One hundred years ago, on January 7, 1902, we received a patent on a system combining a spark plug with a high-voltage magneto. This ignition made a decisive contribution to the reliability of the gasoline engine and thus to the popularity of the automobile.

Here: A spark plug with four ground electrodes for direct-injection gasoline engines. The electrodes are formed from an alloy containing yttrium. This is a "rare earth", and endows the spark plug with its outstanding resistance to heat and wear.

Robert Bosch GmbH, Stuttgart

Originated as the "Workshop for Precision Mechanics and Electrical Engineering" founded by Robert Bosch in Stuttgart in 1886

Responsible for a total of 218 subsidiaries, of which 34 are domestic and the remaining 184 are situated outside Germany

Owners:
Robert Bosch Stiftung GmbH, Stuttgart, 92%
Bosch family, 8%
Robert Bosch Industrietreuhand KG, Stuttgart, execution of the entrepreneurial ownership functions

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Introduction

To our business partners and friends

I address myself to you here personally for the first time to present to you our 2001 annual report. Our company overall has grown strongly during the past few years, now employs around 221,000 people worldwide, is successful with futuristic innovations and has at its disposal a worldwide network of customers and suppliers, which is larger and closer knit than ever before. To keep and continue to expand this position is our constant challenge. The cooperation and trust of our worldwide partners and the high level of commitment of our employees support us in this endeavor – we thank you for this.

The year 2001 did not live up to our expectations. As with most companies, we were also unable to avoid the consequences of the worldwide recession. More than that we were affected by the terror attacks of September 11 in the U.S. They showed us how difficult it is these days to guarantee both freedom and security in systems which are open to the world, and how much our contribution as an international enterprise is required to further expand and foster fair business relations worldwide.

We finished the year 2001 with sales of 34 billion euro. The 8% growth came primarily from new consolidations, especially of Rexroth. The weak internal growth also squeezed the profit development, ... We do not expect 2002 to bring a noticeable improvement of the overall economy. However, we want to better our net income.

Our business strategies remain the same. We will not reduce the speed with which we innovate, and we will continue to invest significantly in research and development in order to stay technologically at the forefront in all areas in which we operate. We will also persistently follow the goal of reaching an even better balance among our various business sectors concomitant with greater growth, especially in North America and Asia. That will also require additional acquisitions. The greatest growth potential will continue to lie in the enterprise itself and in the competence and commitment of our employees. Our most important concern is to even further enhance the level of satisfaction of our current customers and to gain new customers for our products.

Hermann Scholl

Key Figures

(million euro)

<table>
<thead>
<tr>
<th>Bosch Group Worldwide</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>34,029</td>
<td>31,556</td>
</tr>
<tr>
<td>percentage change from prior year</td>
<td>+ 7.8</td>
<td>+13</td>
</tr>
<tr>
<td><strong>Foreign sales</strong></td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>as a percentage of sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Research and development expense</strong></td>
<td>2,274</td>
<td>2,030</td>
</tr>
<tr>
<td>as a percentage of sales</td>
<td>6.7</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Investments in tangible fixed assets</strong></td>
<td>2,368</td>
<td>2,111</td>
</tr>
<tr>
<td>as a percentage of depreciation</td>
<td>123</td>
<td>118</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>average for the year</td>
<td>218,377</td>
<td>196,880</td>
</tr>
<tr>
<td>as of January 1, 2002/2001</td>
<td>220,999</td>
<td>198,666</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>27,783</td>
<td>24,504</td>
</tr>
<tr>
<td><strong>Equity capital</strong></td>
<td>9,014</td>
<td>8,288</td>
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<tr>
<td>as a percentage of total assets</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td>650</td>
<td>1,380</td>
</tr>
<tr>
<td><strong>Unappropriated earnings</strong> (Dividends of Robert Bosch GmbH)</td>
<td>50</td>
<td>2,603</td>
</tr>
</tbody>
</table>

1 Special effect of "pay-out-and-reinvest" procedure at Robert Bosch GmbH
In regular meetings, the Supervisory Council kept itself informed about the progress of business and the company's situation. Business developments, financial situation and investment plans, as well as new technical developments were presented and discussed in detail. Reporting and discussion included all important companies of the Bosch Group. Written monthly reports brought the Supervisory Council up to date on current business developments. Special events were covered in newsletters.

Ernst & Young Deutsche Allgemeine Treuhand AG, Stuttgart, audited the accounting and financial statements of Robert Bosch GmbH, the consolidated financial statements of the Bosch Group and the condensed management report. The auditors in all cases gave their unqualified opinion. The Supervisory Council concurs with the audit findings, without objections, and recommends that the shareholders approve the financial statements of Robert Bosch GmbH and follow the proposal of the Board of Management for the disposition of net income.

As of December 31, 2001, Olaf Kunz left the Supervisory Council. The Council expresses its thanks to him for his constructive work. Jürgen Ulber was appointed as new member of the Council by decision of the Stuttgart court dated January 2, 2002.

Stephan Rojahn left the Board of Management of Robert Bosch GmbH on November 15, 2001, at his own request. The Supervisory Council thanks him for his many years of work for the company. At its meeting on November 29, 2001, the Council had followed the recommendations of the shareholders and appointed the former deputy members of the Board of Management, Bernd Bohr, Wolfgang Chur and Franz Fehrenbach, to full members of that Board.

Stuttgart, April 2002
For the Supervisory Council
Dr.-Ing. Wolfgang Eychmüller
Chairman
Board of Management

Hermann Scholl
Chairman

Tilman Todenhöfer
Deputy Chairman

Bernd Bohr
Wolfgang Chur
Siegfried Dais
Franz Fehrenbach
Rainer Hahn
Claus Dieter Hoffmann
Kurt Liedtke
Stephan Rojahn
Gotthard Romberg

Deputy Members of the Board of Management

Wolfgang Drees
(as of January 1, 2002)

Peter Marks
(as of January 1, 2002)

Gotthard Romberg
- Electric Power Tools
  - Thermotechnology
  - China

Claus Dieter Hoffmann
- Business Administration
  - Finance and Financial Statements
  - Planning and Controlling

Bernd Bohr
- Gasoline Systems
  - Diesel Systems (Technology)
  - Environmental Protection
  - Japan

Franz Fehrenbach
- Diesel Systems
  - (Sales and Business Administration)
  - Automation Technology
  - Packaging Technology
  - Construction and Buildings
  - India

Wolfgang Chur
- Sales Automotive Technology
  - Aftermarket
  - Coordination O.E. Sales
  - Quality Licensing, Patents, Trademarks
  - Korea

Peter Marks
- Energy Systems
  - Body Electronics
  - Manufacturing Coordination
  - Capital Expenditure
  - Australia

Kurt Liedtke
- North America

Divisions
- Corporate Responsibilities
- Regional Responsibilities
# Executive Management of Divisions and Subsidiaries

**Senior Management as of May 1, 2002**

**United States (USA)**
- John Moulton
- David D. Robinson
- Hans-Joachim Weckerle
- Knut Bendixen
- Robby Drave
- Lee Manduzzi
- Meredith Nickol
- Gary Saunders

**France**
- Patrick Mermilliod
- Dietmar Feder
- Gerold Lemperle

**Japan**
- Horst Wittmoser
- Yutaka Ota
- Helmut Pfeifle
- Stefan Stocker
- Toshio Takata
- Andreas Wiegert

**Italy**
- Massimo Guarini
- Rudolf Colm

**Spain**
- Micha Kirchhoff
- Harald Bronkal

**Brazil**
- Klaus Neidhard
- Holger Jacoby
- Edgar Silva-Garbade

**U.K.**
- Manfred Müller
- Manfred Seitz

**Other Subsidiaries**
- Hans-Peter Bauer
- Marie-Therese Balmer
- Günter Käs
- Per Kempel

**Corporate Executive Management**

**Adolf Ahnefeld**

**Senior Vice Presidents – Original Equipment Sales**

**Original Equipment Sales**
- Dieter Eichler
- Robert Hanser
- Karsten Köhn
- Volker Schmidt
- Helmut Schwarz

**Gasoline Systems**
- Ludwig Walz
- Reiner Leipold-Büttner
- Rolf Leonhard

**DieSEL Systems**
- Klaus Bohler
- Jens-Michael Busselt
- Karl Nowak

**Chassis Systems**
- Wolfgang Drees
- Martin Zechenhall

**Automotive Technology**
- Robert Hefner
- Christian Depléwski
- Heinz Derenbach

**Body Electronics**
- Beda-Helmut Bolzenius
- Herbert Hemming

**Car Multimedia**
- Christian Wallman
- Stefan Asenkerschbaumer

**Bosch Rexroth**
- Winfried Witte
- Albert Hermann

**Packaging Technology**
- Gabiand KIND
- Franz Thönen

**Industrial Technology**
- Winfried Witte
- Albert Hermann

**Power Tools**
- Alfred Odenthal
- Josef Evers

**Thermotechnology**
- Joachim Berner
- Karl Huttelmaier

**Consumer Goods and Building Technology**
- Martin Zechenhall
- Martin Zechenhall

**Automotive Electronics**
- Robert Hefner
- Christian Depléwski

**Automotive Aftermarket**
- Eugen Konrad
- Christian Wallman

**Security Technology**
- Joachim Berner
- Karl Huttelmaier

**Broadband Networks**
- Reiner Beutel

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**Names in bold print:** Presidents of the Divisions

**1 At the same time Senior Director of Robert Bosch GmbH**

**2 At the same time Executive Vice President (Divisions)**

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**Technical discussion at an information seminar on modern diesel technology. In the picture (from right to left): Hermann Scholl, Chairman of the Board of Management, with Kurt Liedtke, Member of the Board of Management, and Klaus Bohler, Executive Vice President, Diesel Systems division.**
Business development meets economic headwind

The worldwide economic environment in 2001 turned out less positive than expected. After having weakened progressively during the first half of the year, the general business climate was further strained by the terrorist attacks of September 11, 2001. Worldwide economic growth decreased from about 4.5% in 2000 to only about 1.5% in 2001. Worldwide automobile production at the same time shrank by 4%, with the largest reduction taking place in the NAFTA area.

Against this background, the increase in sales of our Group in 2001 by 7.8% to 34 billion euro was primarily the result of additions to the consolidated group. A major component of this was the inclusion of Rexroth for part of the year.

The weak internal growth was caused principally by sales losses outside Europe. The main influence here was the slowdown in the US economy, which also negatively affected growth in Latin America and many Asian countries. In contrast, our European sales – still approximately 65% of our total business – grew internally by about 3%, favored by a still stable automobile business, but above all by a continuing strong growth rate in diesel systems. Non-German sales as a percentage of total sales remained at 72%.

Greater weighting of industrial technology

With the consolidation of Rexroth starting in May 2001, our Industrial Technology Business Sector reached a sales level of 3.2 billion euro. Its share of total Bosch Group sales thus increased from 3.8% in 2000 to 9.3% in 2001. Had the company been included in consolidation for the full year, that share would have been 12%. The integration of Rexroth into the Bosch Group in 2001 has already made great progress. Industrial technology could not avoid being affected by the economic weakening. Compared with the previous year, 2001 sales, including those of Rexroth, grew by a mere 1%.

Our Automotive Technology Business Sector reached a sales volume of 23.2 billion euro in 2001. Including the first-time consolidation of our Japanese braking businesses, accounting for 600 million euro, sales increased by 3.4%. Thus we continued to strengthen our position as the world’s second-largest supplier to the automobile industry. Within the Bosch Group, the sector’s share of sales fell from 71% to 68%. This, though, was attributable to the Rexroth acquisition, and is in line with our aim of achieving a better balance among our business sectors.

The greatest contribution to growth in automotive technology came, as in prior years, from European diesel-systems sales. The share of diesel-powered vehicles in new registrations of passenger vehicles significantly by our new high-pressure injection technology. We also achieved comparatively high rates of growth in our antilock braking systems (ABS), electronic stability program (ESP) and in vehicle navigation business.

Sales of consumer goods and building technology amounted to 7.6 billion euro in 2001. Including new first-time consolidated units, sales increased by 2.3%. Significant growth was especially achieved with security-technology products. We were also pleased at the way in which the broadband network business developed. However, the power tools, thermostechnology and household-appliances businesses were on the skids. As in prior years, it was particularly the domestic sales which were weak. Thanks to many new and innovative products we still managed to keep or even expand market positions, providing a good platform for the future.
Unsatisfactory operating results
Profit development also suffered from the unfavorable market environment. Our long-term profitability goals, which are indispensable for the financing of investments and further growth, were not met in 2001. For a number of years now we have made large investments, especially in automotive technology, for many new and sometimes very complex products and systems. This, together with very strong competition, exerts pressure on financial results.

More employees through acquisitions
At the beginning of 2002 the Bosch Group worldwide employed about 221,000 people, of which 54% worked outside Germany. That amounted to an increase of 22,300 over the prior year, all as a result of first-time consolidations. The acquisition of Rexroth alone contributed 21,600 employees. The companies already included in the consolidation at the end of 2000 reduced their workforces by about 3,500. This reduction applied mostly to our locations outside Europe. If the effects of the newly consolidated entities are ignored, the number of employees in Germany remained virtually unchanged.

Further increase of investments
In 2001 business growth was primarily with new products, and this again called for a further increase of investments in tangible fixed assets. The largest share thereof was for the expansion of production capacity for diesel systems. Special regional investments were focused on our locations at Bursa, Turkey and Jihlava in the Czech Republic. At the same time we commenced building a new development center for automotive technology in Abstatt near Heilbronn. When finished, 2,000 employees will work there. Our total investments in tangible fixed assets in 2001 amounted to around 2.4 billion euro, 62% of which was invested outside Germany.

No letup in research and development
To further expand our technological competence in all areas of our business, we continued to extend our research and development activities. We thus spent approximately 2.3 billion euro in 2001 on research and development which, as a percentage of sales, represents an increase from 6.4% to 6.7%. At the beginning of 2002 we employed about 18,550 scientists, engineers and technicians in R&D around the world. Thanks to their work, we were able to keep the number of our patent applications at the high level of the year before.
Power and precision: The largest tunnel-boring machines in the world operate with technology from Bosch Rexroth. Such “moles” are equipped by us with axial-piston machines, valves, cylinders, gears and controls.
Intensive quality work

All in all, we were successful with our quality endeavors in 2001, and quality complaints from our customers dropped significantly. At the same time, the many new product generations that we introduced led to increasing challenges to our quality. Especially the growing penetration of software into all systems makes far-reaching demands on our development and production processes. In order to make this our fundamental focus, we have expanded the self-assessment process in accordance with the Excellence model of the European Foundation for Quality Management. The Six Sigma method has proven particularly applicable to the solution of difficult technical problems, and is now being taught throughout the company in intensive seminars.

Greater efficiency in purchasing

With total sales of 34 billion euro, our purchasing volume for materials, services, merchandise and capital goods amounted to about 18 billion euro. Of this, 61% was procured outside Germany.

In the face of the stiff competition we experience at our customers, we have continued to improve the efficiency of our purchasing. Within the framework of our “competeS” project, we thus placed three objectives at the forefront of our considerations: further concentration on the most efficient suppliers, their early involvement in the development processes of products and production equipment, and a shift of value creation to our best suppliers.

Internet market SupplyOn goes into operation

We also implemented process improvements in purchasing with the Internet market SupplyOn, which we founded together with other automobile-industry suppliers. Further partners have joined us in the meantime. For the first time, we have placed all price-bid requests for parts made according to drawings on this market medium. We are working on expanding the range of functions for engineering and logistics together with SupplyOn and the other partners. The goal is to create a comprehensive communications and transactions platform for the European supply industry.

Outlook for the current year

Overall, no appreciable improvement in business conditions is visible for 2002. Even though the general economic climate in North America and Europe stabilized at the beginning of this year, the automobile industry remains an exception and worldwide production can be expected to decrease further in 2002. A sweeping economic recovery, which would include the automobile industry, probably will not occur until the year 2003.

Against this background we expect Bosch Group sales in 2002 to experience a small increase only, primarily as a result of the further consolidation effects from the Rexroth acquisition. It is nevertheless our aim to improve profitability compared to 2001 and to keep, where possible, employment stable by utilizing existing flexibility measures.

Risks inherent in future development

The greatest risks for sales, employment, profits and liquidity still lie in unstable political and economic conditions as well as the uncertainty involving the further development of the automobile industry.

We intend to apply the following measures in order to limit the possible negative effects of these risks:

- We have based our 2002 business plan on growth premises which lie below those generally expected. As a result, Bosch Group growth and profit perspectives are conservatively estimated.
- Starting in 2002, we have changed our management philosophy to a value-based system. This will contribute to more firmly anchored profit orientation at all levels and in all decisions, and to greater watchfulness in the efficient use of funds.
- Our risk management is based on a comprehensively structured internal reporting system, which also includes the new business entities which were added in recent years through acquisitions. For better transparency and worldwide control, the business conducted by our subsidiaries is to a large extent consolidated in the applicable divisions.

- Our risk management is complemented by constant monitoring of all financial and foreign currency movements of our worldwide business units. Our monetary positions in the most important currencies are to a large extent in balance. Open currency positions are hedged in line with internal consensus.

- A large number of projects under the motto BeQIK are used to constantly improve all our internal processes. BeQIK represents greater speed in all we do, with the emphasis on quality (Q), innovation (I), and focus on the customer (K).

- With great vigor we continue to implement the two-year old project “Time to Market” in all areas, in order to permanently improve our product creation process, and to speed up new product start-ups with guaranteed quality. This will lower our development and manufacturing costs.

- We are in an intensive process of deepening relations with our customers as partners, aiming with all our resources at achieving common solutions to all new challenges. This applies both to the implementation of new technologies and the search for cost savings in further development of product concepts.

- In order to utilize our worldwide market opportunities still better, especially in times with a poor economic climate, we are expanding our activities in markets and at customers which still offer a large potential for our products. In doing so, we benefit from the demands for technical know-how especially for the careful use of natural resources and for the relief of the environment. These demands are on the increase all over the world.

We are confident that, with this strategic business alignment, we will be able to cope with the risks and thus guarantee the future of the Bosch Group with continued growth and profitability.
Gasoline direct-injection expands further

After starting series production of our gasoline direct-injection in 2000, further projects have meanwhile been started or will be started soon. This technology meets the stringent emission limits of Euro IV. Using the stratified-charge method, in which an ignitable air-fuel mixture at the spark plug is surrounded by an insulating layer of air and residual exhaust gas, the DI-Motronic offers particularly economic lean operation in the low-load range. As engine load increases, it switches over to homogeneous cylinder load. Gasoline direct-injection also increases the fun of driving with higher torque values and better spontaneity. In time, we expect that the new technology will be used in every second gasoline-powered vehicle in Western Europe.

Continued strong growth for diesel-powered vehicles

In the year 2001, the share of diesel-powered vehicles among the newly-registered passenger automobiles again increased. The share in Western Europe, at 36%, was about four percentage points above the prior year. Apart from in Europe, we see the greatest growth potential in the next several years in North America and Asia. Our worldwide presence offers excellent conditions for successful market development. Diesel engines are also gaining acceptance in the United States. Here, we draw the attention of the American media, through our own activities and our membership in the Diesel Technology Forum, to the important contribution which modern diesel technology makes in reducing carbon-dioxide emissions.

Thanks to ongoing development, we are able to continually improve our diesel systems. The year 2001 saw the first diesel-powered compact vehicle beat the emissions limits of Euro IV with a Bosch injection system. With the second-generation common-rail systems, which we introduced in 2001, we lowered fuel consumption even further, for the same or better driving performance.

Key numbers

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>23.2</td>
<td>22.5</td>
</tr>
<tr>
<td>Investments</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>R&amp;D Expense</td>
<td>1.9</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Worldwide motor-vehicle production in 2001 decreased by 3.9% to 55.8 million units. German output, however, again rose, decisively supported by export. Production increased by 33% to 5.7 million vehicles. Western European production also rose, in total by 0.6% to 17.2 million. Production in the NAFTA area fell off significantly by 10.4% to 15.8 million vehicles after years of increases. In Japan, production fell by 3.6% to 9.8 million automobiles.

Sales of the Automotive Technology Business Sector increased by 3.4% to 23.2 billion euro.
Development cooperation to reduce braking distance

We have entered into a long-term strategic partnership with the Michelin Group. By optimizing the combination of our electronic stability program (ESP) with new high-performance tires from Michelin, we together want to reduce passenger-car braking distances by 15%. This means a further upgrade of our system, of which, by the end of 2001, we already had sold 5 million units.

First brake-by-wire system goes into series production

The first electrohydraulic brake in the world, the SBC (Sensotronic Brake Control), went into series production in 2001. This system, which we developed together with an automobile manufacturer, uses sensors in the brake pedal to recognize the driver’s brake impulse, and transmits the signals to the ECU by means of wire. This, in turn, calculates the individual brake pressures for each of the wheels and manages the braking operation via the hydraulic unit. This constitutes a noticeable plus for the driver’s safety and comfort.

As an innovation, the driver’s brake impulse in the electrohydraulic brake (SBC) is transmitted electronically as opposed to mechanically. It is processed in a hybrid ECU, which is integrated into the hydraulic unit for controlling the brake pressure. In production, the ECU is automatically connected with the contact plugs via thin aluminum wires.
Internet comes to the automobile

Our Blaupunkt subsidiary introduced an internet-capable car radio. In addition to having internet access, the radio, designated OnlinePilot, provides vehicle navigation using the data transmitted by mobile radio stations. The integration of navigation information will be able to exploit that it is an excellent platform for these services.

Pre-crash sensing for restraint systems

Restraint systems, such as the airbag and the seat-belt tightener, protect all the better, the more detailed the information received with respect to expected accident severity and sequence. We developed a pre-crash-sensing system for airbag and seat-belt. From a certain speed onwards we call out a pre-crash phase shortly before the actual accident. This means for instance, that the seat-belts can be tightened earlier, and the optimum point in time for the triggering of a second airbag level can be calculated more accurately.

More side support with drive-dynamic seat

We completed development of the drive-dynamic seat in cooperation with an automobile producer. The seat is meanwhile in series production. Our components adjust the size of the air cushions in 82 milliseconds, which allow for very fast and self-optimizing movements of the driver and passengers. The resulting comfort is generally recognized as an absolute advantage.

Innovative wiper systems for better visibility

Seventy-five years after we first started mass production of electric wiper motors, we are able to make our products fit perfectly for different applications. Our wiper program includes the Aerotwin wiper blade, which we introduced in 1999, is being used more and more as original equipment in the vehicle industry.
Further growth in aftermarket products

The Bosch service organization supports our aftermarket activities with 9,000 franchises worldwide. We have increased the number of Bosch service centers, particularly in Asia and Eastern Europe. In order to provide our workshop customers with a total solution for vehicle repair and maintenance, we have combined all necessary services, such as technical information, training, consultation and testing equipment under “Bosch Diagnostics”. In doing so, we continued to expand our aftermarket business in automotive technology despite the worldwide economic slowdown.

Engineering services bring success

Demand for the services of our Asset Automotive Systems and Engineering Technology GmbH subsidiary keeps growing. The company started operations in 1999 and meanwhile employs 250 people. It offers development services for electronic systems. The work focuses on engineering development of engine-control and vehicle-management systems as well as development of comprehensive systems-overlapping functions based on the Cartronic architecture.

Electric power steering ready for series production

Our fifty-fifty partnership, ZF Lenksysteme GmbH, has developed a system for electric steering assists, which will go into series production in 2002. The new steering system will contribute significantly to lowering fuel consumption.

Bosch presents its product program at its customers

We increasingly showcase our technology at our customers. We then present the entire range of our innovations in automotive technology. These showcases include technical presentations and discussions, displays of product samples, and vehicle demonstrations. In 2001 we held thirteen events in eight countries worldwide, and were able to reach more than 7,000 employees at the automobile manufacturers.

New comfort and safety systems require a reliable power source in the vehicle. For this task, we developed electronic energy management. Its predictive diagnosis of battery charge and battery condition is decisive for a reliable power supply in the vehicle and for optimum starting. In our low-temperature testing facility, such functions are tested and optimized at temperatures as low as –28°C.

In the future, controllable fans for engine cooling will become an important part of engine thermo-management. They allow for fuel savings of up to 5% and for further reductions in pollutant emissions. Here: double-fan module with brushless motors.
Bosch and Rexroth: synergies in core competencies

A fundamental assessment also shows how good the chances are for integrating Rexroth into the Bosch Group. Industrial technology is a business area which, especially in relation to automotive technology, shows significant synergies. In both cases, we can make full use of our competencies, which lie in the combination of electronics, hydraulics, micromechanics and the production processes applicable thereto.

Bosch Rexroth AG: slow growth in a weak economy

Bosch Rexroth AG, which sees itself as “The Drive and Control Company”, is a leading world market supplier of industrial technology. With sales of EUR 1.2 billion and a return on sales of 6.5%, the company is in a strong position. In 2001, we were able to keep or even expand our market share in all important markets. The key numbers confirm this development:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3.2 billion euro</td>
<td>1.2 billion euro</td>
</tr>
<tr>
<td>Invest.</td>
<td>145 million euro</td>
<td>34 million euro</td>
</tr>
<tr>
<td>R&amp;D Expense</td>
<td>171 million euro</td>
<td>84 million euro</td>
</tr>
</tbody>
</table>

Our Industrial Technology Business Sector has become a strong pillar of our business. Since May, 2001, we have included Bosch Rexroth AG in consolidation. In this company, we combined our Automation Technology Division with Mannesmann Rexroth AG. The inclusion of the company in our consolidation for a part of the year already nearly tripled sales of industrial technology to better than 3.2 billion euro. Especially important: the integration of Bosch Rexroth AG to date has gone off smoothly. A sure sign: despite the weak economy in the mechanical engineering sector, we were able to keep or even expand our market share in all important markets.

The battle against the water: as market leader in hydraulic and control technology in the Netherlands, Bosch Rexroth was involved in building the Oosterschelde storm high-water weir. The first large movable barrier is part of the Delta works, which was built in the Southwestern part of the Netherlands as protection against flooding.

Winter tires unnecessary: leading manufacturers of ski-run tracked vehicles rely on the mobile hydraulics from Bosch Rexroth. We supply axial-piston machines for track, snow-blowing and winch operation.

Bosch Rexroth AG is also customer-oriented when it comes to innovations. For instance, the company came up with a world first in industrial hydraulics: the digital one- and two-axis controller HNC 100, the first hydraulics connection to the open drive interface, Sercos Interface. This field-proven and familiar interface can now not only be used in the control of electric servomotors and frequency converters, but for the first time hydraulic drives can also be controlled.

A world first: hydraulics connection to the Sercos Interface

A fundamental assessment also shows how good the chances are for integrating Rexroth into the Bosch Group. Industrial technology is a business area which, especially in relation to automotive technology, shows significant synergies. In both cases, we can make full use of our competencies, which lie in the combination of electronics, hydraulics, micromechanics and the production processes applicable thereto.

Bosch Rexroth AG: slow growth in a weak economy

Bosch Rexroth AG, which sees itself as “The Drive and Control Company”, is a leading world market supplier of industrial technology. During 2001, which was marked by weak demand in the mechanical engineering sector, the company raised its sales by 1% to 39 billion euro. Of this, 2.8 billion euro were included in the 2001 consolidated financial statements. The company employs approximately 26,000 people. Its business lies in industrial hydraulics, mobile hydraulics, pneumatics, assembly and linear-motion technology, and in electric motors and controls.

A world first: hydraulics connection to the Sercos Interface

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Clean packaging technology for liquid medicines: we supply the pharmaceutical industry with compact equipment to clean, sterilize, fill and seal cylindrical ampules.

Toughest jobs: hydropneumatic cylinders from Bosch Rexroth regularly show up in large international projects, such as the building of bridges, locks and reservoirs. Other uses are on ships, offshore platforms and especially in heavy industry.

Sales of industrial technology
Trend 1997–2001 (billion euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>1.0</th>
<th>2.0</th>
<th>3.0</th>
<th>4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td></td>
<td></td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>2000</td>
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<tr>
<td>1997</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Bridge – or how to use the opportunites of e-commerce
The internet portal of the new company bears the appropriate name Bridge – or “Bosch Rexroth Integrated Global Entrance”. By providing engineering application examples, it supports customers in choosing the products they require. And special configuration software helps in combining components into optimal systems. An electronic shop allows for online ordering of the products selected.

Packaging technology: from machinery producer to technology supplier
As important as the industrial technology from the newly formed Bosch Rexroth AG is for this business sector, packaging technology is also a factor of noteworthy magnitude. Here, we have reorganized completely: from the pure packaging machinery producer to the wide-ranging technology supplier. We are currently concerned with the integrated production and packaging processes of our customers – whereby the classical packaging machine now only serves as a component. During 2001 we expanded our international position in packaging technology and our sales growth outpaced that of the market.

Protection for the hinterland: The hydraulic cylinders carrying the gates of the Hartel canal weir were manufactured at the Bosch Rexroth plant in the Netherlands. Each cylinder is 30 meters in length and weighs 70 tons. When extended, they reach a length of 50 meters when the weir is let down to protect the Rotterdam harbor area and hinterland from high water.
Power tools: the market leader takes new paths

Even in difficult times we do not lack new ideas for our power-tools business. We are introducing as a world first a wall sensor, which can even detect plastic materials in walls. This minimizes the risk of damage while drilling. In order to get such innovations to the craftsman and the do-it-yourselfer, we also utilized the new media, for instance by instituting an online catalog, which also provides users with advisory services and which can be accessed at the internet address “www.Bosch-pt.com”.

The market in the core business with power tools was stagnant in 2001. In addition to a weak construction market in Europe, demand in North America also fell. Nevertheless, we retained our world leadership as the largest brand. In Asia, especially in Japan, we were able to further enhance our position as the largest non-Asian supplier.

Thermotechnology: international business orientation

In a difficult environment, we were also able to retain our strong market position in thermotechnology. We are number one in gas water heaters in Europe, and number two in gas heating units. Nearly 80% of our sales are made outside Germany, a fact which is proof of our international orientation. Especially in Europe, our wide range of heat-value equipment accommodates increasing customer demands for lower fuel consumption and better emission values.

Household appliances: measures to cope with price erosion and pressure on margins

BSH Bosch und Siemens Hausgeräte GmbH, a 50–50 Bosch and Siemens joint venture was unable to avoid being affected by the weak market conditions. Although the company gained some market shares in important West European countries, sales decreased by 3% from the prior year to 6.1 billion euro. A bundle of measures, though, from productivity increases to aggressive innovation, was able to limit the effect of price reductions and margin pressures.
We offer fast internet access via our broadband cable network. In a pilot network in Zwickau, in Saxony, customers already benefit from the advantages of this service. We have started with the enhancement of further city networks.

Handy helpers in every situation: thousands of craftsmen worldwide swear by the new “Dremel”. Equipped with a powerful battery, it can be put to use without a cord, everywhere. Whether repairing a child’s swing or doing filigree handicrafts – it drills, screws, cuts and grinds everywhere.

Security technology: we now also have plants in the U.S., China and Australia

The world market for security technology is growing twice as fast as that in Germany: 7% vs. 3%. We are taking this into account with the rapid integration of our U.S. company, Detection Systems. This adds production locations in the United States, China and Australia, as well as 20 sales companies worldwide, which we intend to expand. We secured a competitive advantage in the video monitoring of public streets and places – with initial projects in Hesse, Brandenburg and Bavaria.

Broadband networks: new opportunity for a better market position

Although the market for broadband cable services grows continually, it is changing fundamentally due to shifts in network ownerships. We are taking advantage of this to strengthen our market position. After the start-up of the pilot project in Zwickau, we are enhancing other city networks for interactive cable services.

With the idea of using a hydrodynamic generator as the power source for the burner ignition, we once again take on a pioneering role in thermotechnology. This world first was developed at our Portuguese plant in Aveiro, where it has gone into production.

Security technology: we now also have plants in the U.S., China and Australia

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International Business

Key numbers

<table>
<thead>
<tr>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>24.6 billion euro</td>
</tr>
<tr>
<td>Investments</td>
<td>1,463 million euro</td>
</tr>
<tr>
<td>R&amp;D Expense</td>
<td>777 million euro</td>
</tr>
</tbody>
</table>

The terror attack of September 11 shocked the world economy and shattered the hopes for a better second half of the year. Although we succeeded in increasing our non-German sales by 8.6% to 24.6 billion euro, this rise was for the most part due to the effects of consolidation measures. If these effects are not taken into account, we were only able to stand our ground in Europe. Here we achieved two thirds of our sales. In other regions we suffered sales decreases. We nevertheless maintain our strategic goal of further expanding our international business. We see opportunities for long-term growth above all in America and Asia: the calls for stricter legislation to control carbon-dioxide emissions in the United States are on the increase, which opens opportunities for the diesel engine. And in the Far East, automobile producers are increasingly willing to buy from suppliers outside their own groups.

Customer service as we understand it: our Indian dealers also emphasize consultation and service. The customer receives detailed information about function and quality of our products. Technical features are explained using samples.

Present on all continents

In order to still better compensate for economic and currency fluctuations, we are intensifying our international presence. We are not only strongly emphasizing additions in the various sectors, but also concentrating on regional diversity. We are present on each continent and represented by subsidiaries or associate companies in more than 50 countries. We manufacture our products at 227 locations, of which 171 are outside Germany, and are at the forefront in all markets in which we are active.

North America remains the most important market outside Germany

We could not continue the high rate of growth in the NAFTA area (USA, Canada, Mexico). The terror attacks of September 11 were too much of an additional blow to the already weakened North American economy. Automobile production in the fourth quarter thus fell by 10% despite widespread sales incentives. We were only able to partially compensate for this. As a result of new consolidations, our sales in North America increased by 10% to 6.3 billion euro. We employ 24,000 people in the NAFTA area and produce automotive technology, power tools, and automation and packaging technology at 47 locations.

Opportunities for expansion of business with Japanese automobile producers

We have, in recent years, significantly strengthened our position in Japan, which represents our second largest market overseas. The focus of our activities here is on diesel injection, braking business and vehicle air-conditioning technology. We increasingly integrate these activities into our international production and development network. This opens up opportunities for further expansion of business with Japanese automobile manufacturers and their worldwide transplants. In Japan too, our 12% growth to 2.2 billion euro is attributable solely to new consolidation measures. Our workforce at our 18 locations totals 8,900.

Production of diesel injection pumps on the Indian subcontinent: with about 11,000 employees at four locations, we produce automotive technology, automation technology, packaging technology, and power tools for the do-it-yourselfer. In addition, in Bangalore, 700 employees develop software for all divisions of the Bosch Group as well as for third parties.

Opportunities for expansion of business with Japanese automobile producers
Diesel-powered vehicles also gain importance in Korea

In order to optimize our service to the growing market for diesel-powered vehicles in Korea, we have commenced production of components locally. We started producing electronic control units for diesel direct-injection systems in our Taegon plant. The production of common-rail injectors will follow in early 2003. Despite falling automobile production, we were able to increase our sales to Korean automobile manufacturers.

Continued expansion of our Chinese business

Our business volume in the Chinese market, which shows no letup in its dynamic growth, rose by approximately 39%. In China we develop, produce and sell – partially with partners – products of automotive technology, automation technology, packaging technology, thermotechnology, security technology, and power tools and household appliances.

Growth in the European region outside Germany

Our European business was marked by the favorable developments in France, Italy and Austria. This was primarily the result of good sales of our diesel systems. We also experienced further growth in Central and Eastern European countries, which turned out to be less susceptible to the worldwide economic slowdown. In total, our sales in Europe (excluding Germany) increased by 29% to 12.8 billion euro.

The most important year 2001 markets outside Germany

<table>
<thead>
<tr>
<th>Sales (billion euro)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAFTA</td>
<td>6.3</td>
</tr>
<tr>
<td>France</td>
<td>3.2</td>
</tr>
<tr>
<td>Japan</td>
<td>2.2</td>
</tr>
<tr>
<td>U.K.</td>
<td>1.8</td>
</tr>
<tr>
<td>Italy</td>
<td>1.7</td>
</tr>
<tr>
<td>Spain</td>
<td>1.4</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.8</td>
</tr>
<tr>
<td>Austria</td>
<td>0.6</td>
</tr>
<tr>
<td>Korea</td>
<td>0.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Diesel-powered passenger automobiles are becoming ever more popular, especially in Europe. The direct-injection systems, which we developed, have significantly contributed to this popularity. In order to meet the growing demand, we have further expanded capacity. At our Jihlava (Czech Republic) and Bursa (Turkey) locations we have increased manufacturing floor space significantly. Here: A Turkish employee tests common-rail injectors, which we produce there since 2000.
Research and Development

The technical competence of the Bosch Group is above all characterized by innovative products and processes. Our research and development departments are major contributors in this respect. They guarantee the transfer to the divisions of new technologies, technical concepts and manufacturing processes.

We develop biometric ID systems for the identification and verification of people-related authorizations. Such systems can be used for the individual operation of vehicle systems.

Workpieces to be coated or glued must be as clean as possible. In order to assess the efficiency of cleaning processes for mass production, we use laser-aided measuring techniques, which can detect contamination with a film thickness measured in nanometers. An employee here tests the exact focusing of the laser beam onto the workpiece surface.

"Intelligent" ignition elements with integrated evaluation electronics are key components of future restraint systems. We currently analyze the necessary production processes to combine thin-film ignitors with electronic chips. Here: ignition spark of a thin-film airbag ignitor.
As far back as 1973, environmental protection was laid down as a corporate principle for the Bosch Group. It has been allocated the same level of priority as the quality of our products and the economic success of the company. Our corporate standards for environmental protection not only comply with the strict demands in Europe, but are also adhered to at the Bosch sites all over the world.

Across-the-board introduction of environmental-protection management

The introduction of environmental-protection management systems started in 1995. In the meantime, more than 120 sites have been certified as per ISO 14001. In 2001, we extended the environmental-protection management objectives to cover fire protection and occupational safety and health. A uniform, process-oriented method is applied to generate synergetic effects between the individual sectors.

3-S program: Safe, Clean, Economical

Since 1974, we have applied this motto to our main research and development activities. Our highly successful diesel and gasoline-injection systems not only drastically reduce toxic emissions but also reduce fuel consumption, with the result that CO₂ emissions are lowered extensively to the benefit of the environment and of resources conservation.

Environmentally-oriented product development

Environmental protection starts already during the product-development stage. From the very beginning, our development departments take into account the stipulations covering the minimum amount of material used and the bans on certain material types, as well as the regulations on recycling capabilities and low energy levels for the production process. This procedure contributes to the increasing environmental compatibility of our products. An oil filter, for instance, whose components are no longer glued together so that they can be recovered again completely during the recycling process.
Employees of the Bosch Group

How innovative the Bosch Group is, is not only evident in technology, but also in its personnel and social services. The year 2001 provided good examples thereof, for instance, the supplementary salary and wage agreement for some of our research and development personnel. The agreement allows engineers to work longer on a weekly basis in connection with a lifetime-work-account. We also increasingly use new media, such as the internet platform "e-fellows.net" in order to attract highly qualified younger staff.

Effects of new consolidations lead to an increase in the number of employees
Although the worldwide workforce of the Bosch Group has clearly increased, this increase mirrors primarily the effect of newly consolidated entities. For instance, the employees of Bosch Rexroth AG are included both in Germany and abroad for the first time in 2001. The workforce outside Germany increased by better than 9,700 to 118,500, while German employment grew by more than 12,600 to 102,500.

80% more international tours of duty than five years ago
We attach great importance to the international exchange of employees. This intensifies worldwide cooperation and especially the knowledge transfers inside the Bosch Group. And, last but not least, longer tours of duty abroad promote employee development. At the beginning of 2002, 1,680 employees worked outside their home country – 30% more than the previous year and 80% more than five years ago.

Apprentices shine at Career World Tournament
Even our apprentices have a chance to prove themselves internationally. During 2001, more than 100 apprentices completed a tour abroad. At the beginning of 2002, about 5,800 young people were engaged in an apprenticeship program. The quality of our training showed itself in 2001 in a special success: apprentices from Germany and Australia participated in the Career World Tournament in Seoul, after they had excelled in their disciplines in their respective home countries. Our Australian apprentices even ended up by winning the "Manufacturing Team Challenge" competition in the Korean capital.
The capabilities of our apprentices were shown, among other things, by these “trikes”, three-wheeled motorcycles. They worked three weeks on the models, starting with the development of a concept, followed by proving their skills: milling, filing, soldering.

More participants in our doctorate study program
We also encourage the next-generation scientists more than ever. As such, the number of participants in the doctorate study program at Robert Bosch GmbH in Germany rose again. During 2001, approximately 130 college graduate employees primarily with degrees in physics, mechanical engineering and electrotechnical engineering, received support from us in attaining their doctor’s degrees. Particularly encouraging: about 90% of our doctoral candidates stayed with the company.

Contact with top students via the internet
We tread new paths to attract highly qualified young recruits for the company. Early in 2001 we joined the internet platform “e-fellows.net”, with which European businesses address top students. In this framework, we approach the “high potentials” with, for instance, mentoring and international training programs.

Supplementary salary and wage agreement for research and development
Despite all efforts at attracting new employees, the job market for engineers remains tight. Against this background, the supplementary salary and wage agreement for some areas of our research and development department is particularly important. The new rules open up the possibility for higher-paid employees in these areas, primarily engineers, to work up to five hours extra each week. Half of this time is paid for directly, and the other half applied to lifetime work accounts. We view this as a breakthrough on the way to a more differentiated wage and salary policy, which meets the needs of both the company and the individual.

Expression of appreciation to employees and their representatives
Bosch is made up of people. Essentially, the company’s success is based on the knowledge, commitment, and performance of our employees, for which we are deeply thankful. We also want to express our appreciation to the labor representatives for their willingness to cooperate with us in a constructive manner.

Whether with inline skating or biking – at nearly all our locations employees have joined in leisure activity groups. They not only seek to balance their career tensions with physical activities, but also the private contact with colleagues. New employees especially take advantage of these opportunities. Is there a better opportunity than sport for getting to know someone quickly?
## Financial Statements of the Bosch Group Worldwide
### Consolidated Balance Sheet as of December 31, 2001
(million euro)

### Assets

<table>
<thead>
<tr>
<th>Appendix</th>
<th>December 31, 2001</th>
<th>December 31, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>986</td>
<td>958</td>
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<tr>
<td>Tangible fixed assets</td>
<td>7,436</td>
<td>6,385</td>
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<tr>
<td>Financial investments</td>
<td>919</td>
<td>1,065</td>
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<tr>
<td></td>
<td>8,341</td>
<td>8,408</td>
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<tr>
<td>Current assets</td>
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<tr>
<td>Leased products</td>
<td>39</td>
<td>41</td>
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<tr>
<td>Inventories</td>
<td>2,832</td>
<td>3,654</td>
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<tr>
<td>Accounts receivable and other assets</td>
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<tr>
<td>Accounts receivable</td>
<td>5,733</td>
<td>5,271</td>
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<td>Other receivables and assets</td>
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<td>2,015</td>
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<td>Marketable securities</td>
<td>3,688</td>
<td>3,400</td>
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<td>Liquid assets</td>
<td>3,180</td>
<td>1,684</td>
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<td></td>
<td>18,402</td>
<td>16,068</td>
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<tr>
<td>Deferred expenses</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>27,783</td>
<td>24,504</td>
</tr>
</tbody>
</table>

### Liabilities and Equity

<table>
<thead>
<tr>
<th>Appendix</th>
<th>December 31, 2001</th>
<th>December 31, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity capital</td>
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<tr>
<td>Capital stock</td>
<td>1,200</td>
<td>920</td>
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<tr>
<td>Capital surplus</td>
<td>4,557</td>
<td>2,367</td>
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<tr>
<td>Earned surplus</td>
<td>2,489</td>
<td>1,905</td>
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<tr>
<td>Unappropriated earnings</td>
<td>50</td>
<td>2,603</td>
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<tr>
<td>Minority interests</td>
<td>718</td>
<td>493</td>
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<tr>
<td></td>
<td>9,014</td>
<td>8,288</td>
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<tr>
<td>Accruals with valuation reserve portion</td>
<td>205</td>
<td>115</td>
</tr>
<tr>
<td>Accruals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accruals for pensions and similar obligations</td>
<td>4,406</td>
<td>3,800</td>
</tr>
<tr>
<td>Other accruals</td>
<td>6,888</td>
<td>5,958</td>
</tr>
<tr>
<td></td>
<td>11,294</td>
<td>9,758</td>
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<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities from financing</td>
<td>3,557</td>
<td>2,538</td>
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<tr>
<td>Accounts payable</td>
<td>2,134</td>
<td>2,233</td>
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<tr>
<td>Other liabilities</td>
<td>1,553</td>
<td>1,552</td>
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<tr>
<td></td>
<td>7,244</td>
<td>6,323</td>
</tr>
<tr>
<td>Deferred income</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>27,783</td>
<td>24,504</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Income for the period from January 1 to December 31, 2001

### (million euro)

<table>
<thead>
<tr>
<th>Appendix</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>34,029</td>
<td>31,556</td>
</tr>
<tr>
<td>Changes in finished goods and work-in-progress inventories and other capitalized costs</td>
<td>171</td>
<td>369</td>
</tr>
<tr>
<td>Total operating performance</td>
<td>34,200</td>
<td>31,925</td>
</tr>
<tr>
<td>Other operating income</td>
<td>2,195</td>
<td>2,046</td>
</tr>
<tr>
<td>Cost of materials</td>
<td>−16,284</td>
<td>−15,428</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>−9,959</td>
<td>−8,950</td>
</tr>
<tr>
<td>Depreciation and amortization of intangible and tangible fixed assets</td>
<td>−2,502</td>
<td>−2,290</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>−6,419</td>
<td>−6,078</td>
</tr>
<tr>
<td>Net income from investments</td>
<td>155</td>
<td>83</td>
</tr>
<tr>
<td>Amortization of financial investments and securities included with current assets</td>
<td>−101</td>
<td>−72</td>
</tr>
<tr>
<td>Interest income, net of expenses</td>
<td>126</td>
<td>138</td>
</tr>
<tr>
<td>Income from ordinary business activities</td>
<td>1,411</td>
<td>1,414</td>
</tr>
<tr>
<td>Taxes on income</td>
<td>−761</td>
<td>−34</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>650</td>
<td>1,380</td>
</tr>
<tr>
<td>Including profit and loss of minority shareholders</td>
<td>−42</td>
<td>53</td>
</tr>
</tbody>
</table>

### Capital Flow Statement

#### (million euro)

<table>
<thead>
<tr>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the year</td>
<td>650</td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>2,551</td>
</tr>
<tr>
<td>Increase in long-term accruals and accruals with valuation reserve portion</td>
<td>480</td>
</tr>
<tr>
<td>Cash flow</td>
<td>3,681</td>
</tr>
<tr>
<td>Change in inventories and leased products</td>
<td>−278</td>
</tr>
<tr>
<td>Change in receivables</td>
<td>513</td>
</tr>
<tr>
<td>Increase in short-term accruals</td>
<td>188</td>
</tr>
<tr>
<td>Decrease in liabilities</td>
<td>−857</td>
</tr>
<tr>
<td>Additions to funds from business activities (1)</td>
<td>3,803</td>
</tr>
<tr>
<td>Additions to fixed assets</td>
<td>−2,860</td>
</tr>
<tr>
<td>Retirements of fixed assets</td>
<td>432</td>
</tr>
<tr>
<td>Changes in the consolidated group</td>
<td>−430</td>
</tr>
<tr>
<td>Application of funds to investment activities (2)</td>
<td>−2,858</td>
</tr>
<tr>
<td>Dividends 2000/1999</td>
<td>−2,503</td>
</tr>
<tr>
<td>Capital increase Robert Bosch GmbH</td>
<td>2,470</td>
</tr>
<tr>
<td>Change in liabilities from financing</td>
<td>587</td>
</tr>
<tr>
<td>Other changes in balance-sheet items</td>
<td>92</td>
</tr>
<tr>
<td>Additions to funds from financial activities (3)</td>
<td>546</td>
</tr>
<tr>
<td>Change in liquidity (1) + (2) + (3)</td>
<td>1,491</td>
</tr>
<tr>
<td>Liquidity at the beginning of the year</td>
<td>5,084</td>
</tr>
<tr>
<td>Changes in the consolidated group</td>
<td>283</td>
</tr>
<tr>
<td>Liquidity at the end of the year</td>
<td>6,868</td>
</tr>
</tbody>
</table>

1 not published in the Federal Gazette

2 after offset by write-ups of 2 million EUR in the prior year
### Financial Statements of the Bosch Group Worldwide
2001 Development of Fixed Assets

(million euro)

**Intangible fixed assets**

- **Concessions, patents, trademarks and similar rights**
  - and assets as well as licenses to such rights and assets

- **Goodwill**

- **Advance payments**

**Tangible fixed assets**

- **Land, leasehold rights and buildings,**
  - including buildings on land owned by others

- **Production equipment and machinery**

- **Other equipment, fixtures and furniture**

- **Advance payments and construction in progress**

**Financial investments**

- **Investments in affiliated companies**

- **Loans to affiliated companies**

- **Investments in associated companies**

- **Other financial investments**

- **Long-term investments**

- **Other loans**

**Total fixed assets**

## Financial Statements of the Bosch Group Worldwide
### Balance Sheet Structure 1997–2001
(million euro)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td>6,142</td>
<td>6,495</td>
<td>7,211</td>
<td>8,408</td>
<td>9,341</td>
</tr>
<tr>
<td></td>
<td>34%</td>
<td>35%</td>
<td>35%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Inventories, leased products</strong></td>
<td>3,185</td>
<td>3,292</td>
<td>3,551</td>
<td>3,895</td>
<td>3,571</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>17%</td>
<td>15%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td><strong>Receivables</strong></td>
<td>4,832</td>
<td>5,174</td>
<td>6,289</td>
<td>7,317</td>
<td>7,603</td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td>28%</td>
<td>30%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Marketable securities, liquid assets</strong></td>
<td>3,738</td>
<td>3,621</td>
<td>3,781</td>
<td>5,084</td>
<td>5,868</td>
</tr>
<tr>
<td></td>
<td>21%</td>
<td>19%</td>
<td>18%</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>17,847</td>
<td>18,582</td>
<td>20,882</td>
<td>24,504</td>
<td>27,783</td>
</tr>
</tbody>
</table>

### Liabilities and Equity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity capital</strong></td>
<td>5,917</td>
<td>6,089</td>
<td>6,646</td>
<td>8,288</td>
<td>9,016</td>
</tr>
<tr>
<td></td>
<td>33%</td>
<td>33%</td>
<td>32%</td>
<td>34%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>6,723</td>
<td>7,092</td>
<td>8,029</td>
<td>8,457</td>
<td>11,393</td>
</tr>
<tr>
<td></td>
<td>37%</td>
<td>38%</td>
<td>34%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>5,307</td>
<td>5,421</td>
<td>6,157</td>
<td>7,759</td>
<td>7,376</td>
</tr>
<tr>
<td></td>
<td>30%</td>
<td>29%</td>
<td>32%</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td>17,847</td>
<td>18,582</td>
<td>20,882</td>
<td>24,504</td>
<td>27,783</td>
</tr>
</tbody>
</table>

---

## Financial Statements of the Bosch Group Worldwide
### Appendix 2001

(1) **General remarks**

The consolidated statements of the Bosch Group Worldwide conform to the regulations of the Commercial Code, and were prepared in euro (EUR).

In order to ensure better understanding of these financial statements, we combined a number of individual balance sheet and statement of income items into key groupings. These items are stated separately in this appendix. Required comments for individual items are also contained in this appendix. The consolidated statement of income follows the format of the total cost method.

(2) **Consolidated group**

The consolidated group includes Robert Bosch GmbH and 34 domestic as well as 184 foreign subsidiaries. For the first time, we consolidated the following companies:
- Bosch Rexroth AG, Stuttgart, from May 1, 2001 (the sub-consolidation includes 13 domestic and 48 foreign subsidiaries),
- Moehwald GmbH, Homburg, Saar,
- Centro Studi Componenti per Veicoli SpA, Modugno (Bari), Italy,
- Bomoro Portuguesa, Fábrica de Componentes para o Automóvel, Lda, Tondela, Portugal,
- Robert Bosch, Sp. z o.o., Warsaw, Poland, and
- Bosch Braking Systems Co Ltd, Shibuya-ku, Tokyo, Japan.

The consolidation was further expanded with the inclusion of two subsidiaries at Bosch Automotive Systems Corporation, Shibuya-ku, Tokyo, Japan, and 14 subsidiaries at Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, Japan.

During the year we sold the business of Bosch SatCom GmbH, Backnang.

The consolidated statements of BSH Bosch und Siemens Hausgeräte GmbH, Munich, and ZF Lenksysteme GmbH, Schwalbäich Gmünd, were included pro rata pursuant to Section 310 of the Commercial Code.

In accordance with Section 296, Paragraph 2 of the Commercial Code, companies lacking operations or having insignificant business volume, were not included with the consolidated financial statements.

The equity valuation of material interests in associated companies was applied in accordance with the book-value method. This valuation pertained to three domestic and twelve foreign companies.

Because of the changes in the consolidated group, sales increased by 2.6 billion EUR and balance sheet totals by 2.5 billion EUR.
(3) Principles of classification and valuation

The financial statements of Bosch Group Worldwide include the individual statements of our subsidiaries which conform to uniform principles of classification and valuation.

We adhered to the valuation at lower of cost or market and imparity of gain or loss recognition.

Financial statements of foreign associated companies were not modified to comply with the uniform accounting principles of the consolidated group.

Intangible assets including goodwill resulting from first-time consolidations as well as tangible and financial assets were valued at acquisition cost or cost of manufacture subject to depreciation and amortization.

We applied straight-line as well as accelerated depreciation methods. Items of minor value were fully depreciated during the year of acquisition. We applied special depreciation allowances according to tax regulations in all countries.

Interest-free and low-interest loans were adjusted to reflect present values by application of a uniform discount rate domestically, and prevailing rates in foreign countries.

Additions to interests in associated companies include shares purchased as well as capital contributions and prorated profits. Retirements include prorated losses, dividends paid and shares sold.

We valued inventories at the lower of average purchase or manufacturing cost or market. Manufacturing costs include direct costs and reasonable overhead.

At domestic companies, the Lifo valuation method was used in principle. We used this method also at foreign subsidiaries when accepted by the tax authorities.

We provided for risks inherent in warehousing and distribution through appropriate deductions. Additional write-downs were taken in cases of unfavorable returns.

Accounts receivable and other current assets were stated at face values less write-downs for individual risks and for general credit risks. Interest-free or low-interest receivables with maturities of more than one year were discounted.

We valued marketable securities included in current assets at the lower of acquisition cost or market.

In determining the size of accruals we provided for all identifiable risks.

Pension accruals and similar liabilities were determined by the application of actuarial principles and were discounted to reflect present values. For domestic companies, we used a 6% discount rate in accordance with the 1998 guideline tables, while foreign subsidiaries used discount rates prevailing in their respective countries.

In determining the amounts accrued for pending transactions with expected losses, we basically took account of prices and costs expected at the time these transactions would close.

Liabilities were stated at the amounts owed.

(4) Currency translation

Accounts receivable and accounts payable stated in foreign currencies were translated to EUR equivalents at the less favorable of the average exchange rate at the date of origin, or at the balance-sheet date.

For the translation to EUR of the financial statements in foreign currencies and the related profits and losses, we applied, in principle, average exchange rates at the balance-sheet date. Transactions pertaining to fixed assets were translated at average annual EUR equivalents. Resulting differences were included with beginning balances of cost of acquisition or manufacture as well as in cumulative depreciation.

Income and expenses were translated at average exchange rates. Differences resulting from the application of average exchange rates versus year-end exchange rates were included with other operating expenses.

(5) Consolidation principles

For capital consolidation of companies or for newly acquired capital shares, we applied the book-value method at the date of acquisition or at the date of first-time consolidation. As far as possible, we allocated amounts subject to capitalization to the respective assets. Remaining amounts were included with goodwill. Negative goodwill resulting from capital consolidation was included with earned surplus.

Receivables and payables, sales, expenses, and income, as well as results within the consolidated group were eliminated.

Profits from sales to the consolidated group by associated companies were not eliminated since they were insignificant.

Deferred tax assets resulting from consolidation measures in the amount of 45 (prior year 31) million EUR were included with other assets.
(6) Fixed assets

Extraordinary depreciation and amortization amounting to 286 million EUR pertained mostly to goodwill and to financial investments.

In accordance with tax regulations, we deducted an extra 28 million EUR directly from the acquisition costs of tangible fixed assets. The depreciation was taken pursuant to Section 6b of the Income Tax Law, and pursuant to local tax laws at our foreign subsidiaries.

The development of fixed assets is presented on pages 54 and 55 of this report.

(7) Inventories

Included with the stated value of inventories, in the amount of 3,932 million EUR, are our advance payments of 48 million EUR (2000: 40 million EUR). On the other hand, advance payments received in the amount of 94 million EUR (2000: 77 million EUR) were deducted.

Inventories increased by 0.6 billion EUR as the result of changes in the consolidated group.

(8) Accounts receivable and other assets

<table>
<thead>
<tr>
<th></th>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>5,733</td>
<td>5,271</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>including maturities of more than one year</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Other receivables and assets</td>
<td>429</td>
<td>404</td>
<td></td>
</tr>
<tr>
<td>Receivables from affiliated companies</td>
<td>3</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Receivables from companies in which interests are held</td>
<td>147</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>1,254</td>
<td>1,541</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>including maturities of more than one year</td>
<td>100</td>
<td>98</td>
</tr>
<tr>
<td>Receivables and other assets</td>
<td>1,830</td>
<td>2,015</td>
<td></td>
</tr>
</tbody>
</table>
| Accounts receivable increased by 0.7 billion EUR as the result of changes in the consolidated group.

(9) Equity capital

The subscribed capital stock of 1,200 million EUR and the capital surplus of 4,557 million EUR correspond to the respective balance-sheet items of Robert Bosch GmbH. As a result of the “pay-out and reinvest” procedure carried out at Robert Bosch GmbH in 2001, subscribed capital stock and capital surplus increased by 280 million EUR and 2,190 million EUR respectively.

Earned surplus accounts consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned surplus of Robert Bosch GmbH</td>
<td>442</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>Other earned surplus</td>
<td>2,047</td>
<td>1,813</td>
<td></td>
</tr>
</tbody>
</table>
| Unappropriated earnings of the consolidated group are identical to those of Robert Bosch GmbH.

(10) Accruals with valuation reserve portion

Accruals with valuation reserve portion were formed pursuant to Sections 6b and 52 Paragraph 16 of the Income Tax Law, as well as Section 82d, Income Tax Implementation Regulation, Section 3 Law for the Promotion of the Economy of the Border Regions, and Section 4 Area Economic Development Law. Our foreign subsidiaries followed local regulations with respect to such items.

<table>
<thead>
<tr>
<th></th>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued taxes</td>
<td>320</td>
<td>165</td>
<td></td>
</tr>
<tr>
<td>Other accruals</td>
<td>6,568</td>
<td>5,793</td>
<td></td>
</tr>
</tbody>
</table>
| The changes in the consolidated group caused accruals for pensions and similar liabilities to increase by 0.4 billion EUR, and for other accruals to rise by 0.5 billion EUR.

(11) Other accruals

<table>
<thead>
<tr>
<th></th>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued taxes</td>
<td>320</td>
<td>165</td>
<td></td>
</tr>
<tr>
<td>Other accruals</td>
<td>6,568</td>
<td>5,793</td>
<td></td>
</tr>
</tbody>
</table>
| The changes in the consolidated group caused accruals for pensions and similar liabilities to increase by 0.4 billion EUR, and for other accruals to rise by 0.5 billion EUR.
(12) Liabilities

In the consolidated financial statements for 2001 we have changed the classification of liabilities. Prior year amounts have been changed to achieve comparability.

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001 Including</th>
<th>2000 Including</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>maturities</td>
<td>maturities</td>
</tr>
<tr>
<td></td>
<td>up to one year</td>
<td>up to one year</td>
</tr>
</tbody>
</table>

Liabilities from financing

Bonds                        1,863 86 486 94
Liabilities with banks       1,566 391 1,702 902
Other financing liabilities  3,557 606 2,538 1,346
Accounts payable             2,134 2,133 2,233 2,229

Other liabilities

Liabilities from acceptances and drafts  162 162 105 106
Liabilities with affiliated companies   214 212 250 250
Liabilities with companies in which interests are held  90 90 90 90
Other liabilities                 1,087 1,048 1,097 1,019
                                    1,553 1,512 1,552 1,474
Total liabilities                  7,244 4,250 6,323 5,049

1 Commercial paper, loan notes

Of the liabilities with banks, 91 million EUR were secured by mortgages and another 18 million EUR by other liens. Of other liabilities, 4 million EUR were secured by mortgages and 7 million EUR by other liens.


Total liabilities with maturities of more than 5 years amounting to 120 million EUR included 110 million EUR of liabilities with banks and 10 million EUR of other liabilities.

As a result of changes in the consolidated group, Bosch Group liabilities increased by 1.2 billion EUR.

(13) Contingent liabilities

<table>
<thead>
<tr>
<th>Million EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent liabilities from the issuance or transfer of notes</td>
</tr>
<tr>
<td>including on behalf of affiliated companies</td>
</tr>
<tr>
<td>Contingent liabilities from guarantees</td>
</tr>
<tr>
<td>including on behalf of affiliated companies</td>
</tr>
<tr>
<td>Contingent liabilities from warranties</td>
</tr>
<tr>
<td>Contingent liabilities from collateral given for third-party liabilities</td>
</tr>
</tbody>
</table>

As a partner in two foreign private companies, we are jointly and severally liable in accordance with legal requirements.

(14) Other financial obligations

Robert Bosch GmbH had a financial commitment for the acquisition of Rexroth AG of about 2.2 billion EUR.

Other financial obligations of significance for an opinion on the financial condition of the company did not exist.

(15) Breakdown of sales

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>%</th>
<th>2000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales by business sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive technology</td>
<td>23,228</td>
<td>68.3</td>
<td>22,471</td>
<td>71.2</td>
</tr>
<tr>
<td>Industrial technology</td>
<td>3,176</td>
<td>9.3</td>
<td>1,198</td>
<td>3.8</td>
</tr>
<tr>
<td>Consumer goods and building technology</td>
<td>7,625</td>
<td>22.4</td>
<td>7,482</td>
<td>23.6</td>
</tr>
<tr>
<td>Spun-off divisions of communications technology</td>
<td>34,029</td>
<td>100.0</td>
<td>31,556</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Including the security technology, aerospace engineering and broadband networks product groups
2 Public and private networks as well as terminals

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>%</th>
<th>2000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales by regions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Countries of the European Union</td>
<td>20,491</td>
<td>60.2</td>
<td>19,140</td>
<td>60.7</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>1,692</td>
<td>5.0</td>
<td>1,586</td>
<td>5.0</td>
</tr>
<tr>
<td>Americas</td>
<td>7,316</td>
<td>21.5</td>
<td>6,296</td>
<td>21.5</td>
</tr>
<tr>
<td>Asia, Africa, Australia</td>
<td>4,530</td>
<td>13.3</td>
<td>4,034</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>34,029</td>
<td>100.0</td>
<td>31,556</td>
<td>100.0</td>
</tr>
</tbody>
</table>
### (16) Changes in finished goods and work-in-progress inventories and other capitalized costs

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in finished goods and work-in-progress inventories</td>
<td>−164</td>
<td>161</td>
</tr>
<tr>
<td>Other capitalized costs</td>
<td>335</td>
<td>208</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>171</td>
<td>388</td>
</tr>
</tbody>
</table>

### (17) Other operating expenses and income

Expenses resulting from additions to accruals with valuation reserve portion in the amount of 95 million EUR are included in other operating expenses. Income from the reversal of accruals with valuation reserve portion in the amount of 42 million EUR are included in other operating income.

### (18) Cost of materials

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of raw materials, supplies and merchandise</td>
<td>14,925</td>
<td>14,383</td>
</tr>
<tr>
<td>Purchased services</td>
<td>1,359</td>
<td>1,045</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,284</td>
<td>15,428</td>
</tr>
</tbody>
</table>

### (19) Personnel costs

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>7,990</td>
<td>7,159</td>
</tr>
<tr>
<td>Social security, pension plans, and support payments</td>
<td>1,969</td>
<td>1,791</td>
</tr>
<tr>
<td>of which pension plans</td>
<td>569</td>
<td>529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,959</td>
<td>8,950</td>
</tr>
</tbody>
</table>

Average numbers of employees during the year, by region:

<table>
<thead>
<tr>
<th>2001 Including</th>
<th>2000 Including</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>BSH, ZFLS</td>
<td>BSH, ZFLS</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>(prorated)</td>
<td>(prorated)</td>
</tr>
</tbody>
</table>

| Countries of the European Union | 135,986 | 15,489 | 125,783 | 15,406 |
| Rest of Europe | 15,715 | 2,581 | 13,206 | 2,512 |
| Americas | 36,526 | 2,780 | 33,118 | 2,728 |
| Asia, Africa, Australia | 30,150 | 1,952 | 25,694 | 1,681 |
| **Total** | 218,377 | 22,802 | 196,880 | 22,627 |

### (20) Net income from investments

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from investments</td>
<td>117</td>
<td>48</td>
</tr>
<tr>
<td>Including affiliated companies</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Result from associated companies</td>
<td>37</td>
<td>39</td>
</tr>
<tr>
<td>Profit/loss transfers</td>
<td>1</td>
<td>−4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>155</td>
<td>83</td>
</tr>
</tbody>
</table>

### (21) Interest income, net of expenses

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest from other securities and from loans included</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Including affiliated companies</td>
<td>−1</td>
<td>1</td>
</tr>
<tr>
<td>Other interest and similar income</td>
<td>335</td>
<td>320</td>
</tr>
<tr>
<td>Including affiliated companies</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Interest and similar expenses</td>
<td>−213</td>
<td>−186</td>
</tr>
<tr>
<td>Including affiliated companies</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>126</td>
<td>138</td>
</tr>
</tbody>
</table>

### (22) Tax expenses

<table>
<thead>
<tr>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes on income</td>
<td>761</td>
<td>34</td>
</tr>
<tr>
<td>Other taxes</td>
<td>143</td>
<td>146</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>904</td>
<td>180</td>
</tr>
</tbody>
</table>

Other taxes are shown under other operating expenses.

The impact of other tax allowances on the profit for the fiscal year as well as in former years, and the size of future burdens from the resulting valuations are of secondary significance.
(23) **Profit and loss of minority shareholders**

<table>
<thead>
<tr>
<th></th>
<th>Million EUR</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profits</strong></td>
<td>56</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td><strong>Losses</strong></td>
<td>-98</td>
<td>-40</td>
<td></td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>-42</td>
<td>53</td>
<td></td>
</tr>
</tbody>
</table>

(24) **Compensation of the members of the Board of Management and of the Supervisory Council**

During 2001, the aggregate compensation of the members of the Board of Management of Robert Bosch GmbH amounted to 10 million EUR. Former members of the Board of Management and their dependents received 6 million EUR, and the members of the Supervisory Council about one million EUR.

Accruals at Robert Bosch GmbH for pension liabilities for former members of the Board of Management and their dependents amounted to 47 million EUR.

The members of the Supervisory Council of Robert Bosch GmbH are listed on page 6 and of the Board of Management on pages 8 and 9.

(25) **Shareholdings of Bosch Group Worldwide**

A listing of the shareholdings of the consolidated Bosch Group will be deposited with the commercial registry of the Stuttgart Court.

Stuttgart, March 6, 2002
Robert Bosch GmbH
The Board of Management

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**Auditors’ report**

We have audited the consolidated financial statements and the group management report prepared by Robert Bosch GmbH, Stuttgart, for the business year from January 1 to December 31, 2001. The preparation of the consolidated financial statements and group management report in accordance with German commercial law is the responsibility of the Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with §317 HGB (German Commercial Code) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). The applied standards are also in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system as it relates to accounting and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. The consolidated financial statements and the group management report provide a suitable understanding of the Group’s position and suitably presents the risks of future developments.

Stuttgart, March 6, 2002
Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft
Prof. Dr. Pfitzer
Dr. Oser
Wirtschaftsprüfer
Wirtschaftsprüfer
Major Companies of the Bosch Group Worldwide
(as of December 31, 2001)
(million euro)

<table>
<thead>
<tr>
<th>Name and Location</th>
<th>Equity Capital % owned</th>
<th>Equity Capital</th>
<th>Sales</th>
<th>Profit or loss</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Germany</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blaupunkt GmbH Hildesheim</td>
<td>100</td>
<td>96,1,065 PLT</td>
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<td></td>
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<tr>
<td>Bosch Rexroth AG Stuttgart</td>
<td>100</td>
<td>871,2,577</td>
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<td></td>
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<tr>
<td>BSH und Siemens Hausgeräte GmbH Munich</td>
<td>50</td>
<td>837,6,092</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bosch Telecom GmbH Stuttgart</td>
<td>100</td>
<td>475,542</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BT Magnet-Technologie GmbH Heine</td>
<td>50</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ERS Entwicklungs- und Anwendungs werkzeuge</strong> Stuttgart</td>
<td>90</td>
<td>7</td>
<td></td>
<td></td>
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<tr>
<td><strong>GKR Gesellschaft für Fahrzeuggestaltung mbH</strong> Leonberg</td>
<td>100</td>
<td>9</td>
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<td></td>
</tr>
<tr>
<td>Hawea Pudoit GmbH Ravensburg</td>
<td>100</td>
<td>12</td>
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<td></td>
</tr>
<tr>
<td>Knorr-Bremse Systeme für Nutzfahrzeuge GmbH Munich</td>
<td>20</td>
<td>104</td>
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<tr>
<td>Robert Bosch Fahrzeugelektronik Eisenach GmbH Eisenach</td>
<td>100</td>
<td>56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VB Autobatterie GmbH Hanover</td>
<td>20</td>
<td>94</td>
<td></td>
<td></td>
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<tr>
<td>ZF Lenksysteme GmbH Schwäbisch Gmünd</td>
<td>50</td>
<td>247</td>
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<td></td>
</tr>
<tr>
<td><strong>Foreign Countries</strong></td>
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<tr>
<td><strong>Europe</strong></td>
<td></td>
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<tr>
<td>Robert Bosch SA Anderlecht/Belgium</td>
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</tr>
<tr>
<td>Robert Bosch Produktie NV Tiener/Belgium</td>
<td>100</td>
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<td></td>
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<tr>
<td>Robert Bosch A/S Ballerup/Denmark</td>
<td>100</td>
<td>19</td>
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<tr>
<td>Robert Bosch (France) SA Saint-Quentin (Paris)/France</td>
<td>100</td>
<td>209</td>
<td></td>
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<tr>
<td>Atco-Quaualit Limited Stowmarket, Suffolk/UK</td>
<td>100</td>
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<tr>
<td>Robert Bosch Ltd Denham/UK</td>
<td>100</td>
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<td></td>
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<tr>
<td>Worcester Group plc Worcester/UK</td>
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<td>37</td>
<td></td>
<td></td>
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<tr>
<td>Robert Bosch SpA Milan/Italy</td>
<td>100</td>
<td>62</td>
<td></td>
<td></td>
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<tr>
<td>Robert Bosch BV Hoofddorp/Netherlands</td>
<td>100</td>
<td>15</td>
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<tr>
<td>Van Damme’s Transmissie BV Tilburg/Netherlands</td>
<td>100</td>
<td>11</td>
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<tr>
<td>Robert Bosch A/S Trollhatten (Göteborg)/Sweden</td>
<td>100</td>
<td>9</td>
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<td></td>
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<tr>
<td>Robert Bosch AG Vienna/Austria</td>
<td>100</td>
<td>44</td>
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<tr>
<td>Robert Bosch Sp.z o.o. Warsaw/Poland</td>
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<td>17</td>
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<tr>
<td>Blaupunkt Auto-Rádio Portugal Lda Braga/Portugal</td>
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<tr>
<td>Vulcanio Termomotorizări SA Avreinu/Portugal</td>
<td>100</td>
<td>112</td>
<td></td>
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<tr>
<td>Robert Bosch AB Krista (Stockholm)/Sweden</td>
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<td>10</td>
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<td></td>
</tr>
<tr>
<td>Robert Bosch Internationale Beteiligungen AG Zürich/Switzerland</td>
<td>90</td>
<td>424</td>
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<tr>
<td>Robert Bosch AG Zürich/Switzerland</td>
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<tr>
<td>Scita AG Solothurn/Switzerland</td>
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<td>529</td>
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<tr>
<td>Robert Bosch España SA Madrid/Spain</td>
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<td>246</td>
<td></td>
<td></td>
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<tr>
<td>Robert Bosch spol. s r.o. České Budějovice/Czech Rep.</td>
<td>100</td>
<td>50</td>
<td></td>
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</tr>
<tr>
<td>Bosch Diesel spol. s r.o. Jihlava/Czech Rep.</td>
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<td>42</td>
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<tr>
<td>Bosch Sanayi ve Ticaret AS Bursa/Turkey</td>
<td>100</td>
<td>99</td>
<td></td>
<td></td>
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<tr>
<td>Robert Bosch Elektronika Győrő Kft Hatvan/Hungary</td>
<td>100</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Americas</strong></td>
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<td></td>
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<tr>
<td>Robert Bosch Ltda Campinas/Brazil</td>
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<td>198</td>
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<td></td>
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<tr>
<td>Associated Fuel Pump Systems Corporation Anderson/USA</td>
<td>50</td>
<td>79</td>
<td></td>
<td></td>
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<tr>
<td>Automotive Electronic Control Systems Inc Anderson/USA</td>
<td>50</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Bosch Corporation Brodhead (Chicago)/USA</td>
<td>100</td>
<td>984</td>
<td></td>
<td></td>
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<tr>
<td>S-B Power Tool Company Chicago/USA</td>
<td>100</td>
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<td></td>
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<tr>
<td>Vermont American Corporation Louisville/USA</td>
<td>100</td>
<td>127</td>
<td></td>
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<tr>
<td><strong>Asia, Australia</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Motor Industries Co Ltd Bangalore/India</td>
<td>100</td>
<td>149</td>
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<tr>
<td>Bosch KK Yokohama/Japan</td>
<td>100</td>
<td>46</td>
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<tr>
<td>Bosch Automotive Systems Corporation Shikokuka (Tokyo)/Japan</td>
<td>50</td>
<td>639</td>
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</tr>
<tr>
<td>Bosch Electronics Corporation Tomioka-shi/Japan</td>
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<td></td>
</tr>
<tr>
<td>Bosch Packaging Machinery KK Tokyo/Japan</td>
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<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon Injektor Corporation Osaka-shi/Japan</td>
<td>50</td>
<td>59</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea Automotive Motor Corporation Buyeo/Korea</td>
<td>100</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KEFICO Corporation Kunpo-Si/Korea</td>
<td>25</td>
<td>91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Bosch Korea Mechanics &amp; Electronics Ltd Chonan/Korea</td>
<td>100</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Bosch (Malaysia) Sdn Bhd Penang/Malaysia</td>
<td>100</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Bosch (South East Asia) Pte Ltd Singapore/Singapore</td>
<td>100</td>
<td>23</td>
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<td></td>
</tr>
<tr>
<td>Robert Bosch (Australia) Pty Ltd Clayton (Melbourne)/Australia</td>
<td>100</td>
<td>87</td>
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<td></td>
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<tr>
<td>Robert Bosch (Proprietary) Ltd Johannesburg/South Africa</td>
<td>100</td>
<td>7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Shares held directly and indirectly by Robert Bosch GmbH
2 Translation of foreign currencies (except EUR countries) pertaining to equity capital and profit and loss stated at average exchange rates at the balance-sheet date; sales stated at average exchange rates of the year
3 Profit and Loss Transfer Agreement (PLT)
4 Represents a consolidated subgroup
5 From May 1, 2001
6 Stub period April 1 to December 31, 2001
Financial Statements of Robert Bosch GmbH
Balance Sheet as of December 31, 2001
(million euro)

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 31, 2001</th>
<th>December 31, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>1,673</td>
<td>1,594</td>
</tr>
<tr>
<td>Financial investments</td>
<td>4,558</td>
<td>3,808</td>
</tr>
<tr>
<td></td>
<td>6,231</td>
<td>5,502</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,187</td>
<td>1,292</td>
</tr>
<tr>
<td>Accounts receivable and other assets</td>
<td>1,863</td>
<td>2,004</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,863</td>
<td>2,004</td>
</tr>
<tr>
<td>Other receivables and assets</td>
<td>2,112</td>
<td>1,729</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>2,049</td>
<td>2,118</td>
</tr>
<tr>
<td>Liquid assets</td>
<td>2,279</td>
<td>1,008</td>
</tr>
<tr>
<td></td>
<td>10,540</td>
<td>8,751</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>16,733</td>
<td>14,296</td>
</tr>
</tbody>
</table>

| Liabilities and Equity  |                   |                   |
| Equity capital          |                   |                   |
| Capital stock           | 1,200             | 920               |
| Capital surplus         | 4,557             | 2,367             |
| Earned surplus          | 442               | 92                |
| Unappropriated earnings | 50                | 2,603             |
|                         | 6,249             | 5,945             |
| Accruals with valuation reserve portion | 126             | 65               |
| Accruals                |                   |                   |
| Accruals for pensions and similar obligations | 2,454             | 2,412             |
| Other accruals          | 3,464             | 3,188             |
|                         | 5,918             | 5,600             |
| Liabilities             |                   |                   |
| Liabilities from financing | 1,598             | 196               |
| Accounts payable        | 474               | 580               |
| Other liabilities       | 2,457             | 1,833             |
|                         | 4,479             | 2,609             |
| Deferred income         | 1                 |                   |
|                         | 16,733            | 14,296            |

Financial Statements of Robert Bosch GmbH
Statement of Income for the period from January 1 to December 31, 2001
(million euro)

Sales: 17,286 16,555
Changes in finished goods and work-in-progress inventories and other capitalised costs: 98 114
Total operating performance: 17,384 16,669

Other operating income: 1,464 1,799
Cost of materials: – 10,949 – 10,020
Depreciation and amortization of intangible and tangible fixed assets: – 643 – 675
Other operating expenses: – 2,842 – 2,697
Net income from investments: 316 363
Amortization of financial investments and securities included with current assets: – 357 – 106
Interest income, net of expenses: 1,54 163
Income from ordinary business activities: 836 1,797
Taxes on income: – 436 264
Net income for the year: 400 2,061
Transfers from surplus accounts: 542
Additions to surplus accounts: – 350
Unappropriated earnings: 50 2,603
### Ten Year Statistics Bosch Group Worldwide

### (million euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Foreign share as a percentage of sales</th>
<th>Research and development expense</th>
<th>as a percentage of sales</th>
<th>Investments in tangible fixed assets</th>
<th>as a percentage of sales</th>
<th>Depreciation on tangible fixed assets</th>
<th>as a percentage of sales</th>
<th>Total assets</th>
<th>Fixed assets</th>
<th>as a percentage of total assets</th>
<th>Equity capital</th>
<th>as a percentage of total assets</th>
<th>Personnel costs</th>
<th>Total assets</th>
<th>Fixed assets</th>
<th>as a percentage of total assets</th>
<th>Cash flow</th>
<th>as a percentage of sales</th>
<th>Net income for the year</th>
<th>Your note:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>17,605</td>
<td>47</td>
<td>1,177</td>
<td>6.7</td>
<td>1,042</td>
<td>5.9</td>
<td>1,010</td>
<td>5.9</td>
<td>12,502</td>
<td>3,972</td>
<td>32.0</td>
<td>4,018</td>
<td>32.0</td>
<td>6,053</td>
<td>12,502</td>
<td>3,972</td>
<td>32.0</td>
<td>1,790</td>
<td>10.2</td>
<td>262</td>
<td>Special effect of “pay-out-and-reinvest” procedure at Robert Bosch GmbH</td>
</tr>
<tr>
<td>1993</td>
<td>16,601</td>
<td>49</td>
<td>1,133</td>
<td>6.8</td>
<td>1,907</td>
<td>6.4</td>
<td>939</td>
<td>5.2</td>
<td>13,011</td>
<td>3,581</td>
<td>27.0</td>
<td>4,246</td>
<td>27.0</td>
<td>5,978</td>
<td>13,011</td>
<td>3,581</td>
<td>27.0</td>
<td>1,900</td>
<td>11.4</td>
<td>218</td>
<td>Including ZF Lenksysteme GmbH (50% Bosch)</td>
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<tr>
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<td>1,153</td>
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<td>893</td>
<td>5.1</td>
<td>13,996</td>
<td>3,400</td>
<td>24.0</td>
<td>5,514</td>
<td>24.0</td>
<td>5,849</td>
<td>13,996</td>
<td>3,400</td>
<td>24.0</td>
<td>1,925</td>
<td>11.4</td>
<td>218</td>
<td>Including Blaupunkt GmbH (100% Bosch)</td>
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<tr>
<td>1995</td>
<td>18,327</td>
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<td>1,265</td>
<td>7.0</td>
<td>1,236</td>
<td>6.5</td>
<td>1,071</td>
<td>5.9</td>
<td>14,574</td>
<td>3,957</td>
<td>27.0</td>
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<td>5,849</td>
<td>14,574</td>
<td>3,957</td>
<td>27.0</td>
<td>1,659</td>
<td>9.1</td>
<td>281</td>
<td>Including Bosch Rexroth AG (100% Bosch)</td>
</tr>
<tr>
<td>1996</td>
<td>21,038</td>
<td>65</td>
<td>1,476</td>
<td>7.0</td>
<td>1,486</td>
<td>6.7</td>
<td>1,033</td>
<td>5.9</td>
<td>18,847</td>
<td>4,621</td>
<td>25.0</td>
<td>6,069</td>
<td>25.0</td>
<td>5,849</td>
<td>18,847</td>
<td>4,621</td>
<td>25.0</td>
<td>2,669</td>
<td>11.8</td>
<td>281</td>
<td>Including BSH Bosch und Siemens Hausgeräte GmbH (50% Bosch)</td>
</tr>
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<td>6,722</td>
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<td>30.0</td>
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<td>281</td>
<td>Including BSH Bosch und Siemens Hausgeräte GmbH (50% Bosch)</td>
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<tr>
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<td>3,681</td>
<td>11.8</td>
<td>281</td>
<td>Including BSH Bosch und Siemens Hausgeräte GmbH (50% Bosch)</td>
</tr>
</tbody>
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### Status as of May 1, 2002

1. Including ZF Lenksysteme GmbH (50% Bosch)
2. Blaupunkt GmbH (100% Bosch)
3. Bosch Rexroth AG (100% Bosch)
4. BSH Bosch und Siemens Hausgeräte GmbH (50% Bosch)
5. Bosch Telecom GmbH (100% Bosch)
Supervisory Council as of April 17, 2002

Dr.-Ing. Wolfgang Eychmüller, Ulm/Donau,
Chairman
Chairman of the Supervisory Council of Wieland-Werke AG

Walter Bauer, Kohlberg,
Deputy Chairman
Chairman of the Joint Shop Council of Robert Bosch GmbH as well as of the Combined Shop Council, and Chairman of the Shop Council of the Reutlingen Plant

Dr. jur. Peter Adolf, Stuttgart,
former Member of the Board of Management of Allianz Versicherungs-Aktiengesellschaft

Knut Angstenberger, Stuttgart,
Department Manager in the Diesel Systems Division, and Chairman of the Joint Speaker Group of Robert Bosch GmbH and of the Group Speaker Committee

Dr. h.c. Bo Erik Berggren, Stockholm,
former Chairman of the Board of Directors and Chief Executive Officer of The Stora Kopparberget Corp.

Henning Blum, Hildesheim,
Chairman of the Shop Council of the Hildesheim Plant and Member of the Joint Shop Council of Robert Bosch GmbH

Dr. jur. Ulrich Cartellieri, Frankfurt,
Member of the Supervisory Council of Deutsche Bank AG

Ruth Fischer-Pusch, Stuttgart,
Trade Unions of the Metal Industry, District Management Baden-Württemberg

Dr.-Ing. Heiner Gutberlet, Fellbach-Oeffingen,
Chairman of the Board of Trustees of Robert Bosch Stiftung GmbH

Dr.-Ing. Rainer Hahn, Stuttgart,
former Member of the Board of Management of Robert Bosch GmbH

Dieter Klein, Wolfersheim,
Chairman of the Shop Council of the Homburg Plant of Robert Bosch GmbH and Member of the Joint Shop Council of Robert Bosch GmbH

Dieter Krause, Hildesheim,
Chairman of the Shop Council of Blaupunkt GmbH, Hildesheim

Matthias Madelung, Munich,
Member of the Board of Trustees of Robert Bosch Stiftung GmbH

Urs B. Rinderknecht, Ennetbaden,
Chief Executive of UBS AG

Wolf Jürgen Röder, Tübingen,
Trade Unions of the Metal Industry, Managing Director

Gerhard Sautter, Erdmannhausen,
Chairman of the Shop Council of the Feuerbach Plant, and Deputy Chairman of the Joint Shop Council of Robert Bosch GmbH and the Combined Shop Council

Hans Peter Stihl, Remseck,
Chairman of the Board of Management of Stihl AG

Jürgen Ulber, Frankfurt,
Union Secretary at the Managing Directorate of the Trade Unions of the Metal Industry

Hans Wolff, Bamberg,
Chairman of the Shop Council of the Bamberg Plant and Member of the Joint Shop Council of Robert Bosch GmbH

Hubert Zimmerer, Stuttgart,
former Member of the Board of Management of Robert Bosch GmbH
Board of Management as of July 1, 2002

Board of Management

Hermann Scholl
Chairman

Tilman Todenhöfer
Deputy Chairman

Bernd Bohr
Wolfgang Chur
Siegfried Dais
Franz Fehrenbach
Kurt Liedtke
Gotthard Romberg

Deputy Members of the Board of Management

Wolfgang Drees
Gerhard Kümmel
Peter Marks