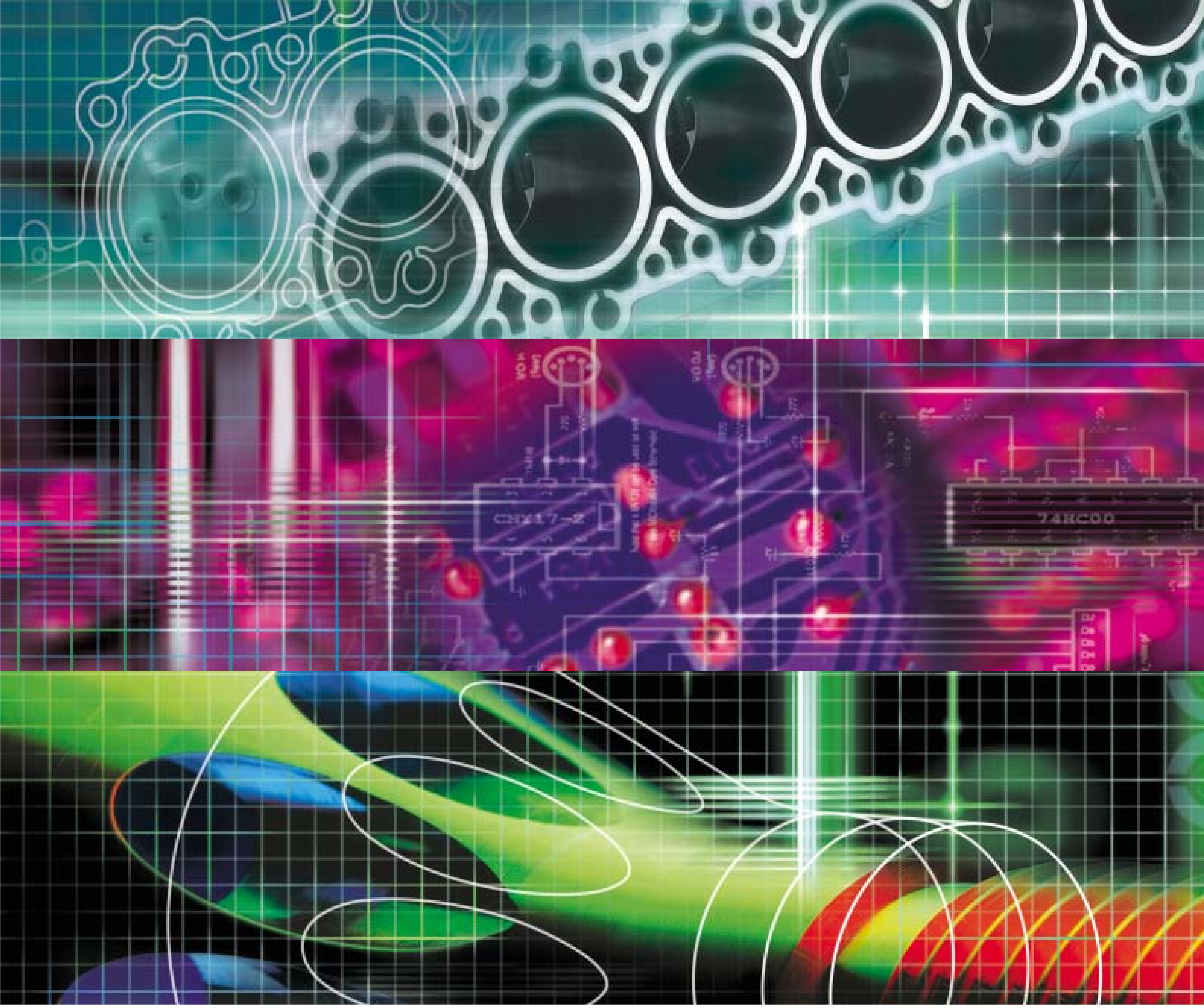


Q3

Interim report as of September 30, 2003
Rheinmetall AG

Improved profitability in core businesses

- Automotive and Defence with much higher earnings
- Jagenberg losses fully absorbed
- Favorable earnings forecast for 2003 reaffirmed

RHEINMETALL

Interim report as of September 30, 2003
Improved profitability in core businesses

Core activities fuel earnings growth

With the announced focus on its two high-sales and high-earnings sectors, Automotive and Defence, Rheinmetall has sown the seeds for further value enhancement and globalization within the Group. Over the past years, Automotive and Defence have been remodeled into profitable and forceful units commanding positions of market leadership. In fact, these sectors have during the present fiscal year shaped the organic growth and earnings uplift in the Rheinmetall Group.

Despite severe Jagenberg losses, EBIT at year-earlier level

In the first nine months of fiscal 2003, Rheinmetall generated an EBIT of €79 million, the level of the year-earlier period. Hence, the Group succeeded in fully making good the severe €38 million loss posted by Jagenberg. With the sale of this latter in August 2003, Rheinmetall's loss-making years in the mechanical engineering business are finally over.

In operational terms, the Rheinmetall Group's earnings show a sharp improvement over 2002.

Neither the divestments of Preh and STN ATLAS Marine Electronics nor the book gains derived therefrom have been included in the income statement for the 3Q ended September 30, 2003.

EBT boosted; organic growth continued

Reduced financial debts and the accordingly lower interest expense have upgraded earnings before taxes: at €24 million, 3Q EBT surpasses the year earlier's by €18 million.

After adjustment for consolidation group changes and exchange rate effects, sales (up 3.5 percent) and order backlog (up 5.3 percent) continue Rheinmetall's organic growth trend in the face of an unchanged weak industry performance.

Minority interest repurchases brighten stockholder prospects

In the first three quarters (3Q) of 2003, Rheinmetall made great efforts to finally conclude the consolidation of ownership relations within the Group. The disposals already recognized in the financial statements at a net cash inflow of €20 million contrasted with a cash outflow of €108 million for the acquisition of minority interests in subsidiaries. For stockholders, profitability prospects are now a lot brighter.

Improved result of operations for 2003 reaffirmed

Rheinmetall reaffirms its forecast for all of 2003 to achieve an improved result of operations (2002: €213 million). However, due to the sweeping divestments this year, it should be taken into account that the forecast is based on a comparable consolidation group.

Repurchasing minority interests and selling marginal businesses

Rheinmetall's efforts to simplify and consolidate corporate structures have in the 3Q/2003 period triggered numerous changes within the consolidation group.

In the period, the Rheinmetall Group acquired the following stakes or companies:
- EuroMarine: stake topped up from 50 to 100 percent during Q1
- Oerlikon Contraves: stake increased from 80 to 100 percent in January 2003
- Takeover from Mazda in February 2003 of the piston business of Microtechno Corporation, Japan
- Aditron AG: squeeze-out in June 2003
- Kolbenschmidt Pierburg: stake raised from 80 to 95 percent (by November 2003)

Disposals/deconsolidated subsidiaries by September 30, 2003:
- Sale of electric fuel pump unit in January 2003
- Complete sale of the remaining operations of the Jagenberg Group including Jagenberg AG (January to August 2003)
- Sale of Hirschmann Austria in June 2003
- Sale of PAT's traffic telematics business in August 2003
- Splitting of STN ATLAS Elektronik in August 2003

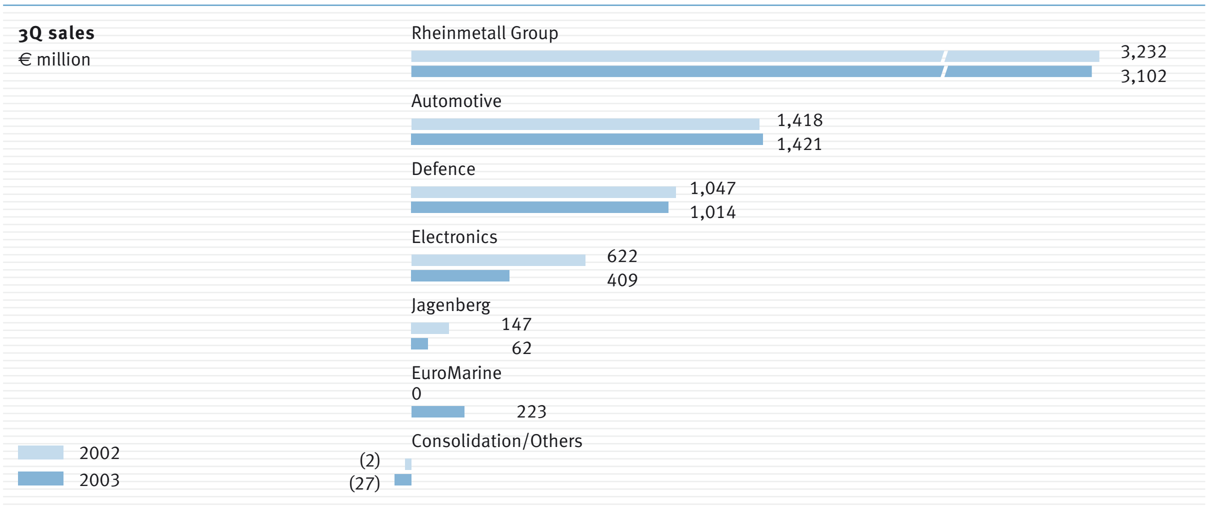
Also, the Preh Group was sold in October 2003 and the STN ATLAS Marine Electronics operations were successfully shed as of November 1, 2003.

Once all these divestment transactions have taken effect, the Rheinmetall Group with its two sectors of Automotive and Defence will show a sales volume in the region of €3.5 billion.

Consolidation group	12/31/2002	Additions	Disposals	9/30/2003
Fully consolidated companies	157	26	(30)	153
thereof in Germany	87	12	(19)	80
thereof abroad	70	14	(11)	73
Investees carried at equity	16	5	(4)	17
thereof in Germany	8	4	(3)	9
thereof abroad	8	1	(1)	8

Interim report as of September 30, 2003
Improved profitability in core businesses

Operational sales growth reconfirmed



3Q/2003 sales

For the first nine months of 2003 the Rheinmetall Group generated sales of €3,102 million; adjusted for consolidation group changes and exchange rate differences, sales were up by 3.5 percent from 3Q/2002.

Most of this organic growth goes to the credit of the Automotive and Defence sectors.

Adjusted for exchange rates and the structural impact of consolidation group changes, Automotive shows a growth of over 5 percent.

Defence, whose figures reflect the splitting of STN ATLAS Elektronik and the related loss of Naval Systems sales and earnings, inputted just under 2 percent into organic growth.

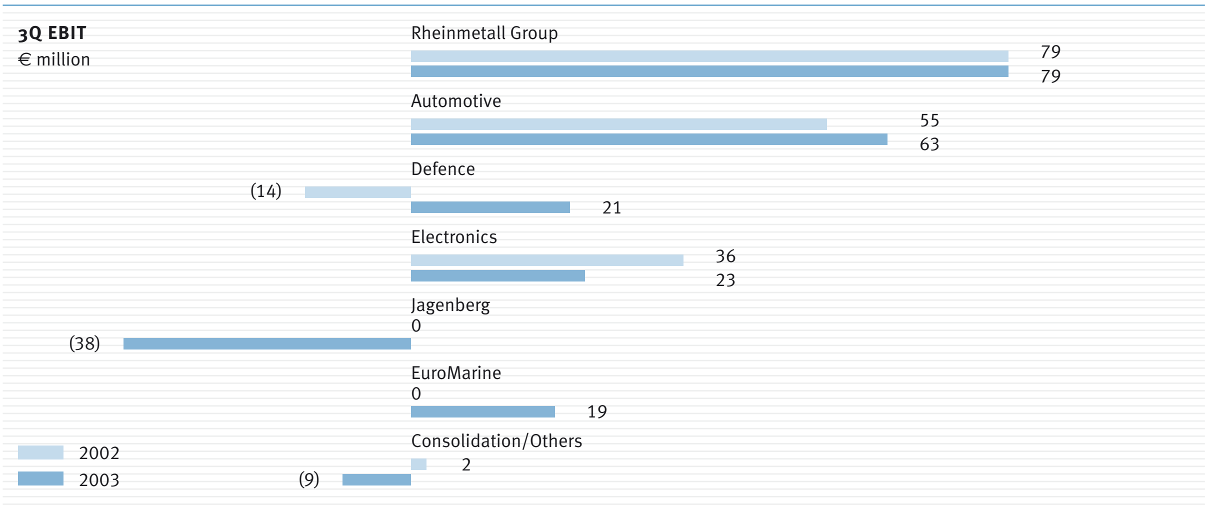
The financial investee EuroMarine's share in Group sales is 7 percent.

Rheinmetall Group indicators
€ million

	3Q/2002	3Q/2003
Net sales	3,232	3,102
EBITDA*	281	264
EBIT*	79	79
EBT	6	24
EBIT margin (%)	2.4	2.6
Earnings per common share bef. goodwill amortization (€)	0.50	0.36
Earnings per preferred share bef. goodwill amortization (€)	0.56	0.42
Cash flow	207	178
Capital expenditures	186	137
Depreciation/amortization	202	185
Order intake	3,486	3,289
Order backlog (9/30)	4,352	3,750
Headcount (9/30)	27,712	24,085

* year-earlier amount restated, guaranty commissions reclassified

Earnings further improved



Earnings position 3Q/2003

For the period January through September 2003, the Rheinmetall Group's EBIT amounted to €79 million, as for 3Q/2002. This includes the €38 million loss contributed by the financial investee Jagenberg. This loss results from the final divestment of Jagenberg, which is fully reflected in the reported loss. Contrasting with this are the book gains from the disposal of Preh and STN ATLAS Marine Electronics; these gains will not be recognized in net income before Q4/2003.

Appreciable earnings growth was shown by the core sectors of Automotive and Defence, all of which originated from operations, except for €8 million posted by Defence for the sale of some property.

The earnings erosion at Electronics is chiefly due to the sale of Heimann Systems at the end of November 2002.

The divestment of Jagenberg caused losses of €28 million; added to this is the €10 million loss generated from Jagenberg's operating business during the period.

In welcome contrast, the EuroMarine financial investee was well in the black with a profit contribution of €19 million.

Net interest expense for 3Q shows an improvement of €18 million on that a year ago and will be further reduced in 2004 when all 2003 divestments impact on cash flows for a full year.

The better net interest result also boosted EBT from €6 million to €24 million. Since the Jagenberg Group's loss is not tax deductible, total tax expense amounts to an exceptionally high €26 million.

Interim report as of September 30, 2003
The corporate sectors

Kolbenschmidt Pierburg AG
Automotive

Automotive indicators € million	3Q/2002	3Q/2003
Net sales	1,418	1,421
EBITDA	167	167
EBIT	55	63
EBT	28	45
EBIT margin (%)	3.9	4.4
Capital expenditures	117	77
Depreciation/amortization	112	104
Order intake	1,481	1,434
Order backlog (9/30)	346	320
Headcount (9/30)	11,661	11,488

Despite a still disappointing automobile market, the Automotive sector (Kolbenschmidt Pierburg AG) continued to make sound progress in Q3/2003. 3Q sales are at the year-earlier level; adjusted for exchange rate effects and consolidation group changes, the growth is 5.2 percent.

EBIT for the period is €63 million, 15 percent or €8 million up over the year-earlier level. With the net interest result again improved, EBT mounted €17 million to €45 million.

All of the divisions shared in this growth, the largest contribution coming from Pistons thanks to the successful turnaround at its North American operations and another strong performance by the Brazilian subsidiary.

Cost reduction efforts and process fine-tuning programs impacted positively on the Air Supply & Pumps division, especially its German plants. Aluminum Technology much reduced its repeated red EBT thanks to steadily rising workloads and improved production cycles. The Chinese joint venture (carried at equity) continued its H1/2003 uptrend.

Compared with 3Q/2002, €40 million less was laid out during 3Q/2003, a reduction of 34 percent, albeit changed accounting for tooling grants/allowances also had an abating effect. Twelve-month spending is expected to fall short of the 2002 figure.

Rheinmetall DeTec AG
Defence

Defence indicators € million	3Q/2002	3Q/2003
Net sales	1,047	1,014
EBITDA *	33	70
EBIT *	(14)	21
EBT	(30)	5
EBIT margin (%)	(1.3)	2.1
Capital expenditures	32	36
Depreciation/amortization	47	49
Order intake	1,195	1,137
Order backlog (9/30)	3,630	3,006
Headcount (9/30)	9,093	7,648

* year-earlier amount restated, guaranty commissions reclassified

Amid still hostile conditions caused by defence budget constraints among the European customer nations, the Defence sector (Rheinmetall DeTec AG) upheld its position well.

The Naval Systems unit (STN ATLAS Elektronik) was split off as from August 1, 2003. Hence, prior-year comparability is limited.

The Defence sector gained ground on major markets outside of Germany. And on the eve of the normally prolific-sales Q4, Rheinmetall DeTec already shows an organic sales growth of 1.8 percent.

Improved profitability upped EBIT to climb €35 million to €21 million of which €8 million is due to a gain from the transfer of a ground lease title. With net interest result unchanged, the sector shows a black EBT of €5 million.

This earnings upgrade is the outcome of added margins on major contracts, a tighter cost structure, and the successful enactment of restructuring programs in the past.

Adjusted for consolidation group changes, order backlog again grew, by over 6.5 percent. Orders booked by Rheinmetall DeTec AG in Q3/2003 include rescue tanks for Greece (€80 million) and the revamp of air defence systems (€83 million).

Aditron AG
Electronics

Electronics indicators € million	3Q/2002	3Q/2003
Net sales	622	409
EBITDA	57	40
EBIT	36	23
EBT	29	20
EBIT margin (%)	5.8	5.6
Capital expenditures	25	21
Depreciation/amortization	21	17
Order intake	649	422
Order backlog (9/30)	313	148
Headcount (9/30)	5,077	3,485

Following the sale in October 2003 of Preh-Werke, Neckartenzlingen-based Hirschmann Electronics is the sole surviving operating company of the Electronics sector.

Because of the disposal of the Security Systems division (Heimann Systems) at the end of November 2002, prior-year comparability is limited. During 3Q/2002 this division had contributed €31 million to EBIT. The divestment of Hirschmann Austria in the course of H1/2003 yielded a gain of €5 million.

Adjusted for consolidation group changes, sales by Hirschmann and Preh were marginally higher.

Compared with 2002, profitability improved at these two divisions, most at Hirschmann. Having concentrated on its core competence of Electronic Control Systems, PAT (meanwhile integrated in the Hirschmann Group) negotiated a turnaround. In the automation and network systems unit, the industrial Ethernet products showed steep growth rates.

The cash inflow from the sale of Heimann Systems improved the net interest result and contributed to an EBT of €20 million for Electronics.

In order to slim down the Rheinmetall Group even further, it has been planned to contribute Hirschmann Electronics to a new partnership.

Interim report as of September 30, 2003
Consolidated balance sheet

ASSETS

€ million	12/31/2002	9/30/2002	9/30/2003
Fixed assets			
Intangible assets	345	430	424
thereof goodwill	*[304]*	*[400]*	*[373]*
Tangible assets	1,332	1,452	1,194
Financial assets	55	50	63
	1,732	**1,932**	**1,681**
Current assets			
Inventories	902	1,111	871
less prepayments received	(40)	(55)	(32)
Trade receivables	662	673	579
All other receivables and sundry assets	383	426	311
Cash & cash equivalents	367	123	92
	2,274	**2,278**	**1,821**
Income tax assets	**73**	**81**	**108**
Prepaid expenses & deferred charges	**8**	**18**	**10**
	4,087	**4,309**	**3,620**

EQUITY & LIABILITIES

€ million	12/31/2002	9/30/2002	9/30/2003
Total equity			
Stockholders' equity (Rheinmetall AG)			
Capital stock	92	92	92
Additional paid-in capital	208	208	208
Other reserves	113	122	314
Group earnings (after minority interests)	246	2	(6)
	659	**424**	**608**
Minority interests	210	197	71
	869	**621**	**679**
Accruals			
Pension accruals	660	672	585
Other	581	538	527
	1,241	**1,210**	**1,112**
Liabilities			
Financial debts	668	1.188	754
Trade payables	411	403	388
All other liabilities	808	761	592
	1,887	**2,352**	**1,734**
Income tax liabilities	**59**	**54**	**69**
Deferred income	**31**	**72**	**26**
	4,087	**4,309**	**3,620**

Consolidated income statement

Consolidated income statement for the 9 months (3Q) ended September 30

€ million	3Q/2002	3Q/2003
Net sales	**3,232**	**3,102**
Net inventory changes, other work and material capitalized	54	99
Total operating performance	**3,286**	**3,201**
Other operating income*	109	134
Cost of materials	(1,511)	(1,491)
Personnel expenses	(1,092)	(1,043)
Amortization/depreciation	(202)	(185)
Other operating expenses*	(510)	(535)
Operating result	**80**	**81**
Net interest expense**	(73)	(55)
Net investment income and other financial results**	(1)	(2)
Net financial result	**(74)**	**(57)**
Earnings before taxes (EBT)	**6**	**24**
Income taxes	(1)	(26)
Group net income/(loss)	**5**	**(2)**
Minority interests	(3)	(4)
Group earnings (after minority interests)	**2**	**(6)**

Consolidated income statement for the 3 months (Q3) ended September 30

€ million	Q3/2002	Q3/2003
Net sales	**1,094**	**978**
Net inventory changes, other work and material capitalized	25	33
Total operating performance	**1,119**	**1,011**
Other operating income*	27	51
Cost of materials	(529)	(459)
Personnel expenses	(359)	(327)
Amortization/depreciation	(65)	(62)
Other operating expenses*	(166)	(192)
Operating result	**27**	**22**
Net interest expense**	(26)	(16)
Net investment income and other financial results**	3	(2)
Net financial result	**(23)**	**(18)**
Earnings before taxes (EBT)	**4**	**4**
Income taxes	9	(14)
Group net income/(loss)	**13**	**(10)**
Minority interests	2	2
Group earnings (after minority interests)	**15**	**(8)**

* year-earlier amount restated, income from the utilization of accruals offset against the other operating expenses
**year-earlier amount restated, guaranty commissions reclassified

Interim report as of September 30, 2003
Consolidated statement of cash flows

€ million	3Q/2002	3Q/2003
Cash & cash equivalents at January 1 (BoP)	**223**	**367**
Group net income/(loss)	5	(2)
Amortization/depreciation of fixed assets	202	185
Change in pension accruals	--	(5)
Cash flow	**207**	**178**
Changes in working capital and other items	(258)	(248)
Net cash used in operating activities	**(51)**	**(70)**
Cash outflow for additions to tangible and intangible assets	(186)	(137)
Cash inflow from the disposal of tangible and intangible assets	27	12
Cash outflow for additions to consolidated subsidiaries and financial assets	(158)	(108)
Cash inflow from the disposal of consolidated subsidiaries and financial assets	11	20
Net cash used in investing activities	**(306)**	**(213)**
Capital paid in	--	--
Dividend paid out by Rheinmetall AG	(17)	(24)
Other profit distribution	(6)	(5)
Change in financial debts	280	38
Net cash provided by financing activities	**257**	**9**
Cash-based change in cash & cash equivalents	**(100)**	**(274)**
Parity-related change in cash & cash equivalents	--	(1)
Total net change in cash & cash equivalents	**(100)**	**(275)**
Cash & cash equivalents at September 30 (EoP)	**123**	**92**

The net cash outflow for operating activities is quite normal for Rheinmetall and is attributable to Defence's low 3Q business volume (rather common in this sector) combined with the start-up of work on longer-term contracts, which accumulates working capital. This cash outflow plus that for additions to tangible and intangible assets (operational free cash flow) is in total below the year earlier's.

For all of 2003, operating activities are expected to provide a net cash inflow that covers capital expenditures.

Statement of changes in equity € million	Capital stock	Additional paid-in capital	Other reserves	Group earnings after minority interests	**Stock-holders' equity (Rhein-metall AG)**	Minority interests	**Total equity**
Balance at 1/1/2002	**92**	**208**	**129**	**21**	**450**	**267**	**717**
Dividend paid out			(17)		(17)	(6)	(23)
Exchange differences			(26)		(26)	(6)	(32)
Consolidation group changes			18		18	(64)	(46)
Other comprehensive income			18	(21)	(3)	3	0
Group net income				2	2	3	5
Balance at 9/30/2002	**92**	**208**	**122**	**2**	**424**	**197**	**621**
Balance at 1/1/2003	**92**	**208**	**113**	**246**	**659**	**210**	**869**
Dividend paid out			(24)		(24)	(5)	(29)
Exchange differences			(3)		(3)	(1)	(4)
Consolidation group changes			(12)		(12)	(140)	(152)
Other comprehensive income			240	(246)	(6)	3	(3)
Group net income				(6)	(6)	4	(2)
Balance at 9/30/2003	**92**	**208**	**314**	**(6)**	**608**	**71**	**679**

Primary accounting bases

The present interim report has been prepared on the basis of IAS 34 in accordance with such Standards approved and released by the International Accounting Standards Board (IASB) as were prescribed to be applied as of quarter-end, as well as with the applicable Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The accounting and valuation principles, as well as the explanations and disclosures in this interim report as of September 30, 2003, are based on the same, consistently applied methods that also underlie the consolidated financial statements for the fiscal year ended December 31, 2002, to which we make reference for further details.

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Financial diary

March 29, 2004	Annual accounts press conference on fiscal 2003 Conference with financial analysts on fiscal 2003
May 11, 2004	Annual stockholders' meeting, Berlin Q1/2004 report
May 12, 2004	Teleconference with financial analysts
August 12, 2004	Q2/2004 report Teleconference with financial analysts
November 11, 2004	Q3/2004 report Teleconference with financial analysts

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