

Q3

RHEINMETALL AG

INTERIM REPORT AS OF SEPTEMBER 30, 2004



RHEINMETALL

THE RHEINMETALL GROUP AT A GLANCE

Automotive Kolbenschmidt Pierburg AG



The Automotive sector, parented by Kolbenschmidt Pierburg AG, stands for innovative products related to every aspect of the engine. As of September 30, 2004, Rheinmetall held 96.5 percent of the stock of Kolbenschmidt Pierburg AG.

The Kolbenschmidt Pierburg Group product range extends from systems and components for air supply and emission control via pistons and piston modules to plain bearings, as well as complete engine blocks.

Kolbenschmidt Pierburg is the second-largest manufacturer of pistons worldwide and ranks among the top three in all its other product segments in the relevant markets.

Defence Rheinmetall DeTec AG



All Rheinmetall's defence technology activities are subsumed in the Defence sector under Rheinmetall DeTec AG, a subsidiary wholly owned by Rheinmetall AG.

The Rheinmetall DeTec Group specializes in equipping land forces with armored vehicles, weapons and ammunition, electronic equipment, and state-of-the-art air defence systems.

Rheinmetall DeTec is Europe's leading systems supplier for land forces technology, as well as among the top three equippers of land forces worldwide.

WORKOUT PROGRAMS WORKING NICELY: RHEINMETALL SHOWING GROWTH AND PROFITABILITY

In the course of Q3/2004, the Rheinmetall Group continued along the course of growth and profitability, propelled both by the carefully calculated globalization drive with innovative product ranges and, increasingly, by the group-wide workout programs. Measured against the year-earlier performance, Rheinmetall has made significant improvements in terms of three-quarter earnings and returns. As a consequence, the Group can fully endorse its upbeat predictions for the year as a whole.

- Rheinmetall shows organic growth of 4.0 percent
- EBIT soars 72 percent to €136 million
- EBIT margin lifted from 2.6 to 5.7 percent
- Earnings per preferred share more than trebled
- Net financial debts slashed by €296 million over previous year

Q3 NEWS FLASHES

July 2004

Rheinmetall

The Group stages 10 road shows on the other side of the Atlantic for American investors in New York and Boston.

Rheinmetall DeTec

Representatives of the European and Atlantic military, Japanese industry and the trade press are impressed by a live demonstration of Rheinmetall Waffe Munition's newly developed 120-mm weapon. Weighing much less and with recoil forces down by 40 percent over comparable systems, the new weapon is ideal for mounting on light armored vehicles.



Kolbenschmidt Pierburg

Pierburg is the world's first manufacturer to series-produce a completely new electric divert-air valve for turbochargers. Versus the pneumatic types used previously, the new system is smaller, more efficient, and less costly.

Rheinmetall

Progress continuing on the redevelopment of Rheinmetall's Düsseldorf-Derendorf site. For the buildings to be erected at the Heinrich-Erhardt-Strasse corner of Ulmenstrasse, the jury (chaired by Prof. Wolfgang Döring) selected an entry submitted by the prestigious firm of architects Petzinka, Pink und Partner—one that blends sophisticated design and cost effectiveness.

Rheinmetall DeTec

A delegation headed by the Norwegian Inspector General, Major General Lars Sølvberg, calls on Rheinmetall DeTec's Bremen and Unterlüss facilities.



Kolbenschmidt Pierburg

Forward looking and highly efficient: at its Neuss location and reflecting Pierburg's state-of-the-art R&D plant and process technology, a new engine testing shop including six testing rigs is commissioned.

August 2004

Rheinmetall DeTec

At Kassel university, Rheinmetall Landsysteme continues its Theory-cum-Practice commitment to mechanical engineering studies by funding two additional chairs in the Electrical Engineering/IT division.



Rheinmetall

comments on its semiannual financial information at an analysts conference in Frankfurt and stages road shows in Switzerland and Italy.

Kolbenschmidt Pierburg

Motor Service International opts for Germany as a business location by moving into a new assembly plant near Neckarsulm in a few months from now. A shop measuring a net 7,200 m² is being built on a 13,000 m² site at the Neuenstadt industrial park.

Rheinmetall DeTec

Making the grade—the new Kodiak sapper tank 3 for the Swiss army. For early 2007, the consortium of Rheinmetall Landsysteme and RUAG Landsysteme expects to ship out the series-produced tank, a remarkably mobile and comprehensively mine-protected vehicle.



Kolbenschmidt Pierburg

Pierburg is constructing in Neuss an ultra-modern Customer Center with a new office building. Together with the Fraunhofer Institute for Industrial Engineering & Organization at Stuttgart University, an office layout has been devised for improving interdisciplinary communication and teamwork carried out on simultaneous engineering projects.

Kolbenschmidt Pierburg

One-off: a towering piston in stainless steel identifies the façade of Kolbenschmidt Pierburg's Neckarsulm facility. A striking symbol of the company's prime products built here at this location.

September 2004

Kolbenschmidt Pierburg

Under the slogan *Technical Customer Support through Well-Directed Know-How Transfer*, Motor Service International spotlights the new Pierburg onboard diagnosis and service concept at its Automechanika 2004 presentation.

Rheinmetall DeTec

Among the top defence industry contractors, Rheinmetall DeTec ranks 7th and 22nd in Europe and worldwide, respectively.

Rheinmetall

at the industry symposium High-Tech Engineering organized by the German Stock Exchange Corporation on the subject of Germany's capability as a technology location and attended by 300 investors, analysts, consultants, and company representatives.

Kolbenschmidt Pierburg

Pierburg sends out invitations and everyone attends: over 1,000 visitors take a look at the workings of the Berlin production plant during the Open Day.



Rheinmetall DeTec

During the artillery systems exercises on the Bauholder terrain in the state of Rhineland-Palatinate, some 700 onlookers including high rankers from politics, business as well as the German, allied and friendly armed forces follow the flight of a small KZO UAV for target acquisition built by Rheinmetall Defence Electronics.

Rheinmetall DeTec

Backpacked high-tech: developed together with the Braunschweig University of Technology and marketed by Rheinmetall Defence Electronics, the reusable Carolo microdrone system nestles into a rucksack all of its own. Flying autonomously and satellite aided, Carolo debuted successfully at its official demonstration at Meppen.



INNOVATION AND VALUE ENHANCEMENT: SOLID PROGRESS IN THE FIRST NINE MONTHS OF 2004

Smaller group—bigger earnings

Rheinmetall is well geared for the growing demands posed by the automotive and defence equipment markets. The successfully concluded restructuring efforts and ongoing efficiency and value enhancement programs are having effect. With its lean cost structures and innovative products, the Rheinmetall Group has in 3Q/2004 progressed along the course of organic growth while achieving sustained profitability improvements.

In 2004, Rheinmetall showed a 3Q EBIT of €136 million (up by €57 million over 2003) despite the substantially downscaled business volume in the wake of the divestments. The 9-month EBIT margin therefore shows an even steeper rise, from 2.6 percent in 2003 to 5.7 percent in 2004.

Organic growth through innovation

Very early on, the Rheinmetall Group had focused its Automotive and Defence sectors on submarkets showing robust growth potential. Kolbenschmidt Pierburg, for instance, is benefiting from its strong competitive position in diesel technology and emission control while Rheinmetall DeTec is outstandingly poised in the move to transform the armed forces in readiness for the new tasks and missions.

Against this setting, the Rheinmetall Group in 3Q/2004 generated sales of €2,403 million which, adjusted for consolidation group changes and parity effects, translates into 4.0 percent organic growth.

Targeted sales and profit levels will be achieved

For all of fiscal 2004, the Rheinmetall Group is counting on a sales volume of around €3.5 billion which reflects an organic growth that outpaces the relevant automotive and defence markets. In view of this year's performance trend, Rheinmetall fully reaffirms its earlier forecast of an improved EBIT margin. All the

divisions making up the Automotive and Defence sectors will deliver profit contributions. Moreover, the net interest expense will be slashed by a double-digit million euro amount. The EBIT margin boost and the more efficient deployment of capital combine to once again raise ROCE.

Rheinmetall Group indicators € million		
	3Q/2003	3Q/2004
Net sales	3,102	2,403
Order intake	3,289	2,195
Order backlog (9/30)	3,750	2,803
Headcount (9/30)	24,085	18,569
EBIT	79	136
EBIT margin	2.6%	5.7%
Cash flow	178	174
Capital expenditures	137	106
Depreciation/amortization	185	123

RHEINMETALL STAYING THE ORGANIC GROWTH COURSE

Soaring oil prices dampen economic expectations

According to estimates by the leading German economic institutes, global economic growth continued into Q3/2004 albeit with reduced momentum due to the sharp advance in oil prices. Whereas this trend became noticeable especially in the United States and even China showed the first signs of its economic

boom decelerating, in their Autumn Review the experts did predict for Germany a GDP growth rate of 1.8 percent for all of 2004. The driving force continues to be exports while domestic demand remains frail.

Consolidation group changes

The streamlining of the Rheinmetall Group's corporate structure meant that the 3Q/2004 business figures declined in absolute terms from the 3Q/2003 level in the wake of the following major divestments since January 2003:

- Hirschmann Austria GmbH (Electronics): Sold in June 2003
- Remaining operations of the Jagenberg Group: Sold by August 2003
- Naval Systems unit (Defence): Split-off in August 2003

- Business operations of STN Atlas Marine Electronics GmbH (EuroMarine): Sold in October 2003
- Preh-Werke GmbH & Co. KG (Electronics): Sold in October 2003
- Heidel Group (Defence): Sold in January 2004
- Hirschmann Electronics GmbH & Co. KG (Electronics): Sold in March 2004
- EuroCom Industries A/S (EuroMarine): Sold in May 2004

The exact changes within Rheinmetall's consolidation group are shown in the table on *page 13*.

Automotive continuing on the fast lane

In the first nine months of 2004, the Rheinmetall Group generated sales of €2,403 million which, adjusted for consolidation group changes and parity effects, is 4.0 percent up over 3Q/2003. In light of the extensive divestments, the €3,102 million sales reported for 3Q/2003 are not comparable.

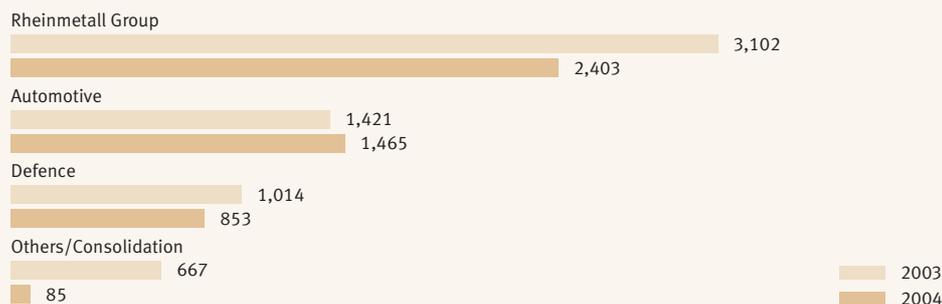
well above the percentage gain in motor vehicle production in the Triad markets of Western Europe, USA, and Japan.

Defence above like-for-like 2003 level

With a strategy driven by innovation and internationalization, the Automotive sector delivered sales of €1,465 million, an organic growth of 5.1 percent, and

Prior to its normally high-sales fourth quarter, the Defence sector posted sales of €853 million, which—adjusted for structural effects—represents a rise of 1.7 percent. In the current 4th quarter, Rheinmetall DeTec will generate around 40 percent of budgeted annual sales.

3Q sales € million



RHEINMETALL FLEXES ITS PROFIT MUSCLES

Rheinmetall Group performance trend € million

	3Q/2003	3Q/2004	Change (abs.)
Net sales	3,102	2,403	-699
EBITDA	264	259	-5
EBIT	79	136	+57
EBT	24	87	+63
Group net (loss)/income	(2)	59	+61
Group earnings (after minority interests)	(6)	55	+61
EpS (preferred stock) in € (before goodwill amortization)	0.42	1.56	+1.14

Group earnings surge

The €57 million or 72-percent EBIT increase combines with a net interest expense down by €6 million. As a consequence, EBT has advanced by €63 million, from €24 million to €87 million. Due to the lower tax load ratio and significantly downscaled minority interests, earnings distributable to Rheinmetall AG's stockholders rose by €61 million to €55 million.

Together, these favorable figures lead to sharply improved 3Q earnings per preferred share—up from €0.42 to €1.56.

This creditable performance mirrors recent years' refocus on the profitable core businesses of Automotive and Defence alongside the successful completion of many workout programs within the operating units, the downscaling of debts, and the repurchase of minority interests.

Rheinmetall Group organic performance trend € million

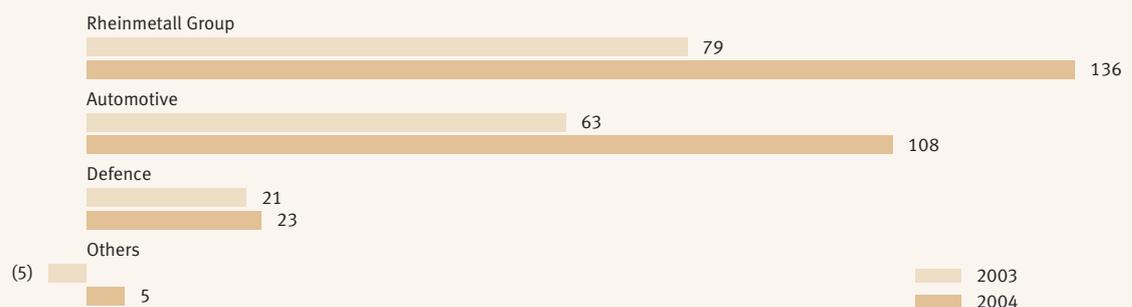
	3Q/2003	3Q/2004	Change
Net sales	3,102	2,403	-699
EBIT	79	136	+57
Extraordinary gains/losses	22	(15)	-37
Goodwill amortization	17	--	-17
Adjusted (organic) EBIT	118	121	+3
Adjusted (organic) EBIT margin	3.8%	5.0%	+32%

Organic EBIT margin up 32 percent

Organic profitability within the Rheinmetall Group grew by an absolute €3 million to a like-for-like EBIT of €121 million after adjustment for extraordinary items and goodwill amortization, despite the €699 million sales shortfall.

Relating EBIT to net sales demonstrates that the adjusted organic 3Q EBIT margin rose from the year-earlier 3.8 to 5.0 percent, up 32 percent in 3Q/2004, an improvement in the first nine months of 2004 despite the fact that Defence generates most of its sales and earnings in Q4.

3Q EBIT € million



KOLBENSCHMIDT PIERBURG—THE GROUP'S EARNINGS ACCELERATOR

International auto production again up

Whereas car sales in Germany shrank slightly, the number of automobiles and LCVs sold worldwide in the first nine months of 2004 advanced 4.4 percent to 43.6 million. Even sharper was the growth in vehicle production, the relevant factor for Kolbenschmidt Pierburg products, this climbing 5.1 percent to 44.4 million. Whereas the Triad markets of USA, Western Europe and Japan inched up a mere 1 percent, pro-

duction in Asia (excluding Japan), Eastern Europe and South America progressed much more dynamically. Given these differing market trends, Kolbenschmidt Pierburg benefited in particular from its globally balanced customer mix, its pervasive international presence and a product range focused on the motor industry's growth segments.

Kolbenschmidt Pierburg's organic growth over 5 percent

With a strategy tailored to innovation and internationalization, Kolbenschmidt Pierburg generated 3Q/2004 sales of €1,465 million, up 3.1 percent versus the comparable 3Q/2003 sales. Adjusted for structural and exchange rate effects, the rise was 5.1 percent.

position in growth market segments such as diesel technology, emission control, and weight reduction. Instances of this are the order to supply vacuum and oil pumps plus exhaust gas recirculating valves for the 1.3-liter diesel engine to the Fiat/GM/Powertrain joint venture and the contract to supply all the Audi V8 and V10 aluminum engine blocks.

A number of prestigious megacontracts prove that Kolbenschmidt Pierburg commands an outstanding

Another EBIT leap

Kolbenschmidt Pierburg's 3Q EBIT added up to €108 million in 2004—some 71 percent more than a year ago. It was the Pierburg division that once again contributed the lion's share to earnings thanks to the successful conclusion of its restructuring efforts, es-

pecially in Germany and Italy. The Aluminum Technology division also moved further ahead, its EBIT turning around by €8 million to a black €2 million due to high capacity utilization and quality improvements.

Prospects: earnings well above the year before

Assuming that the input and output markets remain steady, Kolbenschmidt Pierburg expects Q4 growth and earnings likewise to continue upwards. For the full 12 months, EBIT and EBIT margin predictions are well above the figures for 2003. Together with the

expected earnings uptrend, Kolbenschmidt Pierburg's strictly applied investment and working capital policies will lead to a sharp rise in ROCE and another upswing in net liquidity.

Automotive indicators € million			
	3Q/2003	3Q/2004	
Net sales	1,421	1,465	
Order intake	1,434	1,463	
Order backlog (9/30)	320	318	
Headcount (9/30)	11,488	11,512	
EBITDA	167	196	
EBIT	63	108	
EBT	45	88	
EBIT margin	4.4%	7.4%	
Capital expenditures	77	74	
Depreciation/amortization	104	89	

RHEINMETALL DeTEC—TRANSFORMATION DRIVES GROWTH

Defence spending up worldwide

Last year's worldwide defence spending advanced 15 percent to nigh €800 billion, the United States accounting for around two-thirds of this increase. In Europe, too, new matériel outlays are accelerating. Germany's financial plans include added procurement expenditures and a rise in the defence budget's

investment ratio from currently under 25 to 29 percent by 2008. The scenario for these developments is the so-called transformation of the armed forces, a process through which the German army as well as that of allied and friendly nations can respond to new security challenges and threat scenarios.

Rheinmetall DeTec expecting Puma contract

Nine-month sales by the Defence sector in 2004 totaled €853 million, the decline from 2003 being exclusively due to the splitting-off of the erstwhile STN Atlas Elektronik's Naval Systems unit and the divestment of a number of smallish nonmilitary businesses. Adjusted for these effects, Rheinmetall DeTec stepped up sales by 1.7 percent. For invoice timing reasons, the lion's share of Defence's sales are disproportionately high in the final quarter of a fiscal year.

This fourth quarter is also likely to culminate in the signing of a number of megaprojects. Among the con-

tracts expected by Land Systems before year-end is the new Puma infantry tank destined for the German armed forces. Fifty percent of this large-scale project to be handled together with a joint venturer and worth around €3 billion, will be billed by Rheinmetall DeTec. In October of this year, Defence also managed to book strategically important export contracts worth double-digit millions, one such being the fitting-out of Danish naval ships with the newly developed Millemium gun, and another for air defence networking systems in the Netherlands.

Operational profitability stronger and sustained

During the period, Rheinmetall DeTec's EBIT of €23 million topped the year-earlier by €2 million. EBT climbed from €5 million to €9 million. Allowing for the €8 million goodwill amortization discontinued

in 2004 and no profit contributions from companies meanwhile divested (€17 million), the like-for-like EBIT jumped by €11 million.

Prospects: EBIT to outnumber the prior year's

Defence industry sales and earnings tend to pile up in the final quarter of a year. For all of 2004, Rheinmetall DeTec expects sales to be 5 percent higher

than the like-for-like 2003 figure and—despite the downsized consolidation group—an EBIT in excess of the prior-year €69 million.

Defence indicators € million			
	3Q/2003	3Q/2004	
Net sales	1,014	853	
Order intake	1,137	639	
Order backlog (9/30)	3,006	2,485	
Headcount (9/30)	7,648	6,932	
EBITDA	70	53	
EBIT	21	23	
EBT	5	9	
EBIT margin	2.1%	2.7%	
Capital expenditures	36	38	
Depreciation/amortization	49	30	

CONSOLIDATED BALANCE SHEET

ASSETS € million	12/31/2003	9/30/2003	9/30/2004
Fixed assets			
Intangible assets	392	424	402
<i>thereof goodwill</i>	340	373	351
Tangible assets	1,106	1,194	1,016
Financial assets	51	63	43
	1,549	1,681	1,461
Current assets			
Inventories	716	871	735
less prepayments received	(27)	(32)	(45)
Trade receivables	490	579	406
All other receivables and sundry assets	300	311	323
Cash & cash equivalents	336	92	138
	1,815	1,821	1,557
Income tax assets	71	108	79
Prepaid expenses & deferred charges	7	10	7
Total assets	3,442	3,620	3,104

EQUITY & LIABILITIES € million	12/31/2003	9/30/2003	9/30/2004
Total equity			
Stockholders' equity			
Capital stock	92	92	92
Additional paid-in capital	208	208	208
Other reserves	312	314	353
Group earnings (after minority interests)	63	(6)	55
	675	608	708
Minority interests	56	71	50
	731	679	758
Accruals			
Pension accruals	530	585	486
Other accruals	489	527	420
	1,019	1,112	906
Liabilities			
Financial debts	566	754	504
Trade payables	455	388	362
All other liabilities	574	592	476
	1,595	1,734	1,342
Income tax liabilities	80	69	80
Deferred income	17	26	18
Total equity & liabilities	3,442	3,620	3,104

CONSOLIDATED INCOME STATEMENT

Consolidated income statement for the 9 months (3Q) ended September 30	3Q/2003	3Q/2004
<i>€ million</i>		
Net sales	3,102	2,403
Net inventory changes, other work and material capitalized	99	75
Total operating performance	3,201	2,478
Other operating income	134	81
Cost of materials	(1,491)	(1,175)
Personnel expenses	(1,043)	(757)
Amortization/depreciation	(185)	(123)
Other operating expenses	(535)	(386)
Operating result	81	118
Net interest expense	(55)	(49)
Net investment income and other financial results	(2)	18
Net financial result	(57)	(31)
Earnings before taxes (EBT)	24	87
Income taxes	(26)	(28)
Group net (loss)/income	(2)	59
Minority interests	(4)	(4)
Group earnings (after minority interests)	(6)	55

Consolidated income statement for the 3 months (Q3) ended September 30	Q3/2003	Q3/2004
<i>€ million</i>		
Net sales	978	782
Net inventory changes, other work and material capitalized	33	9
Total operating performance	1,011	791
Other operating income	51	23
Cost of materials	(459)	(381)
Personnel expenses	(327)	(234)
Amortization/depreciation	(62)	(38)
Other operating expenses	(192)	(116)
Operating result	22	45
Net interest expense	(16)	(15)
Net investment income and other financial results	(2)	2
Net financial result	(18)	(13)
Earnings before taxes (EBT)	4	32
Income taxes	(14)	(14)
Group net (loss)/income	(10)	18
Minority interests	2	(1)
Group earnings (after minority interests)	(8)	17

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>€ million</i>	3Q/2003	3Q/2004
Cash & cash equivalents at January 1 (BoP)	367	336
Group net (loss)/income	(2)	59
Amortization/depreciation of fixed assets	185	123
Change in pension accruals	(5)	(8)
Cash flow	178	174
Changes in working capital and other items	(248)	(306)
Net cash used in operating activities	(70)	(132)
Cash outflow for additions to tangible and intangible assets	(137)	(106)
Cash inflow from the disposal of tangible and intangible assets	12	12
Cash outflow for additions to consolidated subsidiaries and financial assets	(108)	(22)
Cash inflow from the disposal of consolidated subsidiaries and financial assets	20	103
Net cash used in investing activities	(213)	(13)
Capital paid in
Dividend paid out by Rheinmetall AG	(24)	(24)
Other profit distribution	(5)	(2)
Change in financial debts	38	(27)
Net cash provided by/(used in) financing activities	9	(53)
Cash-based change in cash & cash equivalents	(274)	(198)
Parity-related change in cash & cash equivalents	(1)	0
Total net change in cash & cash equivalents	(275)	(198)
Cash & cash equivalents at September 30 (EoP)	92	138

The seasonality of Defence's business trend—sales, earnings and cash peaking in Q4 of a year—increases this corporate sector's working capital during the year and thus entails a net cash outflow from oper-

ating activities. A positive free cash flow from operations after deducting the additions to tangible assets is expected for all of 2004.

STATEMENT OF CHANGES IN EQUITY

€ million							
	Capital stock	Additional paid-in capital	Other reserves	Group earnings after minority interests	Stockholders' equity	Minority interests	Total equity
Balance at 1/1/2003	92	208	113	246	659	210	869
Dividend payments	--	--	(24)	--	(24)	(5)	(29)
Currency translation 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
Balance at 1/1/2004	92	208	312	63	675	56	731
Dividend payments	--	--	(24)	--	(24)	(2)	(26)
Currency translation differences	--	--	(1)	--	(1)	--	(1)
Consolidation group changes	--	--	--	--	--	(8)	(8)
Other comprehensive income	--	--	66	(63)	3	--	3
Group net income	--	--	--	55	55	4	59
Balance at 9/30/2004	92	208	353	55	708	50	758

ADDITIONAL DISCLOSURES

Consolidation group				
	12/31/2003	Additions	Disposals	9/30/2004
Fully consolidated companies	127	6	(39)	94
thereof in Germany	74	4	(24)	54
thereof abroad	53	2	(15)	40
Investees stated at equity	16	2	(8)	10
thereof in Germany	7	2	(4)	5
thereof abroad	9	—	(4)	5

Primary accounting bases

The present interim report was prepared in accordance with such International Financial Reporting Standards (IFRS) and Interpretations approved and released by the International Accounting Standards Board (IASB) as were prescribed to be applied as of the closing date. On March 31, 2004, the IASB published IFRS 3, *Business Combinations*, and related amendments of IAS 36, *Impairment of Assets*, and IAS 38, *Intangible Assets*. Rheinmetall has voluntarily applied IFRS 3 as from January 1, 2004, thus refraining from goodwill amortization.

Except for the above change, 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, 2003, to which we make reference for further details.

RHEINMETALL STOCK

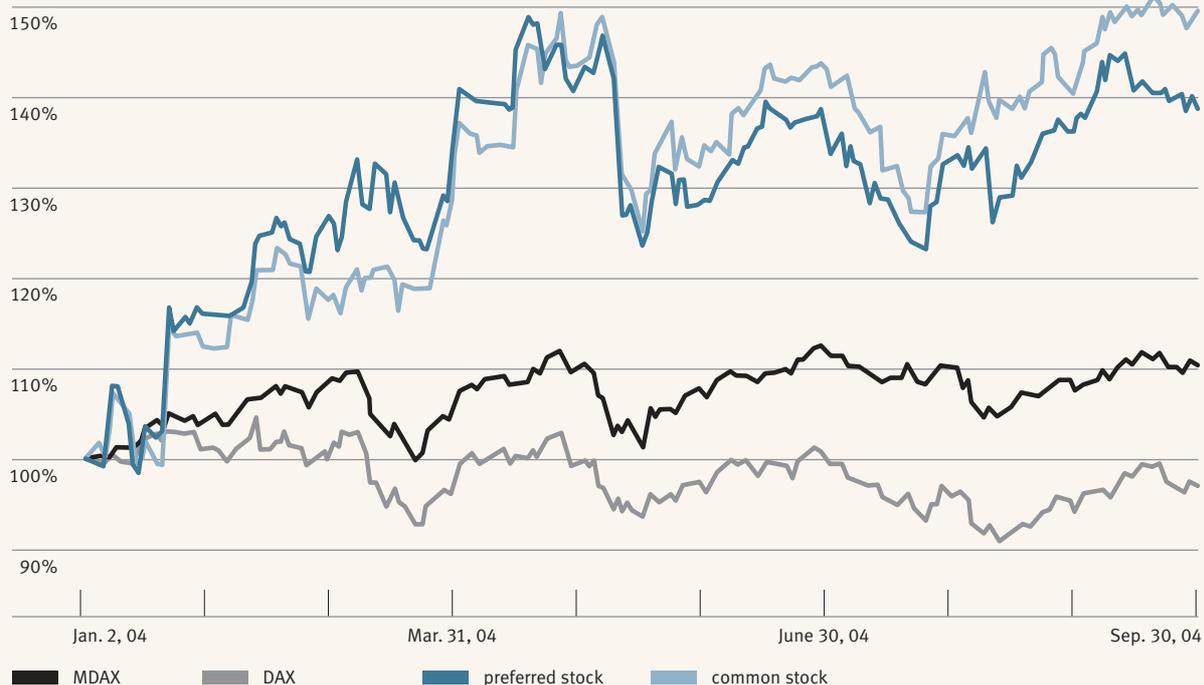
Rheinmetall stock showing sharp 9-month gain

After nine months of the present fiscal period, both of Rheinmetall's stock classes were still outperforming the most important capital market indexes in Germany. Preferred stock surged 40 percent between January and September, the common variety advancing nearly 50 percent. During the same period, the DAX, Germany's prime stock exchange barometer, lost 3 percent. The MDAX—of which the Rheinmetall preferred shares are a member—gained 11 percent. And, during Q3 of this year, the preferred and common shares still managed to outpace these two loss-posting indexes with gains of 1 and 4 percent, respectively. Rheinmetall preferred stock reached its Q3 high with €35.16 at the start of September, the common with €35.75 a few days later.

As of both June 30 and September 30, 2004, Rheinmetall had an unchanged number of 36 million shares (18 million each preferred and common) and a market capitalization worth over €1.2 billion (up from around €840 million at the end of 2003). The average daily trading volume in 3Q/2004 for the more liquid preferred type added up to 52,300. In the MDAX 3Q statistics of Deutsche Börse AG, the German Stock Exchange Corporation, Rheinmetall preferred stock ranked 28th as of the end of September 2004, in terms of market capitalization, and one position down in terms of trading volume. At the start of the year, the ratings had been a lot lower at 36 and 31, respectively.

Rheinmetall stock price trend compared to DAX and MDAX

January 2 through September 30, 2004



Financial diary

March 23, 2005	Annual accounts press conference on fiscal 2004
March 23, 2005	Analysts conference on fiscal 2004
May 10, 2005	Annual stockholders' meeting in Berlin

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This interim report contains statements and forecasts referring to the Rheinmetall Group's future development which are based on assumptions and estimates by management. If the underlying assumptions do not materialize, the actual figures may differ from such estimates. Elements of uncertainty include changes in the political, economic and business environment, exchange and interest rate fluctuations, the introduction of rival products, poor uptake of new products, and changes in business strategy.

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