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### **Cost-cutting program to improve the result of Norddeutsche Affinerie (NA)**

The supervisory board of Norddeutsche Affinerie AG (NA) met in an extraordinary session on 21 July 2003 after it became obvious that this year's results would be considerably lower than expected.

In the difficult situation on the raw materials and product markets, the NA Group will presumably break-even for the year as a whole although NA AG will remain in the profit zone.

The main sources of the losses are Hüttenwerke Kayser AG und Prymetall GmbH & Co. KG. The deterioration in market conditions, especially in the copper concentrate, copper scrap and continuous casting business, has now also affected NA AG.

The situation on the raw materials side is aggravated by distortions in the international competition. The sale of NA products is suffering from the effects of the economic downturn and increasingly also from the strong Euro.

In this difficult situation, NA is particularly hard hit by additional governmental burdens , e.g. in the energy sector. NA, as a company which uses energy intensively, is, therefore, vehemently opposed to the increase in energy costs from the law on renewable energy (EEG).

NA will seek to counter the sharp deterioration in the development of results of the NA Group with an efficiency enhancement and cost-cutting program which has been passed by the management and supervisory board with an improvement potential totalling 80 million € annually.

Potential savings of more than 50 million € have already been opened up by concrete steps and can be implemented rapidly. Further measures with a total potential of 30 million € are still at the design stage. The program will take effect as from the financial year 2003/04.

The target is that the NA Group should again obtain positive results in the financial year 2003/04 and resume its dividend policy.