

On February 7, 2007, the sale of Salzgitter AG’s 50 % stake in **Robert SAS** and its three subsidiaries to COFIP SAS was concluded. At the same time, it was agreed that Salzgitter Flachstahl GmbH should continue to be a major supplier of Robert. The sale and the deconsolidation of the participation was carried out on September 30, 2006, with retrospective effect.

On March 8, 2007, Salzgitter AG signed a contract with the insolvency administrator of the WCM Group, Frankfurt-am-Main, on the purchase of 77.9 % of the shares of **Klöckner-Werke AG**, Duisburg. As part of the package, a 71 % holding in RSE Grundbesitz und Beteiligungs-AG (RSE), Frankfurt am Main, will be also be transferred. Klöckner-Werke AG holds 26.6 % in RSE. Furthermore, notification was released on March 15, 2007, that the Salzgitter Group had acquired another 5.1 % of the Klöckner-Werke shares. On March 21, 2007, the

Executive Board of Salzgitter AG made known its decision and intention to submit a voluntary offer of € 15 per share for the Klöckner-Werke shares in free float (17 %). Detailed documentation on the offer was published in the electronic Bundesanzeiger (German Federal Gazette) on April 30, 2007, and on the web site of Salzgitter AG (www.salzgitter-ag.de).

Klöckner-Werke AG is an industrial holding with subsidiaries operating worldwide. Its business is concentrated in Dortmund-based KHS AG, which manufactures bottling and packaging machinery in Germany, the USA, Brazil, Mexico, India and China. Other activities are located in mechanical engineering, as well as robot and automation technology. The Klöckner-Werke Group has more than 5,000 employees worldwide and generated sales of € 872.5 million in the financial year 2006. The purchase is still subject to approval by the anti-trust authority responsible.

On March 13, 2007, the Management Board of Salzgitter AG made known its decision to discontinue discussions with **Algoma Steel Inc.**, Sault Ste. Marie, Ontario, Canada, concerning a possible takeover of the Canadian steel producer.

Moreover, contractual negotiations on the purchase of **Vallourec Précision Etirage** (VPE) and the V&M plant in Zeithain from Vallourec SA, Paris, are still being held. More time is needed than originally envisaged owing to the removal of both companies from the affiliated group of Vallourec and the restructuring of complex delivery and services relationships. At present, both parties – under the proviso that the antitrust authority responsible grants approval – assume that closing will take place in the second quarter of 2007.

Salzgitter AG is currently investigating further **acquisition possibilities** in Germany and abroad.

Special news

Dr. **Gunther Krajewski**, Hannover, Ministerialdirigent, Department Head at the Ministry of Finance of Lower Saxony until November 30, 2006, laid down his Supervisory Board mandate on December 31, 2006. He had been active as a member of the Supervisory Board of the company since April 23, 1998, in the capacity of representative of the shareholders. In his place, the District Court of Braunschweig appointed Dr. **Lothar Hagebölling**, Braunschweig, State Secretary, Head of the State Chancellery of Lower Saxony, by way of resolution with effect from January 1, 2007, until the next Annual Shareholders’ Meeting.

With effect from March 31, 2007, Dr. **Wilfried Lochte**, the Chairman of the Supervisory Board of Salzgitter AG, following a successful eight-year tenure, handed over the office of Chairman of this executive body to Rainer Thieme. Dr. Lochte will remain a member of the Supervisory Board until the end of his period of office, that is, until the General Meeting of Shareholders on May 21, 2008. The Supervisory Board has elected Dr. Lochte as Honorary Chairman in the light of his commendable activity on behalf of Salzgitter AG. In its meeting held on March 28, 2007, the Supervisory Board elected **Rainer Thieme** as Chairman of the Supervisory Board with effect from April 1, 2007. Mr Thieme has been a member of the Supervisory Board since 2004. Between 1990 and 2002, Mr. Thieme was the Chairman of the Management Board of Wilhelm Karmann GmbH, Osnabrück.

I. Consolidated Income Statement

in T€	1st Quarter 2007	1st Quarter 2006
Sales	2,381,465	1,983,410
Increase or decrease in finished goods and work in process and other own work capitalized	19,368	-5,628
	2,400,833	1,977,782
Other operating earnings	46,840	53,954
Cost of materials	1,586,199	1,320,410
Personnel expenses	248,746	240,788
Amortization and depreciation	50,092	49,578
Other operating expenses	238,305	387,496
Income from shareholdings	-198	-263
Income from associated companies	1,225	31,234
Financing income	23,519	9,303
Financing expenses	23,444	23,583
Earnings before tax (EBT)	**325,433**	**50,155**
Income taxes	128,873	14,477
Consolidated net income	**196,560**	**35,678**
Appropriation of profit		
Consolidated net income	196,560	35,678
Profit carried forward from the previous year	126,500	64,500
Minority interests	716	857
Appropriation to other retained earnings	-139,982	-26,946
Unappropriated retained earnings	**182,362**	**72,375**
Undiluted earnings per share (in €)	**3.41**	**0.62**
Diluted earnings per share (in €)	**3.41**	**0.62**

II. Consolidated Balance Sheet

Assets in T€	31/03/2007	31/12/2006
Fixed assets		
Intangible assets		
Goodwill	0	0
Other intangible assets	18,012	18,803
	18,012	18,803
Property, plant and equipment	1,431,546	1,423,389
Financial assets	104,492	61,904
Associated companies	75,434	74,208
Deferred tax assets	46,638	49,101
Other receivables and other assets	3,297	3,348
	1,679,419	**1,630,753**
Current assets		
Inventories	1,687,710	1,653,099
Trade receivables	1,335,568	1,108,260
Other receivables and other assets	170,221	176,277
Income tax assets	97,968	23,950
Securities	59,489	27,691
Cash and cash equivalents	2,360,681	2,344,989
	5,711,637	**5,334,266**
Non-current assets held for sale	0	12,559
	5,711,637	**5,346,825**
	7,391,056	**6,977,578**

Equity and liabilities in T€	31/03/2007	31/12/2006
Equity		
Subscribed capital	161,615	161,615
Capital reserve	295,343	295,343
Retained earnings	3,222,262	3,023,931
Unappropriated retained earnings	182,362	126,500
	3,861,582	3,607,389
Treasury shares	-150,211	-160,354
	3,711,371	3,447,035
Minority interests	10,365	9,666
	3,721,736	**3,456,701**
Long-term liabilities		
Provisions for pensions and similar obligations	1,708,854	1,714,837
Deferred tax liabilities	61,569	43,870
Income tax liabilities	166,145	170,758
Other provisions	164,372	167,405
Financial liabilities	88,869	89,649
	2,189,809	**2,186,519**
Current liabilities		
Other provisions	221,249	237,737
Financial liabilities	68,780	102,635
Trade payables	663,301	602,007
Income tax liabilities	120,196	49,150
Other liabilities	405,985	342,829
	1,479,511	**1,334,358**
	7,391,056	**6,977,578**

III. Statement of Income and Accumulated Earnings

in T€	1st Quarter 2007	1st Quarter 2006
Changes recorded directly under equity		
Changes resulting from currency translation	294	-1,265
Changes in the value of the reserve from hedging transactions		
Changes in current value reported directly under equity	6,559	3,512
Recognition of settled hedging transactions in the income statement	-1,486	-6,376
Changes in the value of financial assets in the available-for-sale assets category		
Changes in current value reported directly under equity	6,327	-6,122
Recognition of the sale of securities in the income statement	0	3,190
Actuarail gains and losses	0	0
Deferred tax on changes without effect on income	2,136	311
Other changes without effect on income	-1,838	819
	11,992	**-5,931**
Consolidated net income for the period	**196,560**	**35,678**
Total profit pursuant to IAS 1.97 in conjunction with IAS 19.93B	**208,552**	**29,747**
Total profit due to Salzgitter AG shareholders	207,853	28,890
Total profit due to minority interests	699	857
	208,552	**29,747**

IV. Cash Flow Statement

in T€	1st Quarter 2007	1st Quarter 2006
Earnings before tax (EBT)	325,433	50,155
Deprecreciation, write-downs (+)/write-ups (-) on fixed assets	50,092	49,263
Income tax paid	-34,275	-112,030
Other non-payment-related expenses (+)/income (-)	47,835	43,333
Interest expenses	23,444	23,583
Profit (-)/loss (+) from the disposal of fixed assets	221	-15,489
Increase (-)/decrease (+) in inventories	-34,611	12,456
Increase (-)/decrease (+) in trade receivables and other assets not attributable to investment or financing activities	-362,339	-433,400
Use of provisions affecting payments, excluding income tax provisions	-85,643	-59,398
Increase (-)/decrease (+) in trade payables and other liabilities not attributable to investment or financing activities	90,106	328,331
Cash flow from operating activities	**20,263**	**-113,196**
	0	0
Cash inflow from the disposal of tangible and intangible fixed assets	1,093	7,354
Cash outflow for investments in tangible and intangible fixed assets	-58,426	-33,635
Cash inflow (+)/outflow (-) for short-term loans against borrower´s notes/bonds	50,000	0
Cash inflow from the disposal of financial assets	15,072	6,080
Cash outflow for investments in financial assets	-914	-1,698
Cash flow from investment activities	**6,825**	**-21,899**
Cash inflow (+)/outflow (-) as a result of sale and repurchase of treasury shares	-8,082	12
Cash inflow (+)/outflow (-) as a result of the issuing of bonds, borrowings and other financial liabilites	-779	-2,418
Interest paid	-2,535	-3,072
Cash flow from financing activities	**-11,396**	**-5,478**
Cash and cash equivalents at the start of the period	2,344,989	884,897
Change in cash and cash equivalents	15,692	-140,573
Cash and cash equivalents at the end of the period	**2,360,681**	**744,324**

V. Statement of Changes in Equity

in T€	Subscribed capital	Capital reserve	Purchase/ repurchase of treasury shares	Other retained earnings	Reserve from currency translation
As of December 31, 2005	**161,615**	**295,343**	**-160,283**	**1,819,755**	**-19,571**
Net income					
Disposal of own shares			6		
Currency translation					-1,265
Change in value pursuant to IAS 39					
Group transfers to retained earnings				26,946	
Other				-1,766	
As of March 31, 2006	**161,615**	**295,343**	**-160,277**	**1,844,935**	**-20,836**
As of December 31, 2006	**161,615**	**295,343**	**-160,354**	**3,204,464**	**-15,991**
Net income					
Disposal of own shares			18,224		
Repurchase of own shares			-8,081		
Currency translations					294
Change in value pursuant to IAS 39					
Group transfers to retained earnings				139,982	
Deferred taxes on changes without effect on income					
Other				-2,934	
As of March 31, 2007	**161,615**	**295,343**	**-150,211**	**3,341,512**	**-15,697**

Valuation reserve from hedging transactions	Valuation reserve from available for sale	Other equity changes without effect on income	Unappropriated retained earnings	Equity (excl. minority interests)	Minority interests	Equity
1,948	**7,332**	**-168,243**	**64,500**	**2,002,396**	**9,232**	**2,011,628**
			34,821	34,821	857	35,678
		7		13		13
				-1,265		-1,265
-4,812	-2,933			-7,745		-7,745
			-26,946	0		0
		1,130		-636		-636
-2,864	**4,399**	**-167,106**	**72,375**	**2,027,584**	**10,089**	**2,037,673**
3,434	**4,962**	**-172,938**	**126,500**	**3,447,035**	**9,666**	**3,456,701**
			195,844	195,844	716	196,560
		49,292		67,516		67,516
				-8,081		-8,081
				294		294
5,073	6,326			11,399		11,399
			-139,982	0		0
		2,136		2,136		2,136
		-1,838		-4,772	-17	-4,789
8,507	**11,288**	**-123,348**	**182,362**	**3,711,371**	**10,365**	**3,721,736**

VI. Segment Reporting

in T€	Steel		Tubes	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Sales	1,146,642	973,811	682,470	584,282
Sales in own segment	139,286	137,843	133,383	105,752
Sales to other segments	284,393	229,449	121,520	80,967
External sales	722,963	606,519	427,567	397,563
Earnings before tax (by divisions)	181,465	104,349	65,455	62,220
of which from associated companies	[415]	[46]	[810]	[31,188]
Earnings before tax (EBT)	181,465	104,349	65,455	62,220
Interest income	26	112	372	306
Interest expenses	2,812	2,376	1,834	2,075
of which interest portion of allocations to pension provisions	[1,878]	[1,922]	[1,180]	[978]
Investments in tangible and intangible fixed assets	43,082	22,652	8,893	4,244
Depreciation/amortization of tangible and intangible fixed assets	36,475	35,853	5,441	5,412
Earnings before interest and tax (EBIT)	189,893	112,988	69,347	65,854
EBIT before depreciation and amortization (EBITDA)	226,368	148,841	74,788	71,266
Period-average core workforce	6,798	6,983	4,250	4,200

Trading		Services		Others/Consolidation		Group	
Q1 2007	Q1 2006	Q1 2007	Q1 2006	Q1 2007	Q1 2006	Q1 2007	Q1 2006
1,267,400	968,925	296,250	235,951	90,539	58,756	3,483,301	2,821,725
44,706	39,601	3,891	3,607	0	0	321,266	286,803
148,045	62,833	160,863	139,806	65,749	38,457	780,570	551,512
1,074,649	866,491	131,496	92,538	24,790	20,299	2,381,465	1,983,410
64,760	30,131	8,146	5,748	5,607	-152,293	325,433	50,155
[0]	[0]	[0]	[0]	[0]	[0]	[1,225]	[31,234]
64,760	30,131	8,146	5,748	5,607	-152,293	325,433	50,155
2,481	1,939	144	135	20,485	6,532	23,508	9,024
3,613	4,083	3,137	3,039	12,048	12,010	23,444	23,583
[775]	[554]	[2,724]	[2,522]	[11,509]	[11,363]	[18,066]	[17,339]
2,329	1,286	4,559	6,426	101	11	58,964	34,619
2,752	2,857	4,963	4,934	461	522	50,092	49,578
71,457	35,494	9,208	6,632	-9,094	-164,570	330,811	56,398
74,210	38,351	14,171	11,566	-8,634	-164,048	380,903	105,976
1,839	1,713	4,037	4,006	121	117	17,045	17,020

Selected Notes to the Consolidated Financial Statements

Principles of accounting and consolidation, balance sheet reporting and valuation methods

1. The consolidated financial report of Salzgitter AG, Salzgitter, for the reporting period from January 1 to March 31, 2007, has been prepared as a condensed report with selected notes. The report has been drawn up as before in accordance with the International Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) in consideration of requirements contained in IAS 34 for condensed interim reports.

2. In comparison with the annual financial statements as at December 31, 2006, no changes have been made in the accounting, valuation, calculation and consolidated methods in the interim financial statements for the period ended March 31, 2007

Selected explanatory notes on the income statement

1. Sales by division are shown in the respective section.

2. Earnings per share are calculated pursuant to IAS 33. The **undiluted earnings per share** based on the weighted number of shares of Salzgitter AG came to **€ 3.41** in the period under review.

   Dilution of the earnings per share occurs if the average number of shares is increased by the addition of the potential shares to be issued on the basis of the options and conversion rights. There were no such options and conversion rights outstanding as of March 31, 2007. Therefore, **diluted earnings per share** equaled undiluted earnings per share and amounted to **€ 3.41**.

Financial calendar

Financial calendar 2007

March 08, 2007	Key data for financial year 2006
March 28, 2007	Annual press conference
March 29, 2007	Analyst conference in Frankfurt/Main
March 30, 2007	Analyst conference in London
May 15, 2007	Interim report for the first quarter 2007
May 23, 2007	Ordinary Shareholders’ Meeting
August 09, 2007	Interim report for the first half 2007
August 09, 2007	Analyst conference in Frankfurt/Main
August 10, 2007	Analyst conference in London
November 14, 2007	Interim report for the first nine months 2007
December 31, 2007	End of financial year 2007

Legal disclaimer

Some of the statements made in this report possess the character of forecasts or may be interpreted as such. They are made upon the best of information and belief and by their nature are subject to the proviso that no unforeseeable deterioration occurs in the economy or in the specific market situation pertaining to the Division companies, but rather that the underlying bases of plans and outlooks prove to be accurate as expected in terms of their scope and timing. The company undertakes no obligation to update any forward-looking statements. The official financial report for the period under review in this document is the German-language hardcopy version of the Salzgitter AG Interim Report. In case of ambiguity between this document and any other version of the interim report, information provided in the German-language hardcopy version shall supersede information provided in any other form.

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