

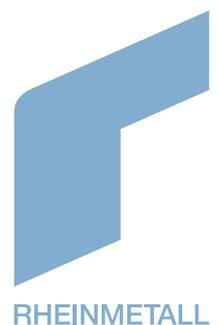
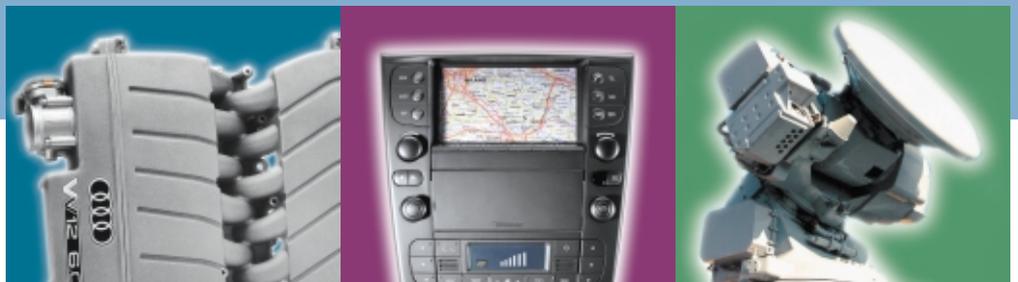
Rheinmetall AG

Interim report as of September 30, 2002

Rheinmetall operations on target

- EBIT up 28 percent to €82 million*
- Organic sales growth of 8 percent*
- Order backlog up 15 percent to €4.4 billion*
- Cash flow improved by 22 percent*

||||| Q3



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Rheinmetall on target

The Rheinmetall Group will achieve the economic targets it has set itself for 2002, Q3 performance and the forecast for the months October through December 2002 prompting this positive prediction. Despite the tough economic environment the Q3 order situation again improved, 3Q/2002 order intake climbing 11 percent to €3.5 billion, order backlog gaining 15 percent to reach €4.4 billion. During the first nine months of the year, organic sales growth by the Rheinmetall Group came to 8 percent.

Sound progress was made with the ambitious restructuring programs, especially at Automotive in the United States, and in streamlining the portfolios in the core sectors of Automotive, Electronics, and Defence. A major success was scored with the sale of Heimann Systems GmbH to the Smiths Group at a price of €375 million. Since the closing is shortly expected, Heimann Systems is still part of the Rheinmetall Group, and divestment effects do not figure in this interim report as of September 30, 2002.

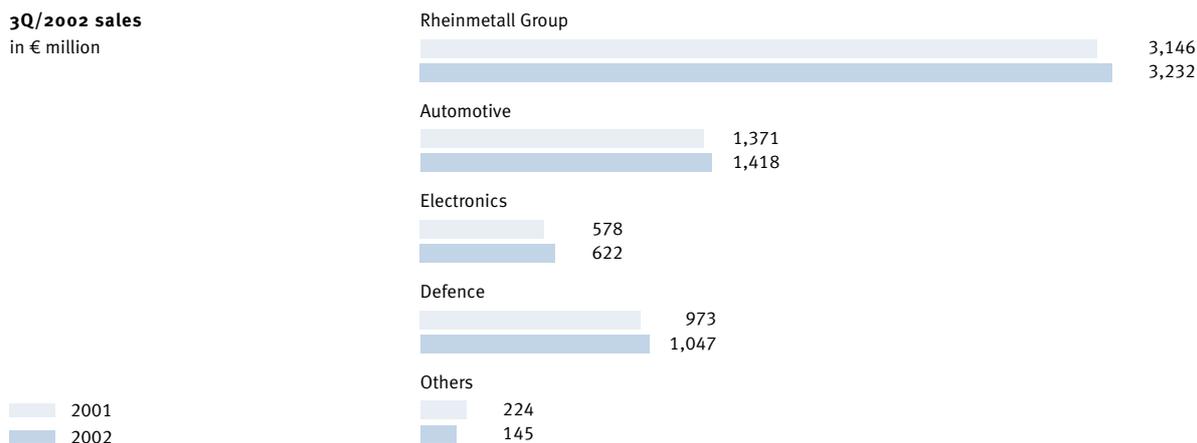
German armed forces, a key project that will have an enduring effect in securing and strengthening Rheinmetall DeTec AG's international competitiveness.

The Rheinmetall Group's successful Q3 performance and the upbeat prospects for Q4 are reflected in the results of operations. The previous forecast that EBIT will top the 2001 level can be reaffirmed. For 2002, including the effects of the divestment of Heimann Systems, we expect a much improved bottom line.

In September 2002, the German parliament adopted a resolution regarding the development of a new infantry fighting vehicle for the

Rising sales in every sector

3Q/2002 sales in € million



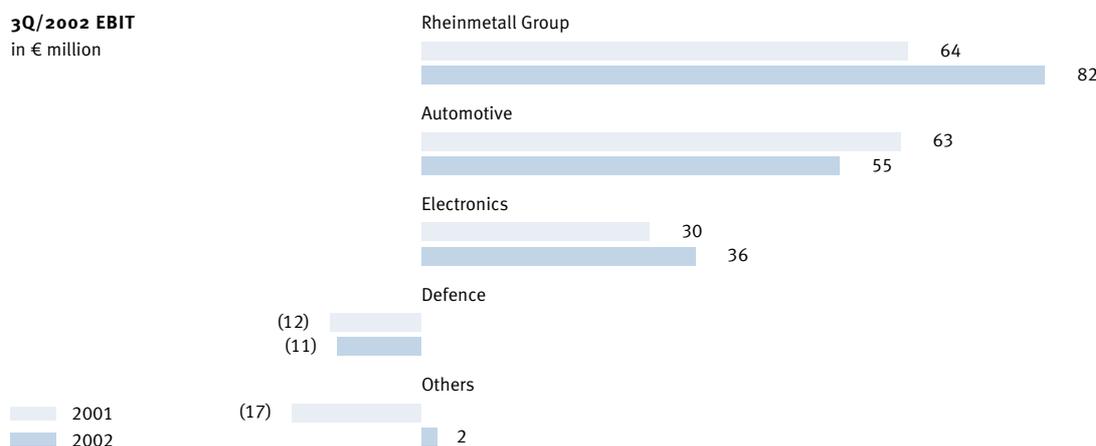
3Q sales 2002

In the first nine months of 2002, the Rheinmetall Group generated sales of €3,232 million, up 3 percent compared with 3Q/2001.

Adjusted for changes in the consolidation group, organic growth was as high as 8 percent, all sectors contributing.

Earnings still rising

3Q/2002 EBIT
in € million



3Q results of operations

The Rheinmetall Group's EBIT for the period January through September 2002 climbed to €82 million (up from a like-for-like €64 million). The Electronics sector showed a growth whereas Automotive (due to non-recurrent restructuring burdens) achieved an EBIT slightly lower. Despite added restructuring

expenses, Defence's 3Q/2002 EBIT was almost at the year-earlier level. As in previous years and because of the sales cycle symptomatic of the public sector, Defence showed a negative EBIT for the period.

Since according to IAS, the obligatory accounting for longer-term manufacturing contracts on the basis of their percentage of completion (PoC)

is not applicable to ammunition and development contracts, the prorated profit contributions will only be recognized in the final months of the fiscal year. The sharp EBIT gain of €19 million posted by the holding company, the financial investees and the service enterprises subsumed under Others is primarily due to the Jagenberg Group and EuroMarine.

Rheinmetall Group indicators € million	3Q/2001	3/Q 2002
Net sales	3,146	3,232
EBITDA	266	284
EBIT	64	82
EBT	-18	6
EBIT margin	2.0%	2.5%
EpS (before goodwill amortization) *	€ (0.45)	€ 0.53
Cash flow	169	207
Capital expenditures	190	186
Depreciation/amortization	202	202
Order intake	3,144	3,486
Order backlog (9/30)	3,784	4,352
Headcount (9/30)	29,070	27,712

*weighted average of common and preferred stock

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The corporate sectors

Kolbenschmidt Pierburg AG *Automotive*

Despite high energy prices and globally uncertain economic developments, the Automotive sector (Kolbenschmidt Pierburg AG) raised its 3Q/2002 sales to €1,418 million. Adjusted for consolidation group changes, the like-for-like organic growth in 3Q/2002 was a good 5 percent. Air Supply & Pumps posted a gain of over 7 percent, this division thus contributing most to the organic growth. Pistons and Aluminum Technology recorded a sales increase of more than 5 percent over the year-earlier level, whereas Plain Bearings (due to delayed product start-ups) and Motor Service had to contend with declines. The sales advances are mainly ascribable to the series start-up of new projects and higher customer call-offs in some product segments.

Given the restructuring efforts and project start-ups, the Kolbenschmidt Pierburg Group's results of operations continue to be satisfactory in general.

Whereas Air Supply & Pumps showed a much improved EBIT for the first nine months of 2002, Aluminum Technology and Plain Bearings suffered appreciable decreases.

Aditron AG *Electronics*

The situation in the markets of relevance to the Electronics sector (Aditron AG) varied. Whereas industrial electronics business is having to contend with a difficult economic environment, the automobile electronics side of the sector is making

Automotive indicators in MioEUR	3Q/2001	3Q/2002
Net sales	1,371	1,418
EBITDA	178	167
EBIT	63	55
EBT	29	28
EBIT margin	4.6%	3.9%
Capital expenditures	125	117
Depreciation/amortization	115	112
Order intake	1,377	1,481
Order backlog (9/30)	327	346
Headcount (9/30)	11,973	11,661

The highly commendable earnings improvement at Air Supply & Pumps was mainly due to sales climbing in Germany and Spain and to the turnaround at the US subsidiary. Aluminum Technology's EBIT still suffered from unexpectedly high production rejects in the course of starting up the low-pressure castings. EBIT at Plain Bearings shrank due to lower sales, especially at the German locations.

In the first nine months of 2002, the Automotive sector spent €117 million on tangible and intangible assets, 6 percent down. For 2002 as a whole, capital outlays for tangible assets are expected to fall short of the previous year's.

good progress. Demand for security equipment again boomed. As a consequence, both Heimann Systems and the automobile electronics units at Hirschmann Electronics and Preh posted gains in 3Q/2002 sales and order intake. The other activities, in contrast, showed a decline.

The workforce decline of 312 was mainly caused by restructuring measures in the USA, the effects of the economy, and the transfer of the majority stake in MotorEngineering.

The sector's earnings for 2002 will chiefly depend on the successful enactment of restructuring projects (Germany, USA) and project start-ups (Aluminum Technology, Pistons, Plain Bearings). While taking into account one-time burdens from the aforementioned projects and the presently known risks and rewards, Automotive continues to aim at almost approaching the good year-earlier earnings.

In the first nine months of fiscal 2002, the Electronics sector generated sales of €622 million (up by 8 percent or, like-for-like, 11 percent).

The highly encouraging results of operations at Heimann Systems and improved earnings in automobile

Electronics indicators € million	3Q/2001	3Q/2002
Net sales	578	622
EBITDA	51	57
EBIT	30	36
EBT	20	29
EBIT margin	5.2%	5.8%
Capital expenditures	24	25
Depreciation/amortization	21	21
Order intake	609	649
Order backlog (9/30)	282	313
Headcount (9/30)	5,014	5,077

electronics business pushed up Aditron's 3Q/2002 EBIT by €6 million to €36 million.

Although Heimann Systems hired another 193 employees to cope with its workload, the overall workforce in

the Electronics sector showed a net gain of only 63, mainly because of the planned retrenchment at the Hirschmann and Preh divisions.

On account of the changed security landscape since September 11, 2001, which calls for large-scale global alliances in the market for airport safety and security, Aditron AG has decided to sell Heimann Systems to the Smiths Group, an international leader in this sector, at a price of €375 million. The product portfolios of the Smiths Group and Heimann Systems dovetail perfectly.

The Electronics Sector will close fiscal 2002 with a bottom line above last year's.

Rheinmetall DeTec AG *Defence*

Amid a generally difficult market environment, the Defence sector (Rheinmetall DeTec AG) managed to raise its order backlog to €3.6 billion (up 23 percent), while order intake hiked up by 40 percent compared with the year before.

The resolution adopted by the German parliament in favor of the development of a new infantry fighting vehicle for the German armed forces sees the inception of a mega-project decisive to the survivability of Germany's defence industry. In order to get this project (a development contract worth €198 million) underway, Rheinmetall and Krauss-Maffei Wegmann have founded a 50:50 joint venture, PSM GmbH.

The first nine months are a period of generally weaker sales yet despite

Defence indicators € million	3Q/2001	3Q/2002
Net sales	973	1,047
EBITDA	36	36
EBIT	(12)	(11)
EBT	(28)	(30)
EBIT margin	(1.2%)	(1.1%)
Capital expenditures	30	32
Depreciation/amortization	48	47
Order intake	851	1,195
Order backlog (9/30)	2,961	3,630
Headcount (9/30)	9,036	9,093

this, Rheinmetall DeTec improved its revenues by 8 percent to €1,047 million, with Air Defence, Defence Electronics and Weapon & Ammunition posting sales growth while Land Systems recorded retreating sales.

Even though this sector had to absorb restructuring expenses during the first three quarters of 2002, its

performance is close to that of 3Q/2001. Nonetheless, due to invoice timing technicalities the sector's EBIT is still negative.

The Defence sector, which has normally generated almost 40 percent of its sales in the final quarter of the year, expects to outperform the previous year again in 2002.

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Consolidated income statement

Consolidated income statement for the 9 months (3Q) ended September 30, 2002

€ million	3Q/2001	3Q/2002
Net sales	3,146	3,232
Net inventory changes, other work and material capitalized	178	54
Total operating performance	3,324	3,286
Other operating income	121	129
Cost of materials	(1,555)	(1,511)
Personnel expenses	(1,120)	(1,092)
Amortization/depreciation	(202)	(202)
Other operating expenses	(501)	(530)
Operating result	67	80
Net interest expense	(82)	(76)
Net investment income and other financial results	(3)	2
Net financial result	(85)	(74)
Earnings before taxes (EBT)	(18)	6
Income taxes	(17)	(1)
Group net income/(loss)	(35)	5
Minority interests	2	(3)
Group earnings (after minority interests)	(33)	2

Consolidated income statement for the 3 months (Q3) ended September 30, 2002

€ million	3Q/2001	3Q/2002
Net sales	1,054	1,094
Net inventory changes, other work and material capitalized	64	25
Total operating performance	1,118	1,119
Other operating income	35	37
Cost of materials	(527)	(529)
Personnel expenses	(372)	(359)
Amortization/depreciation	(65)	(65)
Other operating expenses	(169)	(176)
Operating result	20	27
Net interest expense	(29)	(27)
Net investment income and other financial results	(2)	4
Net financial result	(31)	(23)
Earnings before taxes (EBT)	(11)	4
Income taxes	(3)	9
Group net income/(loss)	(14)	13
Minority interests	0	2
Group earnings (after minority interests)	(14)	15

Consolidated balance sheet as of September 30, 2002

ASSETS

€ million	12/31/2001	9/30/2002
Fixed assets		
Intangible assets	328	430
thereof goodwill	301	400
Tangible assets	1,501	1,452
Financial assets	56	50
	1,885	1,932
Current assets		
Inventories	1,058	1,111
less prepayments received	(39)	(55)
Trade receivables	723	673
All other receivables and sundry assets	308	426
Cash & cash equivalents	223	123
2,273	2,278	
Income tax assets	50	81
Prepaid expenses & deferred charges	10	18
	4,218	4,309

EQUITY & LIABILITIES

€ million	12/31/2001	9/30/2002
Total equity		
Stockholders' equity (Rheinmetall AG)		
Capital stock	92	92
Additional paid-in capital	208	208
Other reserves	129	122
Group earnings (after minority interests)	21	2
	450	424
Minority interests	267	197
	717	621
Accruals		
Pension accruals	673	672
Other	576	538
	1,249	1,210
Liabilities		
Financial debts	908	1,188
Trade payables	456	403
All other liabilities	775	761
	2,139	2,352
Income tax liabilities	53	54
Deferred income	60	72
	4,218	4,309

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Consolidated statement of cash flows for the 9 months (3Q) ended September 30, 2002

€ million	3Q/2001	3Q/2002
Cash & cash equivalents at Jan. 1 (BoP)	242	223
Group net loss	(35)	5
Amortization/depreciation of fixed assets	202	202
Change in pension accruals	2	—
Cash flow	169	207
Changes in working capital and other items	(310)	(258)
Net cash used in operating activities	(141)	(51)
Cash outflow for tangible and intangible assets	(190)	(186)
Cash inflow from the disposal of tangible and intangible assets	4	27
Cash outflow for additions to consolidated subsidiaries and financial assets	(107)	(158)
Cash inflow from the disposal of consolidated subsidiaries and financial assets	7	11
Net cash used in investing activities	(286)	(306)
Dividend paid out by Rheinmetall AG	(24)	(17)
Other profit distribution	(15)	(6)
Change in financial debts	294	280
Net cash provided by financing activities	255	257
Cash-based change in cash & cash equivalents	(172)	(100)
Parity-related change in cash & cash equivalents	(1)	—
Total net change in cash & cash equivalents	(173)	(100)
Cash & cash equivalents at September 30 (EoP)	69	123

In the first three quarters of 2002, the Rheinmetall Group improved its cash flow by €38 million (up 22 percent) to €207 million. Since the increase in working capital was significantly slowed down as the year progressed, the net cash used in operating activities was slashed from €141 million for 3Q/2001 to €51 million in the 9 months under review. The program

initiated to downscale the working capital has started to impact favorably.

The unchanged negative balance of (i.e., a net outflow of funds for) operating activities is quite normal for any Defence (and thus Rheinmetall) 3Q period due to Defence's low business volume combined with the start-up of work on longer-term

contracts, which accumulates working capital.

For all of 2002, Rheinmetall expects operating activities to provide a net cash inflow which fully covers the fiscal year's capital expenditures and exceeds the prior-year level.

Statement of changes in equity € million	Capital stock	Additional paid-in capital	Other reserves	Group earnings after minority interests	Stockholder's equity (Rheinmetall AG)	Minority interests	Total equity
Balance at Jan. 1, 2002	92	208	129	21	450	267	717
Dividend payments			(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 earnings				2	2	3	5
Balance at Sep. 30, 2002	92	208	122	2	424	197	621

Consolidation group	21/31/2001	Additions	Disposals	9/30/2002
Fully consolidated companies	177	4	2	179
thereof in Germany	93	2	2	93
thereof abroad	84	2		86
Investees carried at equity	16			16
thereof in Germany	7			7
thereof abroad	9			9

Primary accounting bases

The present consolidated financial statements have been prepared in accordance with such International Accounting Standards (IAS) 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 Standing Interpretations Committee (SIC).

The accounting and valuation principles, as well as the explanations and disclosures in this interim report are based on the same, consistently applied methods that also underlie the consolidated financial statements for the fiscal year ended December 31, 2001, to which we make reference for further details.

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Financial diary

November 29, 2002	Teleconference with financial analysts on the 9-month figures
April 10, 2003	Annual accounts press conference on fiscal 2002, Düsseldorf
	Meeting with financial analysts on fiscal 2002, Frankfurt/Main
May 27, 2003	Annual stockholders' meeting, Berlin





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