Annual Report 2004

BOSCH

Invented for life

The Bosch Vision
Creating value – sharing values

If we want to work successfully as a team, and in markets which are becoming ever more global and ever more complex, then we need a common image of the future for our company. This image – this vision – will help us bring our strategic thinking into clear alignment.

As a leading technology and services company, we take advantage of our global opportunities for a strong and meaningful development. Our ambition is to enhance the quality of life with solutions that are both innovative and beneficial. We focus on our core competencies in automotive and industrial technologies as well as in products and services for professional and private use.

We strive for sustained economic success and a leading market position in all that we do. Entrepreneurial freedom and financial independence allow our actions to be guided by a long-term perspective. In the spirit of our founder, we particularly demonstrate social and environmental responsibility – wherever we do business.

Our customers choose us for our innovative strength and efficiency, for our reliability and quality of work. Our organizational structures, processes, and leadership tools are clear and effective, and support the requirements of our various businesses. We act according to common principles. We are strongly determined to jointly achieve the goals we agree upon.

As associates worldwide, we feel a special bond in our values that we live day by day. The diversity of our cultures is a source of additional strength. We experience our task as challenging, we are dedicated to our work, and we are proud to be part of Bosch.

Key Data

Bosch Group Worldwide	2003	2004
Sales	36,357	**40,007**
percentage change from previous year	+3.9	**+10.0**
Sales generated outside Germany		
as a percentage of sales	71	**72**
Research and development expenditures	2,650	**2,898**
as a percentage of sales	7.3	**7.2**
Investments in tangible fixed assets	2,028	**2,435**
as a percentage of depreciation	118	**145**
Number of associates		
average for the year	229,439	**238,847**
as of January 1, 2004/2005	231,600	**242,348**
Total assets	31,995	**35,380**
Equity capital	11,760	**13,130**
as a percentage of total assets	37	**37**
Income from ordinary business activity	1,832	**2,578**
Net income for the year	1,100	**1,675**
Unappropriated earnings (dividends of Robert Bosch GmbH)	60	**63**

Currency figures in millions of euros

The Bosch Group

Bosch is a leading global supplier of automotive and industrial technology and of consumer goods and building technology. The Bosch Group comprises some 270 subsidiary companies, of which more than 230 are located outside Germany. The objectives of our activity are sustained profitable growth and the safeguarding of our independence – the independence which allows us to pursue long-term strategies. The guiding principles of our actions are our vision, our BeQIK mission, and our values.

The company originated as the "Workshop for Precision Mechanics and Electrical Engineering" founded in 1886 by Robert Bosch (1861-1942). Since 1964, its majority shareholder has been a non-profit foundation, Robert Bosch Stiftung GmbH. This institution carries on the charitable and social endeavors of the company's founder in contemporary form. The entrepreneurial ownership functions are carried out by Robert Bosch Industrietreuhand KG.

The Bosch Values

- Future and Result Focus
- Responsibility
- Initiative and Determination
- Openness and Trust
- Fairness
- Reliability, Credibility, and Legality
- Cultural Diversity

Ownership structure and corporate governance of Robert Bosch GmbH

- Robert Bosch Stiftung
  92 % share of equity
  no voting rights
- Bosch family
  8 % share of equity
  7 % voting rights
- Robert Bosch Industrietreuhand KG
  93 % voting rights

[1] ZF Lenksysteme GmbH (50 % Bosch-owned)
[2] BSH Bosch und Siemens Hausgeräte GmbH (50 % Bosch-owned)
[3] BN Breitbandnetze GmbH (100 % Bosch-owned), sold at the beginning of 2005

Business sectors and divisions

Automotive Technology	Industrial Technology	Consumer Goods and Building Technology
▸ Gasoline Systems	▸ Bosch Rexroth	▸ Power Tools
▸ Diesel Systems	▸ Metals Technology	▸ Thermo-technology
▸ Chassis Systems	▸ Packaging Technology	▸ Household Appliances [2]
▸ Energy and Body Systems		▸ Security Systems
▸ Car Multimedia		▸ Broadband Networks [3]
▸ Automotive Electronics		
▸ Automotive Aftermarket		
▸ ZF Lenksysteme [1]		

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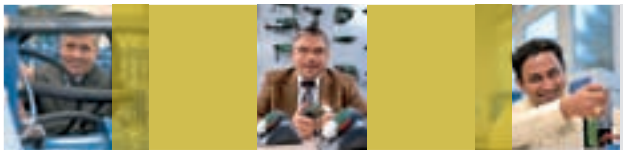


Focus on Innovation
Innovations are an essential key to success. The success of Bosch, a company with a history stretching back nearly a hundred and twenty years, has been linked again and again with pioneering achievements. And such achievements in the past live on in our pioneering spirit of the present. We have selected and exhibit here five Bosch innovations to show just how modern a company which is bound by tradition can be.

Success always rides on a number of shoulders. In like manner, innovations are always collective achievements. Nonetheless, we want to give our innovations a face. We want to make them more concrete and personal, and have thus identified them with people.

BOSCH
Invented for life

The Bosch Brand
In order to make better use of the inherent potential of the strong Bosch brand image, we have taken our outward appearance one step further in its evolution. In the future, we shall be using the armature in silver and the Bosch emblem as a graphic unit worldwide. The new appearance of the brand allows qualities such as modernity, dynamism, and innovation to take their place on center stage (see the jacket flap at the back of this report).

Introduction

"We succeed in achieving innovation only within an open and creative corporate culture. But we invest in the development of such a culture not just for the benefit of innovation. We invest in these things for the benefit of our customers and for the safeguarding of our economic performance ability."

Franz Fehrenbach

Ladies and gentlemen,

In the past business year, we achieved a lot. In sales, earnings, and employment, we did better than expected. All business sectors played their part in this development, and our broad sectoral and regional presence paid off once again. This is the achievement of all our associates, whatever their position, and to all of them I extend my thanks. I would also like to thank our customers and suppliers for their cooperation, and our shareholders and the members of the Supervisory Council for their trust and support.
But there are many tasks which still lie ahead of us, and these tasks have been compounded by new challenges.

In 2004, our positive development was once again chiefly due to our international business. Our global presence allowed us to share in the high rates of growth manifested above all in the Americas, Asia, and eastern Europe. To make sure it remains that way in the future, we shall take deliberate steps to further expand our international position over the next few years. It goes without saying that we also have to further increase our value added in the growth regions. Clearly, this requires that we preserve a strong industrial base, especially in Germany. This is why we are all the more concerned that it is still so difficult to improve fundamental conditions in Germany as an industrial location.

In the future, we expect global competition to become even tougher. And we have to respond to this, not least in our costs. At the same time, we also want to secure our position by means of innovation and, more importantly, by means of high quality. In the tradition of our company, "quality is our most valued asset." However, there can be no innovation without risk – as we unfortunately have been reminded in a few recent cases. All the more do the quality standards we set ourselves demand that we rectify errors as quickly as possible, and thoroughly root out any sources of error. On no account must we respond by letting up in our efforts to innovate. The power and the courage to innovate are decisive not only for the future of our company, but also for that of the many locations in which we operate. More than ever, our ambition is to provide both quality and innovation, and on that basis alone to provide optimum service to our customers at all times, true to our BeQIK mission.

This ambition is also a core element of our vision, which prefaces the present Annual Report. It describes the image we project of our company for the future – an image that is meant to give us orientation in all that we do. If we are to come close to this vision, then two things will continue to matter more than anything else: the passionate commitment of our associates, and a business relationship with our customers and suppliers that is built on trust. Now and in the future, it is our overriding concern to secure these foundations and to strengthen them further.

With best regards,

Board of Management

as from April 1, 2005

Franz Fehrenbach
Chairman

- Corporate Planning and Communication; Senior Executives (LD); Real Estate and Facilities

Wolfgang Malchow

- Human Resources and Social Services; Legal Services and Taxes; Internal Auditing
- Packaging Technology

Gerhard Kümmel

- Finance and Financial Statements; Planning and Controlling; Internal Accounting and Organization
- Chassis Systems, Commercial Affairs

Siegfried Dais
Deputy Chairman

- Research and Advance Engineering; Technology Coordination; Information Technology
- Car Multimedia; Bosch Rexroth

Bernd Bohr

- Chairman of the Automotive Technology Business Sector; Quality
- Gasoline Systems; Diesel Systems; Chassis Systems
- India

Wolfgang Chur

- Sales Coordination Automotive Technology; Trade Sales Organization; Intellectual Property
- Automotive Aftermarket; Household Appliances
- United Kingdom; Austria; Middle Eastern Europe

Peter Marks

- Manufacturing Coordination and Investment Planning
- Energy and Body Systems; Automotive Electronics; ZF Lenksysteme

Wolfgang Drees

- Environmental Protection
- Power Tools; Thermotechnology; Metals Technology
- France; Spain

Kurt Liedtke

- Security Systems
- North America; South America

Rudolf Colm

- Purchasing and Logistics; Insurance
- Asia Pacific; Italy

- **Corporate Responsibilities**
- **Divisional Responsibilities**
- **Regional Responsibilities**

Presidents of the Divisions

(as from April 1, 2005)

Ulrich Dohle
Diesel Systems

Peter Tyroller
Gasoline Systems

Rainer Lohse
Energy and Body Systems

Wolf-Henning Scheider
Car Multimedia

Volkmar Denner
Automotive Electronics

Werner Struth
Chassis Systems
Modulation

Andreas Wiegert
Chassis Systems
Actuation and Foundation

Eugen Konrad
Automotive Aftermarket

Uwe Raschke
Power Tools

Joachim Berner
Thermotechnology

Uwe Glock
Security Systems

Manfred Grundke
Bosch Rexroth

Friedbert Klefenz
Packaging Technology

Supervisory Council Report

"Ever since our company was set up, innovations have secured our success and safeguarded our earning power. In order to be able to finance our considerable up-front investments in research and development now and in the future, each year we strive anew for a satisfactory result."

Hermann Scholl

In regular meetings, the Supervisory Council of Robert Bosch GmbH kept itself informed about the progress of business and the position of the company. Business developments, financial position, and investment plans, as well as new technical developments, were presented and discussed in detail. Reporting and discussion included all major companies of the Bosch Group. Written monthly reports brought the Supervisory Council up to date on current business developments. Special events were covered in circulars. In addition, the Chairman of the Supervisory Council was kept informed by the Board of Management on an ongoing basis about important developments and impending decisions.

The Supervisory Council's consultations focused in particular on the tougher international competitive environment faced in almost all areas of business, on comparing the conditions for business locations in various regions, and the short- and longer-term consequences for locations, especially in Germany. Attention turned repeatedly to the increasing significance of Asia, and especially China, in the global economy, and to the challenges that this presents for the Bosch Group. In this connection, the Supervisory Council was also informed about BPS, the new Bosch Production System, and the process improvements it involves.

The auditing firm PwC Deutsche Revision Aktiengesellschaft audited the financial statements of Robert Bosch GmbH and the consolidated financial statements as of December 31, 2004, as well as the condensed management report. They furnished all of these reports with an unqualified audit opinion. The Supervisory Council concurs with the audit findings, without any objections. It approves, and recommends that the shareholders approve, the financial statements of Robert Bosch GmbH and the consolidated financial statements. It also recommends that the shareholders approve the Board of Management's proposal for the appropriation of net profit.

Following the close of the Supervisory Council meeting on March 31, 2004, Berthold Huber retired from the Council. The Supervisory Council would like to thank him for his constructive and loyal collaboration. At the same time, pursuant to a decision of the Stuttgart local court, Jörg Hofmann was appointed new Supervisory Council member.

The Supervisory Council would like to thank the Board of Management and associates for the successful work of the past year. It pledges its continued support in securing and expanding the company's long-term position despite a tougher competitive environment.

Stuttgart, March 2005
For the Supervisory Council
Prof. Dr. Hermann Scholl
Chairman

Supervisory Council

Prof. Dr.-Ing. Hermann Scholl
Stuttgart
Chairman, former Chairman of the Board of Management of Robert Bosch GmbH

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

Dr. jur. Peter Adolff
Munich
former Member of the Board of Management of Allianz Versicherungs-Aktiengesellschaft

Dr. h. c. Bo Erik Berggren
Stockholm
former Chairman of the Administrative Board 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
former Member of the Board of Management of Deutsche Bank AG

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

Jörg Hofmann
Stuttgart
(from April 1, 2004), Regional Chairman of Industriegewerkschaft Metall, Baden-Württemberg region

Berthold Huber
Stuttgart
(until March 31, 2004), Vice-President of Industriegewerkschaft Metall

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

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

Werner Neuffer
Stuttgart
Chairman of the Shop Council of the Feuerbach Plant and Deputy Chairman of the Joint Shop Council as well as of the Combined Shop Council of Robert Bosch GmbH

Wolfgang Ries
Lohr
Chairman of the Shop Council of Rexroth Indramat GmbH and Chairman of the Joint Shop Council of Bosch Rexroth AG and Member of the Combined Shop Council of Robert Bosch GmbH

Urs B. Rinderknecht
Zurich
Chief Executive of UBS AG

Wolf Jürgen Röder
Hofheim/Taunus
Managing Member of the Executive Board of Industriegewerkschaft Metall

Hans Peter Stihl
Remseck
General Partner of
STIHL Holding AG & Co. KG

Tilman Todenhöfer
Stuttgart
former Deputy Chairman
of the Board of Management
of Robert Bosch GmbH

Jürgen Ulber
Frankfurt
Political Secretary at HQ,
Industriegewerkschaft Metall

Jörg Vial
Nehren
Vice-President, Global Policies
and Strategies, Corporate Sector
Purchasing and Logistics, as well as
Chairman of the Joint Speaker Group
of Robert Bosch GmbH and of the
Group Speaker Committee

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

Robert Bosch International Advisory Committee

Prof. Dr. Hermann Scholl
Stuttgart
President

Dr. Peter Adolff
Munich

Dott. Alessandro Benetton
Treviso/Venice

Dr. h.c. Bo Erik Berggren
Stockholm

Miguel Boyer Salvador
Madrid

Fernão Botelho Bracher
São Paulo

Sir Alec Broers FRS FREng
Cambridge

Dr. Hugo Bütler
Zurich

Prof. Drs.
Cornelius A. J. Herkströter
Wassenaar/The Hague

Kensuke Hotta
Tokyo

Dr. Klaus Kinkel
St. Augustin/Bonn

Dr. Henry A. Kissinger KCMG
Washington

Charles F. Knight
St. Louis

Dr. Hans-Friedrich von Ploetz
Moscow (from 2005)

François Scheer
Paris

Erwin Schurtenberger
Ascona, Beijing

New ways to foster new talent

Worldwide growth can only be achieved if we have qualified associates throughout the world. More importantly, we must have as many executives as possible who come from the growth regions themselves. To recruit good people locally, Bosch is deploying innovative methods that go far beyond conventional trainee programs. Ulla Zimmerer, who developed the “International Development Program” (IDP), is in charge of this recruitment drive. Some 170 highly qualified young people from 23 countries are being hired for the IDP and are being promoted in a meaningful way.

“We have a worldwide program, but we don’t intend to reproduce a standard program format worldwide,” says Ulla Zimmerer, showing the realism that such a strategy demands. Instead, the IDP adapts to the circumstances of the countries in question, which means that junior managers in China, for example, are generally promoted to leadership positions earlier than those in Japan. Ulla Zimmerer is sensitive to these cultural differences, having spent her schooldays in India and years in other places outside her native Germany. It’s not always just researchers that break new ground.

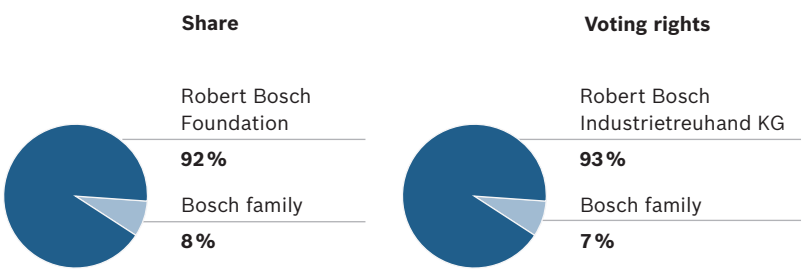
Finding and fostering future leaders worldwide
With seminars, mentors, and training on the job, the International Development Program (IDP) is much more than just a recruitment scheme. The 170 junior managers from all over the world receive intensive training and support. Advised by experienced mentors, the young people undergo a three-year curriculum – typically one year in their home country and two years in Germany. The IDP thus represents a new approach to international human resources at Bosch.

Ulla Zimmerer
Head of International
Development Program

Management Report

Developments in the Bosch Group were generally favorable in 2004. Due to our broad international presence and heavy up-front investments in new products, we profited from the positive development of the global economy. We increased sales significantly despite the strong euro, and also made progress in our endeavors to improve earnings. In Automotive Technology, we benefited above all from the strong demand for diesel direct-injection systems. However, business also picked up, in some cases appreciably so, in Industrial Technology and Consumer Goods and Building Technology. Within the company, we have worked intensively on our processes. On the whole, we expect these positive developments to continue in fiscal 2005, despite the fact that we shall have to come to terms with a slowdown of the global economy.

Shareholders of Robert Bosch GmbH



Business and strategy

Business

Global economy as stimulant

In fiscal 2004, the overall economic environment was extremely favorable, especially outside Europe. The world economy grew by approximately 4 % in real terms, thus achieving the highest level of growth in the last 20 years. In nearly every country, the figures were higher than forecast. Once again, the U.S. and Asia Pacific were the main drivers of growth in 2004. After three years of stagnation, the German economy also recovered, although its 1.6 % growth figure still remained far behind its international competitors.

At a good 5 %, global automobile production also grew significantly. As in previous years, vehicle production was especially strong in the Asian countries. China again played a significant role, even though its growth was not as strong as in previous years. Following a decline in the prior year, vehicle production recovered in North America and western Europe. Eastern Europe grew strongly once again, and manufacturing capacity in the region's automobile industry has been further expanded.

The Industrial Technology business sector benefited from the high level of investment, particularly in Asia, North and South America, and eastern Europe. International mechanical engineering production grew by almost 10 %, an exceptionally high figure. The environment for our Consumer Goods and Building Technology business sector was not quite as favorable. In our major European markets, personal consumption and construction work again grew only modestly in 2004.

Bosch Group able to increase sales significantly

Despite the strong euro, we were able to increase Bosch Group sales by 10 % in 2004, to 40 billion euros. This increase was thus higher than our long-term average growth trend of 8 % per year. More than three-quarters of the 2004 growth was achieved as a result of our own efforts. The balance of this growth was due to consolidation effects – and in particular to the first-time inclusion of the 12-month result of the Buderus Group, which we acquired in mid-2003. Our increase in sales would have been 2 % higher, had not the euro appreciated by a further 10 % against the U.S. dollar. This was all the more significant since many Asian currencies also tracked the dollar.

Business sectors and divisions		
Automotive Technology	**Industrial Technology**	**Consumer Goods and Building Technology**
▸ Gasoline Systems	▸ Bosch Rexroth	▸ Power Tools
▸ Diesel Systems	▸ Metals Technology	▸ Thermotechnology
▸ Chassis Systems	▸ Packaging Technology	▸ Household Appliances[2]
▸ Energy and Body Systems		▸ Security Systems
▸ Car Multimedia		▸ Broadband Networks[3]
▸ Automotive Electronics		
▸ Automotive Aftermarket		
▸ ZF Lenksysteme[1]		

[1] ZF Lenksysteme GmbH (50% Bosch-owned)
[2] BSH Bosch und Siemens Hausgeräte GmbH (50% Bosch-owned)
[3] BN Breitbandnetze GmbH (100% Bosch-owned) sold at the beginning of 2005

All business sectors played a part in the high growth of the Bosch Group. Automotive Technology increased its sales by approximately 7%, to 25.3 billion euros. Without currency effects, the increase in sales would have been 9%. For the first time, we became the world's largest automotive supplier in terms of sales in 2004. Achieving this leadership position means we have an even greater responsibility toward our global customers to help drive forward the development of automotive technology. Aside from the healthy state of the global automotive business, the high demand for diesel systems in general and for modern diesel direct-injection systems in particular had a positive effect. Our up-front investments in high-pressure diesel injection systems, which have totaled more than 5 billion euros since the mid-1990's, are now bearing fruit.

In Industrial Technology, we increased sales in 2004 by 21%, to 5.2 billion euros. We made use of the market opportunities provided by the excellent economic climate for investments in plant and equipment. Consolidation effects also played a significant part in this high level of sales growth. The Castings and Special Steel businesses of the Buderus Group were consolidated on a twelve-month basis, and the activities of the Swiss Sigpack Group on a six-month basis. Even after adjusting for these consolidation effects, the increase in sales was still 9.5%.

After consolidating the 12-month result of The Buderus Group's Heating Products division for the first time, Consumer Goods and Building Technology achieved sales of 9.5 billion euros, 13% higher than in the prior year. Without this consolidation impact, we achieved sales growth of 6%, or roughly 7.5% after adjusting for currency effects. Once again, business developments varied among divisions. Thermotechnology grew by an above-average rate, especially due to further growth outside Germany. Following slightly unfavorable developments in previous years, the Power Tools division also recorded encouraging growth in local currency terms. However, this positive development is not reflected in the figures due to the strength of the euro. Our Security Systems division, by contrast, developed somewhat more modestly. The group sales of our joint venture BSH Bosch und Siemens Hausgeräte GmbH rose by 9%, above all as a result of business outside Germany.

Headcount up

In the course of the past year, the number of associates in the Bosch Group worldwide rose by almost 11,000 to approximately 242,400. At the beginning of 2005, the Bosch Group employed some 110,600 associates in Germany and approximately 131,800 associates outside Germany. Only part of the increase was due to the inclusion of new subsidiaries. Without consolidation effects, the number of associates worldwide rose by approximately 8,000, with roughly 1,900 new associates in Germany. To improve our competitiveness, we concluded a number of agreements – in which we generally gave investment commitments – in order to cut costs and thus to secure the viable future of locations, both in Germany and outside Germany.

Strategy

Expansion in growth regions

We further expanded our international operations in 2004, profiting above all from the great potential for growth in North and South America and Asia Pacific. Owing to the strong euro, however, our sales structure changed only very slightly in 2004. In local currency terms, by contrast, especially in North and South America, we were able to record strong growth in sales of 17% and 29% respectively. After adjusting for currency effects, sales in Asia increased by 8.5%. Without consolidation effects, Asian sales were up by 13%. Sales in Europe also rose by some 11%, reaching more than 7% even in Germany, largely due to changes in the group of consolidated companies. Without these structural effects, sales in Europe (excluding Germany) rose by 11%, buoyed considerably by growth in eastern Europe. For Germany, by contrast, the adjusted sales figures reveal an increase of just under 3%.

We have taken further steps to expand our operations in Asia. In China, our joint venture with the Weifu Group – the largest Chinese supplier of diesel pumps – commenced operations. In addition, we acquired the complete vehicle starter and alternator operations of CNAIC Changdian Co. Ltd. in Changsha, Hunan, as of January 1, 2005. We had had a license agreement with CNAIC since 1985. Between now and 2007, we shall be investing more than half a billion euros in new locations and capacity in China. We are also stepping up our diesel operations in India, establishing a manufacturing plant for common-rail systems, which represents an investment of some 100 million euros.

It is also part of our strategy to open up new areas of growth.

Today, our international manufacturing network comprises some 260 locations around the globe, roughly 200 of them outside Germany. The primary goal of expanding our activities in the newly industrialized countries is to capitalize on the rapidly growing markets there. For standardized products, we also take advantage of the cost advantages these regions offer, in order to be globally competitive. At our core plants, we have challenged ourselves to secure a high level of technological competence on the one hand, and to achieve cost structures that can withstand intensified international competition on the other.

A better balance among business sectors

Following our positive experience with diversification in recent years, we have taken further steps to achieve a more even balance among our business sectors. In the long term, we want to increase the share of sales attributable to Industrial Technology and Consumer Goods and Building Technology. This will also involve acquisitions. In the Industrial Technology business sector, we have strengthened Packaging Technology by acquiring the Swiss Sigpack Group. This now allows us to offer complete solutions for packaging lines. We have also signed an agreement to take over the majority holding in the Italian Oil Control Group SpA, Milan. In doing so, we strengthen the range of compact hydraulic products offered by our subsidiary Bosch Rexroth. In the Thermotechnology division, we have agreed to purchase the Swedish IVT Industrier AB, Tranas. This new subsidiary will give us better access to the growing market for electrical heat pumps. However, portfolio management also involves divesting ourselves of areas of activity in which we do not see any long-term development opportunities. At the beginning of 2005, we therefore sold Bosch Breitbandnetze GmbH.

Opening up new areas of business

It is also part of our strategy to open up new areas of growth. Microsystems technology and hybrid technology are two examples of such areas. In the past year, Bosch manufactured more than 90 million micromechanical sensors for vehicles – more than any other company. We see good market potential for these components beyond the automotive technology sector. In addition, we are redoubling our efforts in alternative drive concepts for vehicles, such as hybrid technology. We have pooled our many activities in this area into a cross-divisional project unit.

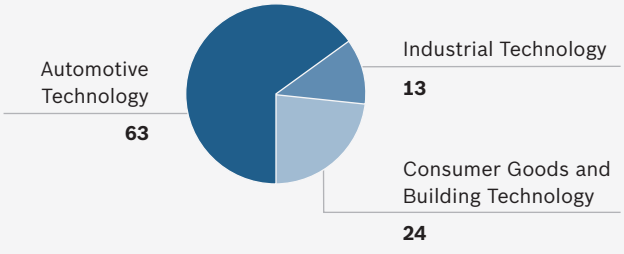
Innovative power strengthened further

In 2004, we did not let up in our efforts to further strengthen our innovative power. Our research and development expenditures reached a record level of 2.9 billion euros or 7.2 percent of sales. Moreover, the number of associates working in this area rose by just under 900 to more than 22,000. In Automotive Technology, which continues to be our most research-intensive sector, the portion of sales invested in research and development is as high as 9.4%. With some 2,800 patents, we are the second largest patent applicant across all areas of business in Germany, and the third largest at the European Patent Office. In numbers of patents, we are the market leader in the automotive industry.

To defend this position, we continue to extend our network of research and development centers. After three years of construction, we opened a new development center in Abstatt in May 2004. The center is close to our major locations in the Stuttgart region, is within the commuter belt of major customers and suppliers, and is suitably located in a region with a highly qualified workforce. Investments in this construction project came to some 200 million euros. A total of some 1,900 associates already work there. Primary activities include the development of innovative solutions for active driving stability and braking systems for the Chassis Systems Division. At the same time, however, we have set up further development centers in other regions in order to step up our local development of products tailored to the needs of the respective markets. One example is the technical center in Suzhou, China, which will initially employ some 200 associates working especially in the areas of automotive electronics and braking systems.

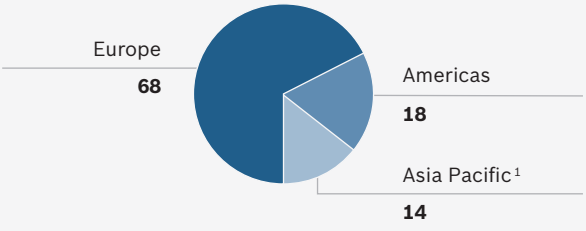
Sales by business sector

Bosch Group Worldwide 2004
Percentage figures



Sales by region

Bosch Group Worldwide 2004
Percentage figures



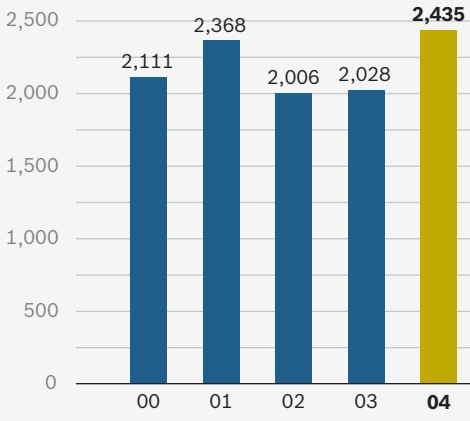
[1] including other regions

Last year, our unceasing efforts in research and development again resulted in the market launch of many new products. In the Automotive Technology business sector, such products include the Denoxtronic metering system for SCR catalytic converters to reduce nitrogen-oxide emissions in commercial vehicles, and the new LI-X series of alternators. Last year, large-scale series production began for the third generation of the common-rail fuel-injection system for diesel engines, using piezo in-line injectors. Our innovations are not exclusively technologically high-end products, however, but also include attractive products for the mass market. For example, new, entry-level navigation devices made by the Car Multimedia Division were very much in demand.

In Consumer Goods, the Ixo, a handy little cordless drill/driver with a lithium-ion rechargeable battery, was a huge success. Despite tough competition in power tools, especially from cut-rate suppliers in the Far East, we were able to sell a good 1.5 million Ixo drill/drivers last year. Our joint venture BSH Bosch und Siemens Hausgeräte GmbH was particularly successful with induction cooktops, which are faster and above all safer than conventional ceramic cooktops.

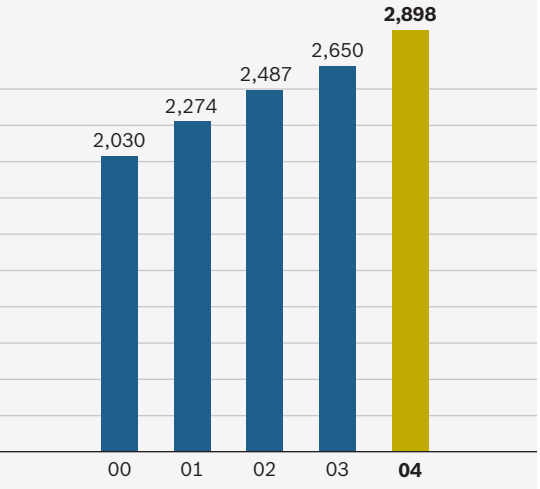
Capital expenditures

2000 – 2004 Bosch Group Worldwide
Figures in millions of euros



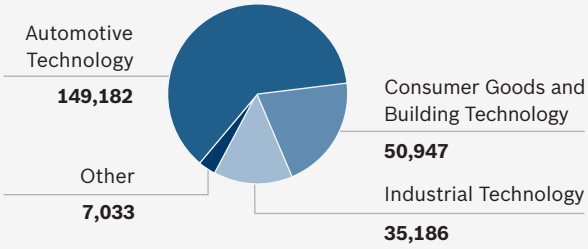
Total research and development expenditure

2000 – 2004 Bosch Group Worldwide
Figures in millions of euros



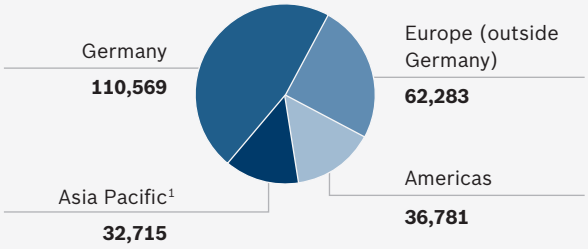
Headcount by business sector

Bosch Group Worldwide
As per January 1, 2005



Headcount by region

Bosch Group Worldwide
As per January 1, 2005



[1] including other regions

Quality of paramount importance

The quality of our products and services is vitally important for us. In 2004, we again made great efforts to achieve further improvements. The result is that failure rates in production measured in defective parts have again decreased significantly in all operating units, continuing a trend that has been evident for a number of years.

The increasing complexity of our products calls for integrated quality management, which starts right at the beginning of the development process. For this reason, we stepped up the use of additional preventive methods in 2004, focusing on the robustness of products and development quality. This tightened focus allows problems to be recognized and errors avoided at an early stage, while also increasing the speed of innovation. At the same time, maturity models for business processes, such as the excellence model of the European Foundation for Quality Management (EFQM) and the Capability Maturity Model (CMM) in software development, have been rigorously applied.

Nonetheless, some individual defects occurred in the past year. While few in number, their effect was serious, and they attracted public attention. In most of these cases, we discovered the defects in our own testing procedures, notified our customers without delay, and rectified the situation promptly. As a consequence of these incidents, we shall cooperate even more closely with our upstream suppliers in all areas of quality work, and further intensify the endurance tests we perform during manufacturing. All in all, we are more than ever aware of our responsibility to practice consistent quality partnership in every direction and on all levels.

In the past year, all business sectors contributed to the improvement in result.

Global purchasing activities extended

In our worldwide purchasing network, we purchased manufacturing materials, merchandise, operating resources, and capital goods totaling 20 million euros in 2004, as compared with total sales of 40 million euros. To an even greater extent than in the past, we have bundled our purchases of the most significant categories of materials – electronics, mechanics, and electromechanics. In addition, we aimed to optimize our supply base and further intensify collaboration with our preferred suppliers in the triad.

In parallel with our expanded manufacturing footprint in the emerging markets, we are also accelerating our purchasing activities there. Increasingly, we are also working globally with this extended supply base. Our efforts here focus on China, eastern Europe, and Central and South America. Cross-functional teams from purchasing, development, and quality assurance are working to extend the local supply base in these regions. We advise and support our preferred suppliers who also wish to establish a presence in these regions.

Clear international profile

To support our commitment to an international presence, we have taken a number of steps to give our company a clearer profile, both internally and externally. These steps include global management of the Bosch brand and a new corporate design, which has also been applied to this year's annual report. This uniform corporate design is now applied as a standard worldwide. A stronger international networking of our corporate communications has also been established.

The Bosch vision, which is presented to the public for the first time in this annual report, is also intended to contribute to these endeavors. Internally, it serves as a compass for our executives and associates for use within our ever-expanding company and an increasingly complex business environment, and thus as a guide for their strategic considerations and day-to-day actions in the service of common objectives. Externally, it is intended to give business partners and the general public a clearer idea of the tasks and goals our company feels committed to, of how we work, and

of how we want to position ourselves in the long term. The Bosch vision is closely linked with our BeQIK mission, which is focused on quality, innovation, and customer orientation, and with the Bosch values.

The importance of our value orientation was also demonstrated in the autumn of 2004, when we joined the UN Global Compact initiative. As a member of this initiative, we undertake to support the Global Compact's ten principles, which relate to human rights, working conditions, the environment, and the fight against corruption. On a similar note, the Board of Management and associate representatives set out joint principles of social responsibility in April 2004.

Value added as a management variable

To effectively manage an international company like the Bosch Group, we have established a comprehensive management system that informs us as to whether our entrepreneurial decisions create sustained value. The key management variable is the contribution to value added. It is the yardstick for measuring the success of the divisions, and forms the basis for calculating executives' performance-based bonuses. In addition, this variable is the key element when assessing investments and acquisitions. The contribution to value added is derived from internal accounting data. Its basis is cash flow, adjusted among other things for extraordinary factors.

In a monthly business report, the Board of Management receives a timely survey of the development of all variables relevant for decisions relating to the Bosch Group, divisions, and business sectors. Controlling is done via an actual-target comparison, which is based on the annual business plan. The business plan has a three-year perspective, and is itself embedded into strategic corporate planning, which takes a ten-year perspective.

Results of operations

Result further improved

In 2004, the Bosch Group was able to improve its income from ordinary business activities from 1.8 billion euros to just under 2.6 billion euros. The strong euro had little effect on our result, as our net exchange movements are largely in balance due to a diversified worldwide presence in customer sales, materials purchasing, and production. Most of the remaining open currency items are hedged.

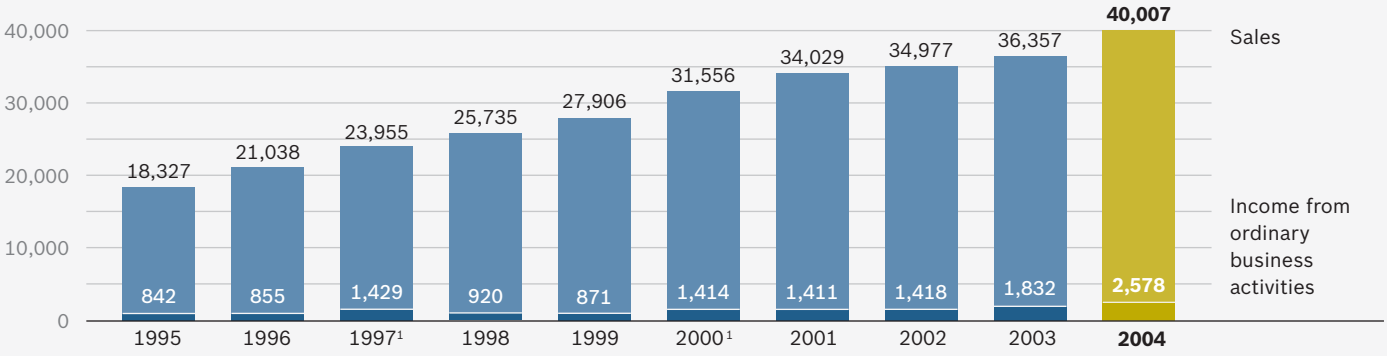
The improvement in income from ordinary business activities can be mainly attributed to operational progress and to better capacity utilization as a result of the positive global economic climate. We also worked to further improve our processes. Moreover, our broad global presence is bearing fruit. Our structural costs grew by a below-average amount last year. We were also able to improve our financial result.

With a pre-tax return on sales of 6.4 %, we have come one step closer to our target return of at least 7 %. This target level of return is needed to maintain our leading technological position in our core areas of activity and to take sufficient advantage of opportunities in the growth areas around the globe. Because of our shareholder structure, in which a foundation is the largest share-owner, we have to generate the equity needed for further growth ourselves. At the same time, this shareholder structure safeguards our independence.

Operational progress is also manifested in our income statement. Personnel expenses grew less strongly than sales. In total, the cost of materials is still unaffected by the huge increase in raw materials prices in 2004. The result was burdened by administrative expenses, particularly in marketing.

Development of sales and income from ordinary business activities

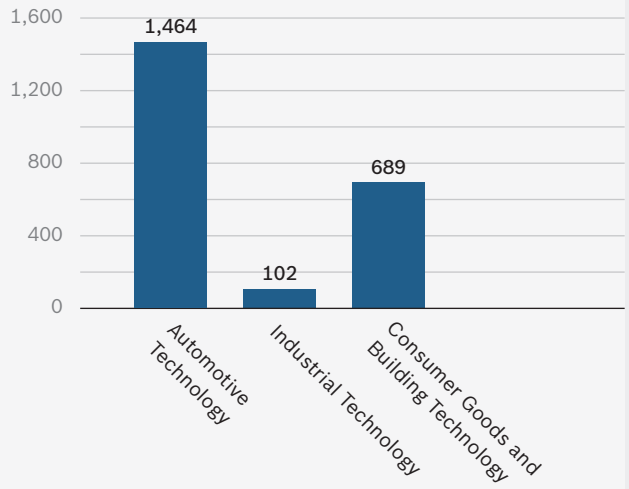
1995 – 2004 Bosch Group Worldwide
Figures in millions of euros



[1] Special effects as a result of the “distribute-recapture method” at Robert Bosch GmbH

Operating result by business sector

Bosch Group Worldwide 2004
Figures in millions of euros



Improved result in all business sectors

In the past year, all business sectors contributed to the improvement in result. The Automotive Technology business sector profited from increasing sales in the automotive business worldwide, especially from high demand for diesel systems and the associated increase in capacity utilization at our plants. Automotive Technology discloses an operating result of just under 1.5 billion euros. On the segment level, the operating result does not include any financial result, unlike Group income from ordinary business activities.

The Industrial Technology business sector also increased its earnings, generating an operating result of a good 100 million euros. Industrial Technology benefited above all from the favorable environment for investments in plant and equipment. The result is impaired by scheduled amortization of goodwill from our new acquisitions of previous years. The Bosch Rexroth division was particularly successful. In Metals Technology, the result was burdened by high raw materials prices, which in many cases could not be passed on to customers. Due to relentless price pressure, the development of Packaging Technology was muted.

The Consumer Goods and Building Technology business sector was able to increase its operating result to some 700 million euros, with positive contributions from all its divisions. By quickly cutting costs, we have so far largely been able to compensate for the severe pressure from Far Eastern competitors, especially in power tools and household appliances.

Financial position

Capital structure remains sound

Our sound financial structure is expressed in the long-term AA- rating conferred by the Standard & Poor's rating agency. The equity ratio stands at 37%. Moreover, our net cash and cash equivalents have risen. Cash flow was 3.9 billion euros higher than in the prior year. We were thus able to finance from current cash flow our investments in fixed assets, including intangible fixed assets, as well as our financial investments, which totaled 2.9 billion euros.

Investments up

In the past year, we increased capital expenditures to 2.4 billion euros, or 6.1% of sales. Capital expenditures significantly exceed depreciation of tangible assets, which totaled 1.7 billion euros. Some three-quarters of these capital expenditures were made in the Automotive Technology business sector. Just under half of our investments were made in Germany. In the past year, spending in Automotive Technology once again focused on common-rail direct fuel injection, but also on semiconductors and sensors, the antilock braking system, the traction control system, and the Electronic Stability Program, as well as on electric and hydraulic steering. At Bosch Rexroth, we made considerable investments in the Mobile Hydraulics division. In the current year (2005), we anticipate a slight increase in investments. Asia, and China in particular, will play an important role here.

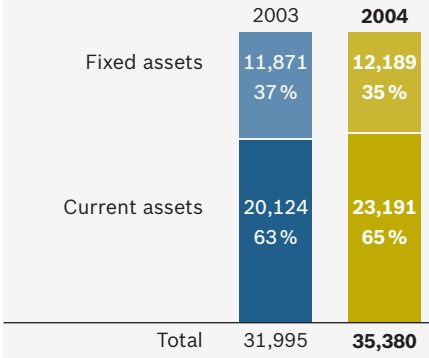
Corporate control of cash flows

The Bosch Group manages finance and currency at corporate level. The tasks of the units involved are to ensure the company's ability to pay at all times and to control cash flows in the best possible way, also taking issues of risk into account. Corporate finance management comprises financing and the investment of funds, the control of cross-border payment transactions, and risk management.

In many of its finance functions, it acts as the internal bank of the Bosch Group. We regularly prepare a consolidated statement of net exchange movements, compensate for currency risks internally at first, and then hedge the remaining net item on the foreign exchange market. In addition, we invest most of the cash resources and securities in the Bosch Group at corporate level.

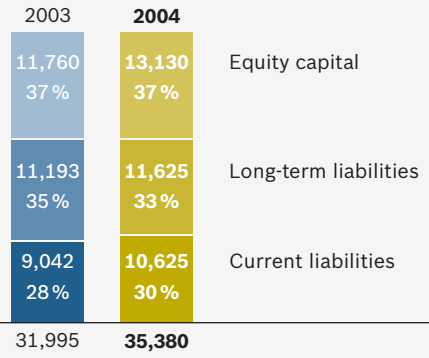
Balance sheet structure – assets

2003 – 2004 Bosch Group Worldwide
Figures in millions of euros / as percentage of total net assets



Balance sheet structure – equity and liabilities

2003 – 2004 Bosch Group Worldwide
Figures in millions of euros / as percentage of total net assets



Net assets

There were no major changes in the balance sheet structure in 2004. Total net assets increased by almost 11 % to 35.4 billion euros. Net cash flow developed by an above-average amount, especially due to the improved result of operations and lower spending on acquisitions. On the equity and liabilities side, there was a result-driven increase in equity capital to 13.1 billion euros. The equity ratio thus remained unchanged at 37 %, and completely covers fixed assets. Accruals increased by 1.2 billion euros to 14.9 billion euros.

Forecast

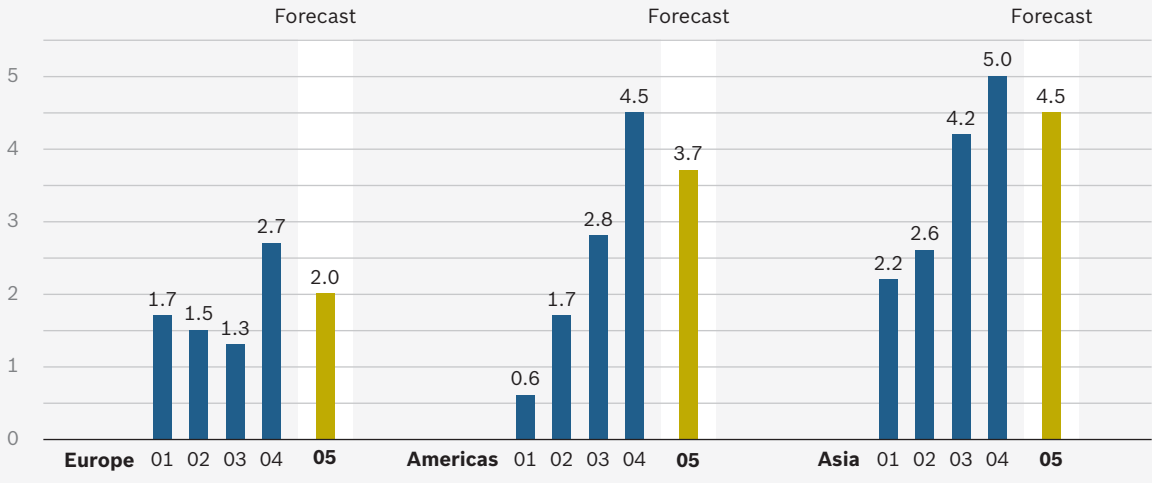
Global economic upswing losing momentum

For the current year, we expect the global economic upswing to lose some of its momentum. However, the growth rate is likely to be 3%, and thus higher than the long-term average. The U.S. and the emerging markets will continue to be the drivers of growth. For the current year, moreover, we expect the increase in global car production to slow to around 3%. The growth regions will largely be eastern Europe and Asia. In western Europe and North America, we expect to see growth of just under 2%. We also expect the success of diesel in cars and light commercial vehicles to continue worldwide. In the Industrial Technology business sector, we shall have to accept that the positive business activity in investments in plant and equipment will slow down somewhat. Even so, it is likely that global mechanical engineering production will again increase significantly, by approximately 5%. Worldwide demand for consumer goods is also likely to fall off a little in 2005. However, we see potential for a stronger development in western Europe.

Given this background, we expect business to continue to develop positively for the Bosch Group in 2005. On the basis of current estimates, however, sales and earnings will not improve as strongly as in 2004. Aside from generally weaker economic growth, there are added risks brought about by a persistently strong euro. Moreover, we have to expect greater burdens as a result of higher raw materials prices. In addition, in most of our business areas, our customers will continue to put unrelenting pressure on prices.

Regional economic growth 2001 – 2005

Gross domestic product
Percentage change on year ago



Our strategy of operating in different industrial sectors allows us to spread our risks.

Risk report

Risk management in the Bosch Group

All the organizational rules and actions relating to risk management in the Bosch Group have been compiled in a manual. Risk reporting, which presents the effect on result of significant risks, is based on internal reporting, which records and reports monthly on all economically relevant events on a permanent basis. The Bosch Group internal auditing unit as well as internal control provisions ensure compliance with the risk guidelines.

General risk assessment

On the basis of the information currently known, there are no recognizable individual risks that might materially impair the net assets, financial position, or results of operations of the Bosch Group in fiscal 2005. Spread of risks is chiefly a result of the diversification and internationalization of our business activities. Our planning is prudent, and we are confident that we shall, on the whole, be able to improve sales and earnings further, despite the slight deterioration in the global economic environment.

Products: One risk has its origin in carmakers' continuing demands for price reductions and in the high price pressure in the area of consumer goods. Ever shorter development cycles, particularly in the automotive industry, and ever more complex systems are fuelling the risk of individual defects with far-reaching repercussions. We counter this risk with vigorous quality assurance measures. We have set up the accruals necessary to cover warranty claims. In 2005, the overall result may be impacted by the significant increases in the price of vital raw materials, particularly steel and oil-based plastics.

Legal risks: We do not anticipate any material risks as a result of current or pending litigation.

Financial risks: The operative business of the Bosch Group is impacted by fluctuations in exchange and interest rates. These risks are limited by hedging transactions, which are entered into exclusively at corporate level. Internal regulations and guidelines establish a mandatory framework and define the responsibilities relating to investment and hedging transactions. According to these regulations, derivatives may only be used in connection with operative business, financial investments, or financing transactions; speculative transactions are forbidden. Hedging transactions are entered into solely via banks whose creditworthiness is impeccable; the yardstick for their creditworthiness is the rating given by leading agencies.

Jiri Marek
Head of Sensor Development
in the Automotive Electronics Division

Don’t give up when the chips are down!

It started with a small team 15 years ago. Then, nobody had any idea that microsystems technology would one day become one of Bosch’s greatest success stories in the field of innovation. Jiri Marek was involved from the outset, as a driver and provider of ideas. Today, he manages 250 developers. “Engineers need vision and entrepreneurial spirit, just as others do,” he says. Endowed with a good measure of such qualities, Marek was instrumental in opening up a new area of automotive electronics for Bosch.

Bosch produced a solid 90 million micromechanical sensors in 2004 – more than any other company in the automotive industry. No larger than a fingernail, these chips can pinpoint the very moment a vehicle starts to skid. Soon, Bosch sensors will also be used in other applications – for example, in cellphones or in laptops.

Jiri Marek hasn’t forgotten there were also difficult times, times when he had to stick to his guns. Once, when the chips’ rate of yield was far below expectations, he changed direction and spent a year in production. As Jiri Marek knows, innovation requires stamina and long-term commitment.

The sensor on the chip
The micromechanical yaw sensor is the principal component of the Electronic Stability Program. It is so precise that it can even detect the rotational speed of a minute hand. On its surface, small silicon discs vibrate in specific relation to each other like the prongs of a tuning fork. The walls of these vibrating elements must be absolutely perpendicular. This is achieved by a dry etching process known in the industry as the “Bosch process.”

Automotive Technology

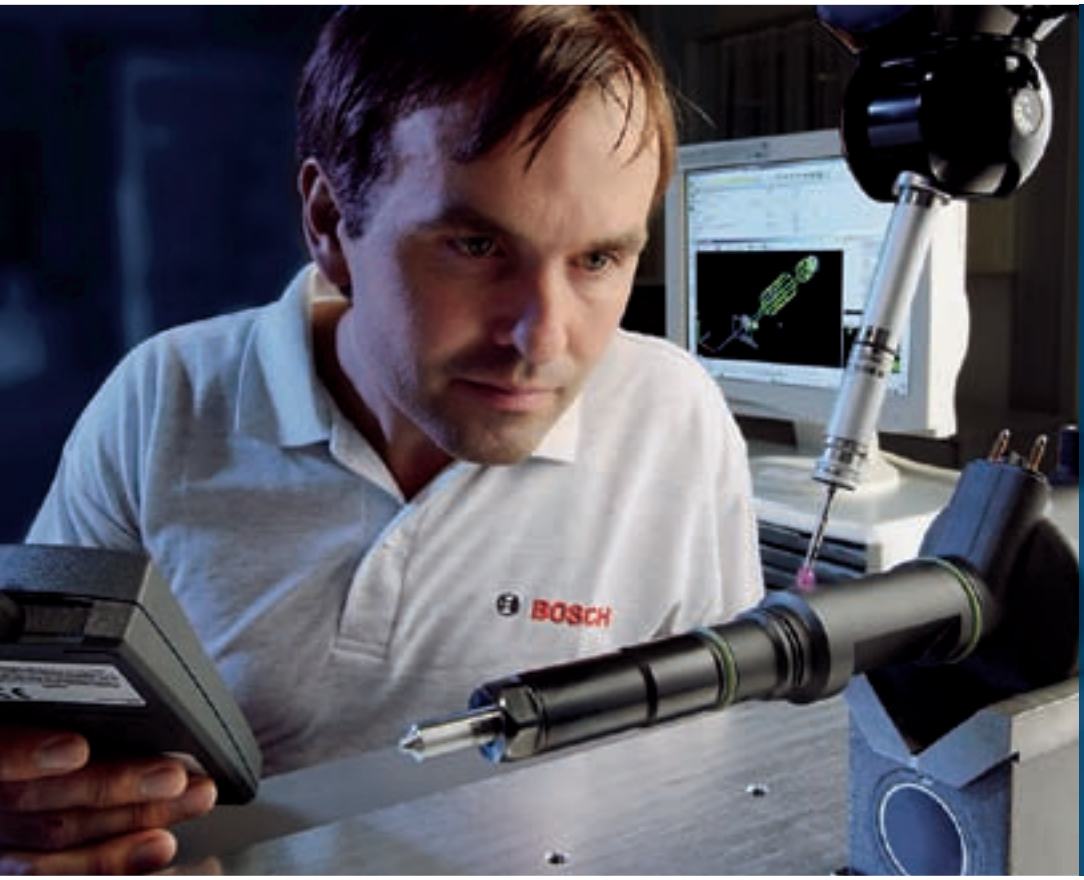
In 2004, global automobile production increased by a good 5%. Almost all of this increase was driven by the Asian countries, and in particular by China. Our attractive products, as well as our early presence in these emerging markets, enabled us to increase our automotive technology sales by roughly seven percent to 25.3 billion euros.

On the basis of this development, Bosch became the world's largest automotive supplier in 2004 for the first time. In automotive technology, we focus on products that directly benefit the driver. Our diesel and gasoline systems, for example, provide for eco-friendly, economical, quiet, and high-performance engines. Our antilock braking system, the Electronic Stability Program, or passenger-protection systems offer drivers greater safety. Starters and alternators, components and systems for electric energy and body functions, and mobile communication products such as car radios and navigation systems ensure that the vehicle is provided with power, and the driver with both comfort and support. We also make our extensive competence available for service stations and garages, with products ranging from testing and diagnosis equipment to the design of complete workshops.

Key data	2003	2004
Sales	23,600	**25,300**
Capital expenditure	1,600	**1,900**
R&D expenditure	2,200	**2,400**

Figures in millions of euros

With our third-generation common-rail technology, even heavier cars can comply with the Euro 4 emissions standard, without the need for exhaust-gas treatment. Its in-line injectors are an outstanding feature. Their piezo element is integrated into the injector shaft, close to the nozzle needle.



Our diesel location Hallein in Austria specializes in large diesel engines. Here we develop, manufacture, and market injection systems for the kind of diesel engines found in locomotives and ships. The injectors in even these systems must satisfy accuracy requirements of less than a micrometer.

Diesel technology drives growth

In 2004, we once again saw a significant rise in the share of diesel engines in newly registered cars in western Europe. This share now stands at 48.4% – which means that nearly every second new car is diesel-powered. What makes this drive technology attractive is its combination of low consumption with high engine torque. Bosch has played a major role in shaping this trend. With third-generation common-rail technology, we have the most advanced system on today's market, with additional improvements in performance combined with reduced fuel consumption and emissions. We can see good market potential for diesel-powered cars in the U.S., as well as in China, Korea, and India. In these countries, we are running high-profile information and advertising campaigns to persuade people of the advantages of diesel.

Our second generation of gasoline direct-injection units can be installed in a variety of positions on the engine, and will work with many different fuel types.

The focus of our continuing development work in injection systems is to increase injection pressure even more and to continuously optimize the overall system. We are also developing a particulate filter, whose production will start in 2006. For the exhaust-gas treatment of commercial vehicles, our Denoxtronic metering system went into series production at the end of 2004. Combined with SCR (selective catalytic reduction) catalytic converters, this system reduces nitrogen-oxide emissions by more than 80 %. Engines equipped with this system already fulfill the strict Euro 4 emissions standards, and some even satisfy the Euro 5 standard.

Attractiveness of direct fuel injection increasing for gasoline engines

More and more vehicles feature DI-Motronic, our direct fuel-injection system for gasoline engines, as standard equipment. Similar to diesel technology, it offers additional torque for more driving fun, while at the same time reducing consumption. Initial series-production projects combining direct injection and turbocharging have demonstrated the potential for even greater improvement of performance and consumption. Direct fuel injection improves the torque curve of turbocharged engines across the entire engine speed range.

Stronger focus on hybrid drive

Aside from optimizing conventional combustion engines, we are also examining the hybrid approach, where the classic drive system is extended by a combustion engine with electric drive. Here, our high level of competence in the areas of drivetrain technology, brakes, electric motors, and on-board networks is a competitive advantage. To allow this broad know-how to be applied purposefully, we have integrated all operating units involved into a new organizational structure. In this new "hybrid project unit," some 100 engineers are working on this new drive technology, supported by colleagues from the divisions. We are working on initial projects with a number of carmakers.

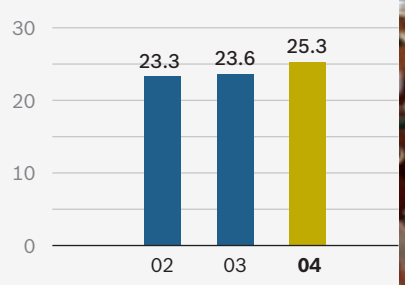
Electronic Stability Program as standard equipment in ever more vehicles

The share of vehicles equipped with our Electronic Stability Program (ESP®) continues to rise significantly. In 2004, roughly 36 % of all newly registered cars in Europe, and 38 % of all cars produced in western Europe, were equipped with this safety system – which Bosch was the first company to market ten years ago. The European Union regards the use of active safety systems as a decisive factor for further reducing the number of road deaths. Halving the

Increasingly, natural gas is being considered as an alternative to gasoline or diesel. It is less expensive, and emits 30% less carbon dioxide during combustion. To sound out the prospects for the European market, we established a test center in Germany in 2004 to examine injection systems for natural gas.

Sales of automotive technology

2002 – 2004 Bosch Group Worldwide
Figures in billions of euros



Interference immunity has top priority. We also test the electromagnetic compatibility of brake control systems, to ensure they work at all times.

number of road deaths by 2010 is the declared aim of the "European Road Safety Charter," signed in April 2004 by Bosch and 38 other companies and institutions. We are supporting this commitment with training courses and driving tests, which we carry out in collaboration with carmakers and dealers. In the U.S., too, interest in ESP® has grown strongly. Several carmakers have announced they will be installing it as standard equipment in their sport utility vehicles (SUV's). Studies in Europe, the U.S., and Japan prove that this safety system can almost halve the number of accidents in situations in which the driver loses control of the vehicle independently of the interference of other drivers.

Driver assistance and comfort systems gaining impetus

Not only safety systems such as ESP®, but also driver assistance systems such as ParkPilot and Adaptive Cruise Control (ACC) already provide a great deal of information about the vehicle environment and the driving situation. New functions are emerging from the close networking of active and passive safety systems with predictive driver assistance systems. We believe there are considerable market opportunities for Bosch in this area over the next few years, and have therefore combined all the activities relating to this field in our CAPS program (Combined Active and Passive Safety Systems).

These new functions are intended to enhance the driver's attentiveness, warn him of dangerous situations, and, in the future, even maneuver the vehicle automatically in emergencies. At the end of 2004, the second generation of ACC went into series production. It is far more compact and can register and process more complex traffic situations. It is the basis for our predictive brake assistant, which itself is the first stage of our predictive safety systems (PSS). If ACC detects a critical situation, then – imperceptibly for the driver – the system moves the disc-brake pads up close to the discs, thus maximizing the support of the brake assistant. As a result, braking distance is shorter, accidents are less serious, or can even be avoided in some cases. This function has also gone into series production.

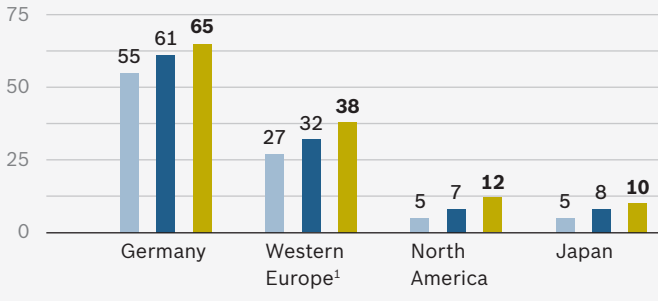
Relaxed, safe driving is also helped by our electric adjusting systems, such as those for power-window units, seats, and sliding roof panels. These comfort systems are increasingly also finding a ready market in downscale models.

Navigation systems – on the right track

In 2004, our subsidiary Blaupunkt was extremely successful with its attractively priced radio navigation systems for the aftermarket. With a mixture of spoken directions and instructions shown on a display, these systems guide drivers precisely to their desired destinations. On the basis of this technical platform, we have also developed variants that have been introduced by different carmakers. Car radios for digital audio broadcasting (DAB) are also becom-

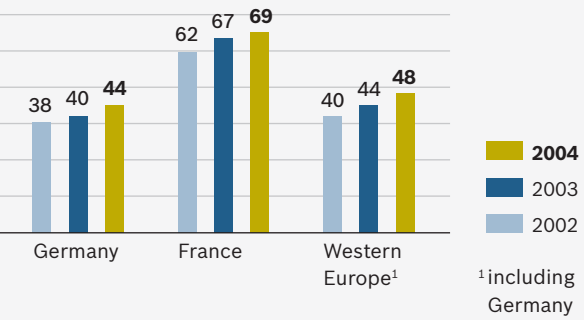
Growing acceptance of ESP®

Share of vehicles equipped with ESP®, on the basis of the production of selected car makes from 2002 to 2004
Percentage figures



Growing acceptance of diesel

Share of diesel in newly registered cars, based on selected makes from 2002 to 2004
Percentage figures



[1] including Germany

ing increasingly varied. With our new Woodstock DAB54 digital car radio, for example, data services can now also be transmitted and shown on the display of a PDA (personal digital assistant).

Concerted action to network electronic systems

As the number of functions in the vehicle has increased, so has the complexity of vehicle electronics. To retain our ability to master this complexity, Bosch and other carmakers and automotive suppliers founded the development alliance Autosar (automotive open system architecture) in 2003. The objective is to develop a common software architecture with standardized interfaces to replace the individual company-specific solutions that have existed so far. In 2004, many more companies joined this initiative, and it now stands on a broad international footing.

Production at competitive costs

Apart from high quality, competitive costs are also an important issue. This is especially true of standardized components, where there is little technical differentiation. We can only achieve cost leadership by distributing production over different locations. We have thus developed a triad concept, where products are manufactured at defined lead plants until they go into large-scale production. As a rule, these lead plants are located in our core countries, close to development locations. Ramp-up of large-scale series production is then carried out at locations with favorable costs, as is the manufacture of mature products subject to tough price competition. In the case of the European market, this manufacturing takes place mostly in eastern Europe. This mix allows us to hold market share and to secure jobs. In addition, we have

At its Hildesheim site, Blaupunkt has set up a new antenna-measuring system for the development of integrated vehicle antennae. In the newly built protective dome – known as a radome – vehicles can be positioned on a turntable. While the vehicle rotates around its own axis, test records and radiation patterns are drawn up for the antenna.

set up in the past few years a number of internal programs to facilitate greater efficiency, such as the Bosch Production System, whose design was inspired by Japanese models, and the Time to Market initiative.

Innovative partner for workshops

For the fast, precise, and repeatedly accurate measurement of the car chassis, we have developed a new optical axle measurement system in collaboration with an automobile manufacturer. It will go into series production in 2005, and will be the first system to provide contact-free measurement of all relevant chassis data. After attaching adhesive markers to the car, all that has to be done is to drive it past the measuring columns. The product has already been successful, winning the "Innovation Award" at the 2004 Automechanika trade fair. The market has also responded very positively to FSA, our new vehicle system analysis. This diagnostic system helps workshop employees to identify faulty components quickly and reliably. It is the only system of its kind that can diagnose sensors while they are still installed, shortening repair times considerably.

The innovative, contact-free optical axle measurement system measures quickly and precisely, either on the vehicle service lift or as the vehicle drives past. Bosch and a vehicle manufacturer developed it together. The position of the markers attached to the vehicle is recorded stereoscopically by video cameras.

Making presses quieter

Customer requests also lead to innovations, which is what makes the application centers so important for the hydraulics sales of Bosch Rexroth. Working at the interface between customers from all over the world and the company's own engineers, application center staff are always on top of industry trends, and sometimes ahead of them. Helmut Behl heads up the Press Application Center. He finds out what "his" customers want, and translates their requirements for "his" developers – right down to the bits and bytes.

It was intensive cooperation like this that spawned the whispering power unit and the high-efficiency hydraulic drive for die cushions in mechanical presses. These new solutions were designed in response to customer requests – whether for increased noise protection or for a one-third reduction in energy consumption. "Presses are large machines," says Helmut Behl, "and together with our customers, we are making them quieter and more economical." Behl is responsible for providing support to the world's largest press manufacturer. "If you want to be innovative," he says, "you need to keep your eye on the ball."

A company that lives up to its claims
Bosch Rexroth's motto "Developing to the customer" reflects the company's commitment to developing customer-specific innovations for manufacturers of customer-specific machines. It is no accident that the hydraulics sales department is organized according to different industries. For example, there is a press application center, where experts are involved at an early stage in the customer's choice of the optimum drive. This does not always involve a solution based on hydraulics; other drive and control technologies can also be used. Thus, Bosch Rexroth lives up to its claim of being "The Drive & Control Company."

Helmut Behl
Head of the Press Application Center,
Bosch Rexroth AG

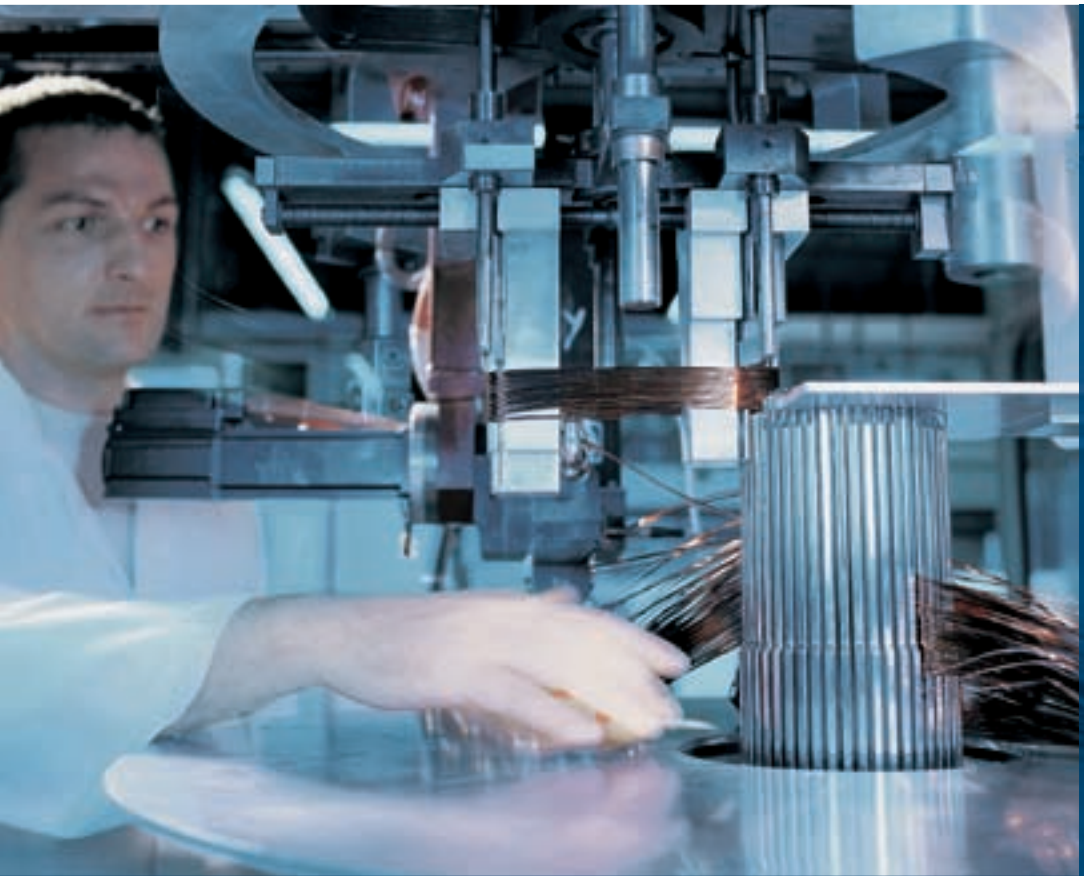
Industrial Technology

In Industrial Technology, we can look back on 2004 as a successful business year. Sales were up 21% at 5.2 billion euros. One reason for this increase was the strong economic situation in the capital goods industry. Consolidation effects also played an important role. On a twelve-month basis, these related to the Castings and Special Steel businesses of the Buderus Group and, on a six-month basis, to the Swiss Sigpack Group. Even after adjusting for these consolidation effects, however, the increase in sales was still approximately 9.5%. Our chief areas of activity are industrial equipment and packaging technology, where we focus particularly on complete solutions that provide a high level of benefit for the customer. Through our subsidiary Bosch Rexroth, for example, we supply all the essential technologies for machine drive, control, and motion. These technologies serve our two core markets – factory automation and mobile hydraulics.

Key data	2003	2004
Sales	4,300	**5,200**
Capital expenditure	195	**265**
R&D expenditure	216	**226**

Figures in millions of euros

Strength and precision: Bosch Rexroth technology drives the tunnel-drilling machine for the world's longest rail tunnel, currently under construction beneath the St. Gotthard pass in Switzerland.



Integrated protection: Rexroth IndraDrive, our intelligent drive system, is geared completely to safety. With its certified "safe grip" and "safe movement" functions, it provides unequalled protection for operator and machine, tool and workpiece. This allows compliance with Europe-wide safety regulations, without the need for additional hardware or complex adjustments to controls.

Bosch Rexroth: compact hydraulics expanded

Demand for industrial machinery was high in 2004, and resulted at Bosch Rexroth in a high order intake, which was 15 % above its prior-year level. Sales also rose by an above-average amount. In the Americas and Europe in particular, we were able to increase market share. With the acquisition of a majority shareholding in Oil Control Group SpA, Milan, we further expanded our position in the rapidly growing compact hydraulics market. The company is one of the leading manufacturers in the field of compact hydraulics, and has a technologically advanced range of products.

With an increased presence on the dynamic emerging markets in Asia, Bosch Rexroth continued its strategy of placing development, production, and distribution on a global footing. In 2004, for example, we acquired Skatec Co. Ltd., the Korean market leader for equipping plastics-producing machinery with hydraulic drive technology. At the same time, we expanded our manufacturing capacities in eastern Europe. In Hungary, a new plant for pneumatics went into operation, while in Slovenia, we expanded our production facilities for electric drives and controls.

Venturing into new electrohydraulic worlds

We introduced a significant innovation in the field of electrohydraulics. By combining digital control technology and sensors, our engineers have substantially increased the performance capability of conventional hydraulics. In the area of factory automation, we have developed new control systems. For the first time, a software architecture is being used that is consistently open. This allows drives with different basic technologies to be linked and controlled. We have developed a traction control system for construction plant and mobile machinery moving through difficult terrain.

Our high level of research and development expenditure will be manifested in the many new products we shall be launching over the next two years. The key focus here will be on expanding our control platform and developing function modules and system solutions.

Metals Technology: good capacity utilization

Business has developed well in the Metals Technology division, which resulted from the merger of the casting and special steels businesses that used to belong to Buderus. Capacities were almost completely utilized over the whole year, and sales growth was in double figures due to increased demand. Higher prices for scrap and alloys passed on to customers also contributed to this sales growth.

Let the music play: during work to refurbish Milan's world-famous Teatro alla Scala, Bosch Rexroth renovated the stage machinery. We supplied all the drive technology for the stage machinery, lighting, and curtain. Our engineers had to master a special challenge: despite continuous operation, the noise from the drives had to be no louder than the sound level in a library. Currently, we are equipping the New Opera House in Oslo and the China National Grand Theater in Beijing.

Packaging Technology: ideally complemented by Sigpack

With the acquisition of the Sigpack Group, we succeeded in closing a strategic gap. As a specialist in the packaging of confectionery and food, Sigpack is an almost ideal addition to our activities in this area. There are few overlaps, either in product range or regional activities. With this acquisition, we are making further progress as planned toward becoming a one-stop provider of packaging solutions. In addition, Sigpack's special expertise as a systems supplier adds to our competence across the entire value added chain. Further synergy effects result in the pharmaceuticals area, which we have systematically expanded over the past few years. Some 15 % of Sigpack's business is with the pharmaceuticals industry. Potential synergies exist especially in secondary packaging, final packaging, and automation.

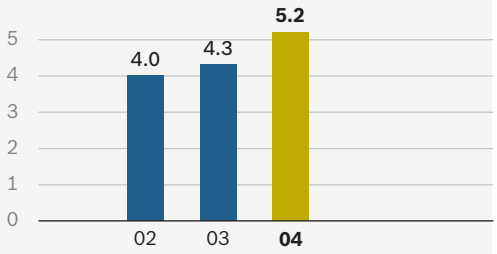
We are rapidly driving the integration of the two companies forward. For the most important tasks we have set up roughly 20 expert teams comprising associates on equal footing from both companies. In this way, we want to achieve a uniform corporate image, harmonize marketing, and develop a common service strategy.

Our packaging technology operations are highly globalized. We generate roughly 90 percent of our sales outside Germany. To increase the share of value added generated outside Germany, we are continuing to expand our international manufacturing capacities. In 2004, we extended our plant in China.

With the acquisition of the Swiss specialist company Sigpack, we have almost doubled our business volume in packaging technology. Strategically speaking, the acquisition rounds off our activities in the packaging of confectionery.

Sales of industrial technology

2002 – 2004 Bosch Group Worldwide
Figures in billions of euros

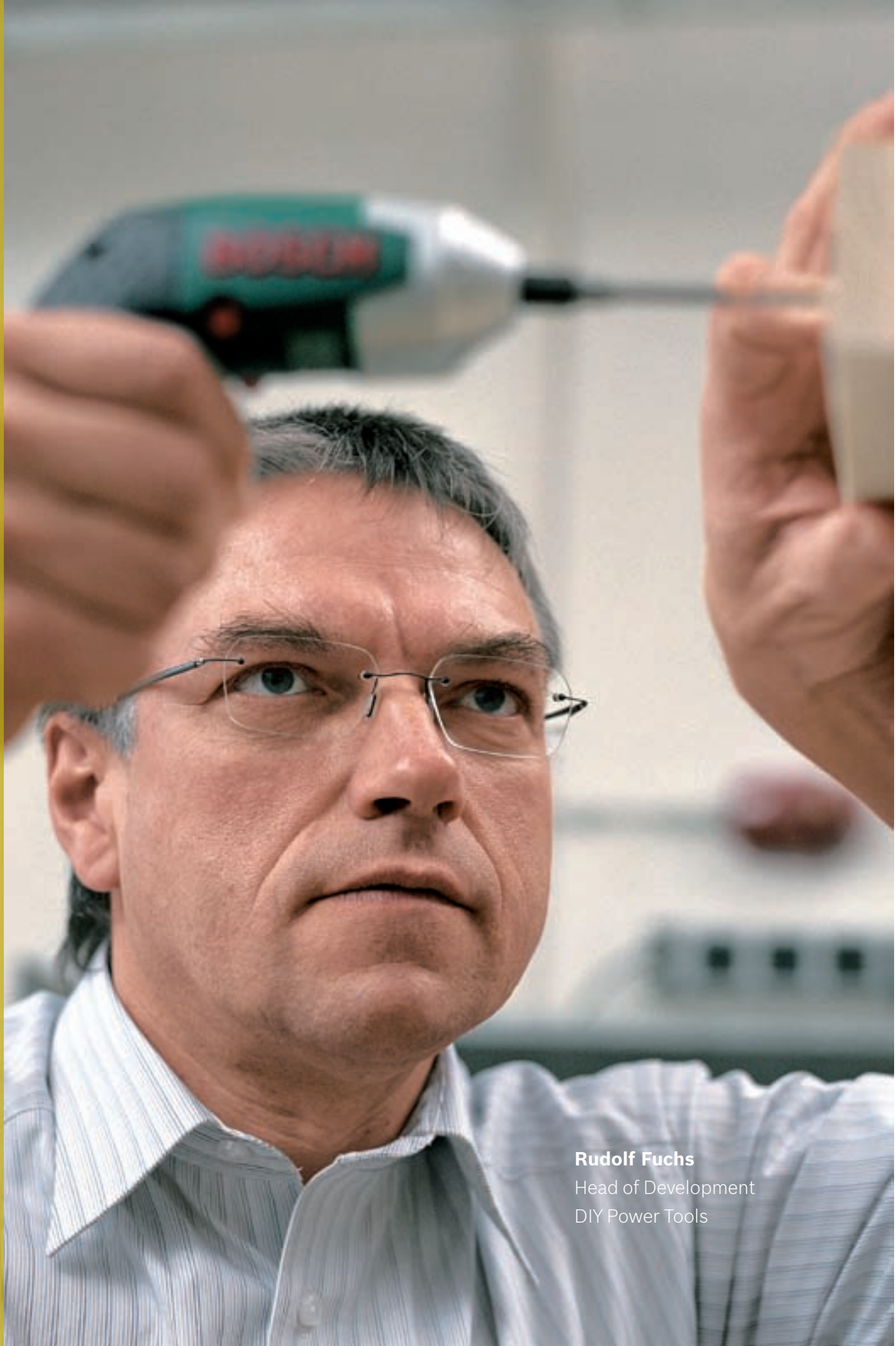


A runaway success against fierce competition

What started out as an idea for a small gift quickly became a hugely successful innovation that took the market by storm. That is the story of the Ixo, the most compact cordless drill/driver of all time, and the brainchild of Rudolf Fuchs and his team. Although Fuchs is the man in charge at Bosch DIY tool development, he appreciates that success is a result of team effort. But that does not stop him from taking immense personal pride in his pet project.

When the Ixo was launched in the market, no more than twelve months had elapsed since its inception as a marketing idea. An existing development project placed the engineers on Rudolf Fuchs's team in good position, since it enabled the lithium-ion rechargeable battery already in use in cellphones to be used in high-current power tool applications for the first time. It is this battery that makes the Ixo so compact. "It's smart," says Rudolf Fuchs. "This is how we gain the edge on a highly competitive international market." Bosch had only planned to sell 500,000 Ixos in 2004. In the end we sold three times that number.

Self-discharge now a thing of the past
Every DIY enthusiast knows how annoying it is when cordless drill/driver batteries discharge of their own accord. The Ixo makes this a thing of the past. Its lithium-ion rechargeable batteries are not only much smaller than conventional nickel-cadmium batteries, they are also protected against any self-discharge. This makes the Ixo extremely practical and a superb gift idea. The drill/driver is also packaged in a handy container.



Rudolf Fuchs
Head of Development
DIY Power Tools

Consumer Goods and Building Technology

The Consumer Goods and Building Technology business was given a welcome boost by the favorable consumer environment in many of our markets outside Germany. Including consolidation effects, sales increased by a total of 13 % to 9.5 billion euros. In this sector, we are among the market leaders in a number of different areas of business. With our strong brands Bosch, Skil, and Dremel, we are one of the world's largest manufacturers of power tools, with a broad product range for the building trade, industry, and do-it-yourselfers. The product range also includes accessories such as drill bits and saw blades, as well as gardening appliances. In thermotechnology, we have meanwhile advanced to become one of Europe's top manufacturers of heating units and hot water appliances.
In security systems, Bosch has now become one of the top five international providers. And in household appliances, through our very successful joint venture with Siemens set up years ago, we are one of the world's top three manufacturers.

Key data	2003	2004
Sales	8,500	**9,500**
Capital expenditure	249	**297**
R&D expenditure	265	**306**

Figures in millions of euros

Advanced technology: in the future, we shall be equipping a greater share of our cordless appliances with lithium-ion technology, which prevents self-discharge.

Precision at the touch of a button: as the inventor of the piercing saw, Bosch is venturing into new worlds. The innovative triple-point "Precision Control" guide feature of the two top models of the GST Professional range allows extremely precise work with accurate angles. Accuracy like this is a world first. With this innovation, we further extend our position as the global market leader for industrial piercing saws.

Above-average growth in power tools

After three years of stagnation, the world market for power tools grew in 2004 by between three and four percent (figures adjusted for currency effects). As a result, our businesses in this area improved markedly. We were able to grow further in the European market, both with tools for the building trade and tools for do-it-yourselfers. This success is due essentially to the product drive started at the beginning of 2004, in which we launched more innovations than ever before. Moreover, branded products regained favor among customers as sales of lesser-known products slowed.

In the DIY market, the cordless Ixo drill/driver, introduced in the past fiscal year, proved to be a best-selling product. In leading European countries, it was the best-selling power tool of 2004. We were the first power tool manufacturer to bring its advanced lithium-ion technology to the market, and we shall gradually integrate this technology in more and more cordless appliances. We made a start in this direction in 2004 with the Prio multi-sander. We also successfully launched new drills with additional integrated functions, such as dust extraction or a feature which illuminates the area to be drilled.

Outside Germany, we achieved growth in the major power tool markets in the U.S., Latin America, and Japan. We were also able to expand our business considerably in China and Russia. In order to further strengthen our position as a manufacturer with an especially broad international base, we commenced operations in new plants in Hungary and China.

Further expansion of Thermotechnology

We completed the integration of the heating technology activities of Bosch and Buderus by merging them to form BBT Thermotechnik GmbH. Even in its first year of business, the joint strengths of the new company became evident. Sales increased significantly, reflecting business growth inside and outside Germany. We achieved especially high growth in the UK. New legal provisions are encouraging the British to convert from conventional heating technology to condensing-boiler technology, opening up considerable growth opportunities for Bosch.

To expand our leading position in Europe still further, technological innovations are needed. This is why we have formed an alliance with RWE Fuel Cells GmbH, Essen, to develop fuel-cell heating appliances that are ready for the market. The first field tests with complete systems are planned for 2005. A further promising area is the market for heating appliances that use renewable energy. To be able to share in this market better, we have acquired the Swedish company IVT Industrier AB, Europe's leading manufacturer of electric heat pumps, and one of the most innovative providers in its industry. This acquisition significantly strengthens our base from which to exploit this fast-growing market of the future.

Household appliances on course for expansion

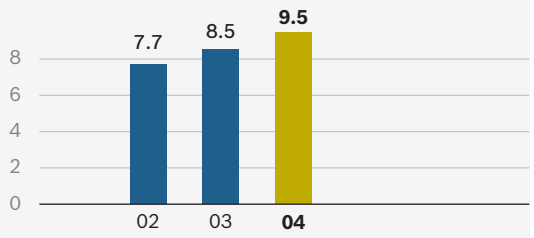
BSH Bosch und Siemens Hausgeräte GmbH, a 50-50 % joint venture with Siemens, continued to pursue a growth course in 2004. This growth was driven mainly by exports. Sales in Germany were down, due to

Our geothermal heat pumps provide heat and hot water all year round by utilizing ground-source energy. The appliances have won awards for their design, and their ecobalance is outstanding.

Pilot operation: we led the consortium that established the pilot project for automated, biometrics-supported border controls at Frankfurt airport.

Sales of consumer goods and building technology

2002 – 2004 Bosch Group Worldwide
Figures in billions of euros



consumer insecurity and bitter price wars. BSH increased its overall sales by 9 %, to 6.8 billion euros, and half of this result is included in our consolidated financial statements. In Europe, the markets in Turkey, Spain, the UK, and Scandinavia showed especially high rates of growth. In the U.S., the company launched a new series of washing machines and ranges, which met with a positive market response.

Security systems: reinforced by acquisitions

Sales of security systems again increased in 2004. Product business, which accounts for roughly half of our sales, grew by an above-average amount. In our installation business, which we carry out in Germany, the Netherlands, and Hungary, sales fell due to the continuing lull in the construction business.

We strengthened our global market position through further acquisitions. Following the acquisition of the Philips communication segment in 2002, we acquired Video Communication Systems AG, Nuremberg (Germany), in 2004, one of the leading companies for network-assisted video surveillance. We expanded our access control business by acquiring Micos GmbH. With this acquisition, we enhance our competence in new biometric recognition methods and identification techniques that work without contact.

There has been a noticeable growth in acceptance of biometric recognition methods. We led the consortium that built the system for automated, biometrics-supported border controls that has been running on a trial basis at Frankfurt airport since February 2004. The know-how demonstrated here led to further orders in the course of the year, including a contract to set up a face recognition system at a number of casinos.

Broadband Networks

At the end of 2004, we instigated the sale of our subsidiary BN Breitbandnetze GmbH to EWT Elektro- und Nachrichtentechnik GmbH, Augsburg (Germany), allowing the business to be continued economically, and thus viably.

Sushant Katdare
Software developer
at Robert Bosch India Ltd

Software from India

A fast computerized route planner with a highly integrated radio navigation system – the TravelPilot E1 from Blaupunkt is both cost-effective and innovative, which explains its huge market success. Bosch associates from India – software engineers from Bangalore – were involved in its development. Sushant Katdare is already working on the next generation of the Travel-Pilot – not in Bangalore, but in Hildesheim (Germany). His main task is to integrate the software solutions of his Indian colleagues into German hardware on location in Germany.

"Sometimes the devil's in the detail," says Sushant Katdare, "and we can't always sort it out by e-mail or over the phone." Even in these times of globalization, direct contact between German and Indian engineers is still important. Does Katdare see any cultural differences? "That's not important," he says, "we're professionals." And he smiles the wise smile of someone who looks beyond trivial differences and sees what really matters.

Single-chip navigation
The quick thinker from Blaupunkt: the TravelPilot on the new E-platform is a radio navigation system that calculates routes twice as fast as its predecessors. Where formerly four chips were required, the system now uses only a single microprocessor for navigation functions, satellite position-finding, and a graphic display. Software developers from Bosch in Bangalore played a key role in its development.

International Business

The international orientation of the Bosch Group is a key component of our corporate business strategy. We support our customers as they increase their internationalization, and open up new markets for our own products. We are active on every continent, have strong market positions in all of our sectors worldwide, and operate roughly 260 production sites, of which nearly 200 are located outside Germany. Including subsidiaries and affiliated companies, we have operations in more than 50 countries around the globe. We are represented in many other countries by local and regional sales offices. Strategically, we are concentrating most of our expansion on the Asia Pacific, North American, and South American regions. We are especially committed to expanding our operations in the Chinese market.

Our sales outside Germany rose by 14 % in 2004 (after adjusting for currency effects). The share of total sales generated outside Germany came to 72 %.

Bosch Group outside Germany	2003	2004
Sales	25,800	**28,700**
Capital expenditure	1,026	**1,325**
R&D expenditure	803	**883**

Figures in millions of euros

Modern drive systems: Bosch Rexroth is renewing the lock technology for the Welland Canal, which runs around Niagara Falls. Hydraulic solutions will replace the electromechanical ones that have been used to date.

To further expand our diesel business in China, we have joined forces with the Weifu Group to establish a joint venture for manufacturing diesel systems. This picture shows Rudolf Colm, Board of Management member responsible for the Asia Pacific region, receiving the official permit from Wang Rong, Lord Mayor of Wuxi.

Considerable opportunities in the emerging Chinese market

China is currently the most dynamic market in the world. Over the last two years, direct foreign investment has amounted to roughly 100 billion U.S. dollars. Of all the world's regions, China still offers the greatest potential for future development. We are looking to profit from this situation and to achieve further significant growth in the Chinese market in the future. To this end, we shall be searching out concrete opportunities in all our business sectors, but especially in the automotive sector.

In mid-2004, the Chinese government published guidelines on the development of the automotive industry. Key features of these guidelines include the promotion of energy-saving vehicles, a 15 % reduction in fuel consumption, and the expansion of R & D capacities. This reflects a change of emphasis, since China has so far been used primarily as a production site for the automotive industry.

We have significantly expanded our business in the North American market over recent years. We are represented there in virtually all business fields and have a workforce of nearly 23,000 at approximately 80 sites.

With a product strategy that, for many years, has been aligned with safety, eco-friendliness, and economy, we believe we are ideally positioned to make an important contribution to increased mobility in China, and to ensure that such mobility is environmentally friendly and safe at the same time. The demand for energy-saving vehicles and cuts in fuel consumption will give a particular boost to our diesel business. The modern diesel engine, equipped with advanced high-pressure direct-injection systems, will also be able to satisfy the Chinese emission regulations, which take their lead from the EU standards.

To expand our diesel business in China, we have joined forces with the Weifu Group, establishing a joint venture for the manufacture of common-rail diesel systems. Bosch Automotive Diesel Systems Co Ltd, headquartered in Wuxi, took up operations in 2004 with a workforce of 1,500.

We firmly believe that, in addition to China's emphasis on eco-friendliness and economy, safety will become an increasingly important issue for the Chinese in the future. In this context, we see a golden opportunity for our Electronic Stability Program, which, according to scientific studies, can prevent almost every second skidding accident. Around 3% of vehicles in China are currently fitted with this safety system – a figure that is expected to triple by 2008. We have been marketing the Electronic Stability Program ESP® and the antilock braking system ABS in the Chinese market since 2002, and have been manufacturing ABS components in Suzhou since September 2003. We are currently constructing a production facility for ESP®.

Our presence in China currently comprises our holding company in Shanghai and Beijing, nine wholly-owned subsidiaries, and nine joint ventures. We have so far invested more than 550 million euros in China and currently employ approximately 10,700 associates there, including 4,700 in the automotive technology sector. We have production facilities at 20 sites, sell our products via six trading companies, and support more than 400 Bosch Service Centers. If all sales by joint ventures associated with Chinese partners are taken into consideration, we achieved sales of 1.2 billion euros in China in 2004. With the expansion of local development and application activities, and the establishment of the Suzhou Technical Center, we continue to extend our R & D capacities in China.

Further expansion in North America

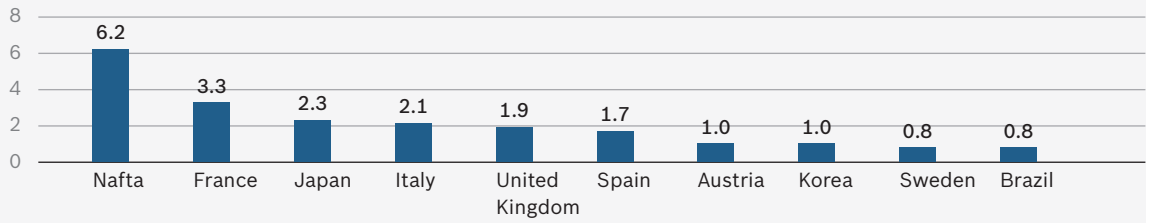
In North America, one of the largest and most important markets outside Germany, we have succeeded in greatly expanding our operations over recent years. We have a workforce of nearly 23,000 at approximately 80 sites. We are represented in virtually all business segments in the North American market, with particular focus on automotive technology. This sector accounts for approximately two-thirds of our North American sales of 6.2 billion euros. Our goal for the future is to achieve a better balance in our sales structure among the individual business sectors – similar to the goal we have set for the company as a whole. We do not rule out the possibility of future acquisitions.

We believe the North American market offers excellent opportunities for our advanced diesel technology. Our third-generation common-rail system, for example, in combination with the diesel particulate filter and an effective nitrogen-oxide post-treatment offering long-term stability, is ideal for ensuring compliance with the strict U.S. emissions standards. We are thus convinced the American market will overcome its former reservations about diesel engines, and that state-of-the-art diesel systems will grow throughout North America.

ESP® also offers considerable opportunities for growth. So far, the share of vehicles equipped with this safety system in the U.S. has been little more than 10 %. But American drivers' demands for safer vehicles are growing. Studies conducted by institutions such as the U.S. National Highway Traffic Safety Administration have underlined the benefits of the Electronic Stability Program. Between 1997 and 2002 in the U.S., the number of road accidents involving passenger cars featuring ESP® as standard equipment fell on average by 35 % as compared with figures for the same vehicle models prior to the introduction of this safety system. And the number of fatal road accidents fell by 30 %. Indeed, the above study showed that the number of road accidents in the sport utility vehicle class fell by as much as 67 %, and the number of fatalities by 63 %. The three major U.S. vehicle manufacturers have thus already announced that they intend to include ESP® as standard equipment for most of their SUV's by 2006.

The most important markets outside Germany

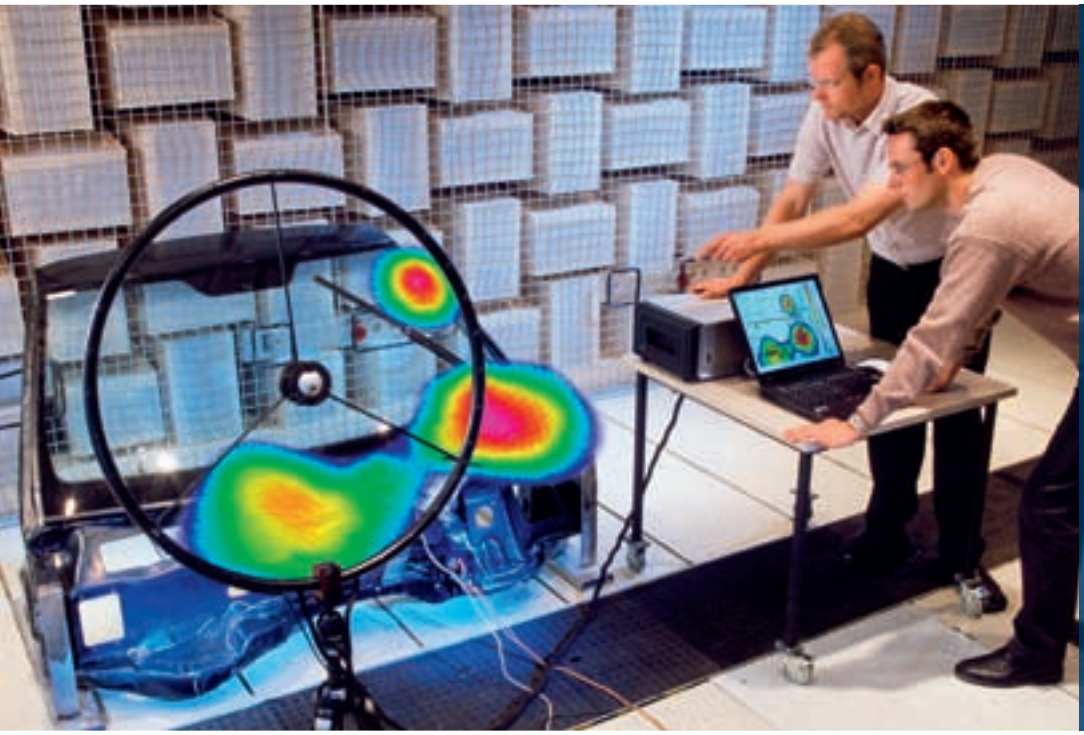
Bosch Group Worldwide 2004
Sales in billions of euros



Research and Advance Engineering

Successful innovations need a solid foundation – a foundation that is provided by a total of more than 22,000 Bosch associates working in research and development. Of these associates, approximately 1,200 work in the Corporate Sector Research and Advance Engineering. They design new systems and components, harness new technologies, and improve processes, production technology, and manufacturing methods. Their findings help to optimize structures and materials, securing the quality of our products. To ensure consistency, our researchers are in constant exchange and close collaboration with all divisions. In this way, Research and Advance Engineering plays an important role in securing the future of Bosch.

Improved vaporization: Our micro-galvano-shaped injection-orifice discs for Bosch injection valves deliver a quality of fuel vaporization which has never been achieved before. They are manufactured using a special combination of lithographic and galvanic processes.



New departures in materials testing: Where others only hear, Bosch scientists can make sound visible – using an acoustic camera in an anechoic chamber. The array of microphones on the ring records the sound field, while the video camera records the object. The sound and video picture are superimposed, making the interplay of components during operation visible.

Successful innovations for the market

Our researchers' findings lead to innovations that are successful in the market. One example is Active Front Steering, or AFS, which was launched in 2004. Unlike power steering, this mechatronic steering system allows intervention in the steering of the front axle, independent of the driver. Depending on the driving situation, the steering angle has a greater or smaller effect on the wheels than the actual turn performed by the driver at the steering wheel. This makes life easier for the driver: when parking and turning, there is no longer any need to turn the steering wheel so strongly. And when driving straight ahead at high speeds, the car runs appreciably more smoothly. In addition, the lateral dynamic sensors of our Electronic Stability Program support drivers automatically,

Making the driver's life easier: we are actively testing the use of video technology as an aid for drivers. Video sensors can detect lanes, objects, and obstacles, and thus make a vital contribution to greater road safety.

quickly, and precisely when they steer to avoid critical situations. Under the name of Active Steering, AFS has been very successfully launched in the new 5 series BMW sedan.

Another example of successful innovation is the steering-wheel angle sensor. The sensors of the Electronic Stability Program record the current movement of the vehicle and the direction the driver wishes to take. The latter is determined on the basis of the measurements from the steering-wheel angle sensor. For this purpose, our researchers have developed a new measuring technique that ascertains steering wheel angle with utmost precision over the entire course of steering-wheel movement. Using this technique, which Bosch has patented, the new steering-wheel angle sensors measure almost 80 times more accurately than conventional sensors. Many vehicle manufacturers are installing this system in their models.

Huge potential in microsystems technology

In the 1990's, our researchers set a milestone in microsystems technology when they developed the Bosch process – a patented method for manufacturing high-precision silicon sensors using plasma technology. Since then, this process has been a constant source of new products. In 2005 we shall see the launch of a third generation of micro-mechanical yaw sensors, manufactured using the Bosch process. And there is still plenty of potential left in this technology, for example in the area of pressure sensors and micro-actuators.

Our researchers also see great potential for innovative products in automatic image processing. In security systems in particular, the image processing systems developed by Bosch will help an increasing number of people in many surveillance tasks. Intelligent camera systems can automatically recognize movements and changes in sequences of images.

They can notice a suitcase that has been left standing in an airport lounge, for example, or a suspicious vehicle in front of an embassy building. Already, the simple handling of imaging systems combined with intelligent alarm management is resulting in increased customer sales in our Security Systems division.

A "sharper view" thanks to new simulation techniques

Our research is not only concerned with products and technologies, but also with development and manufacturing processes. In development work, we are increasingly relying on virtual testing procedures, as computer-aided simulation techniques have taken a considerable leap forward in recent years. Formerly, the only way to observe the action of a windshield wiper used to be with the help of a model, i.e. a cross-section of the wiper blade. Today, researchers can simulate these processes in 3D – and get a better view and an improved understanding of the complex processes behind this seemingly simple action.

With all these improvements, Bosch research is helping to pave the way for successful products. Again and again, newly launched Bosch innovations are winning awards. At the Automechanika trade fair in Frankfurt in 2004, two of our new products received the coveted Innovation Award. Together with BMW, we were commended for our new axle-measurement system. And Bosch received a further award for a new universal lambda sensor for exhaust-gas treatment.

Systematically exploiting the resources of U.S. research

In order to be successful, today's industrial research has to act globally. RTC, the Bosch Research and Technology Center, which has offices in Palo Alto and Pittsburgh, takes account of the economic and scientific prominence of the U.S. Its currently 45 associates work on the topics of the future, and take advantage of the opportunities offered by collaboration with leading universities such as Stanford, Berkeley, and Carnegie-Mellon: their work focuses on sensor and wireless communication technologies, as well as software engineering.

New, eco-friendly combustion designs for engines play just as important a role as user-friendly input and output technologies for use in navigation or video surveillance technologies. We are consistently expanding RTC so that the resources and opportunities for collaboration provided by the U.S. research landscape can be systematically exploited for our company's further development.

Environmental Protection

Responsibility for the natural environment is a key value at Bosch, one which is also enshrined in our guiding principles for work safety and environmental protection. This value is translated into concrete action in our integrated management system for quality, environment, safety, and security. An international steering committee makes sure that our environmental policy is practiced wherever we operate. Environmental protection is similar in status to the quality of our products and the cost-effectiveness of our operations. Above all, our innovations serve to increase human safety, to use natural resources sparingly, and to keep environmental impact to an absolute minimum. These principles and standards apply to our locations across the globe.

The Brazilian president Luiz Inácio Lula da Silva was a guest at the presentation of the first series-produced Brazilian vehicle that will run on three different fuels – gasoline, alcohol, and natural gas – thanks to the Bosch Flex-Fuel system.

Scrupulous environmental protection in heating technology: The high-performance precision machines for pressure-testing boiler elements used to run on hydraulic oil. Now we use biodegradable water glycol – a significant improvement with regard to soil and water protection.

They do things differently in Brazil – injection systems for gasoline, alcohol, and natural gas

Gasoline and diesel are not the main fuels for vehicles in all parts of the world. In Brazil, for example, alcohol-based fuels enjoy great popularity. As the manufacturer with the widest experience of injection technology worldwide, Bosch has developed an engine management concept for alternative fuels which is ready for series production. It has been installed for the first time in the "Fox," a model developed for the Brazilian market by Volkswagen. What is special about this concept is that our dual-fuel (or "Flex-Fuel") system allows both gasoline and the less expensive (but also less common) alcohol to be tanked – in any mixture desired. The electronic injection system uses sensors to measure the composition of the fuel in the tank. The engine management system then adjusts ignition and injection correspondingly. This system provides a dual benefit for the environment, because in Brazil the alcohol is distilled from cane sugar, a renewable raw material, and because the alcohol is less polluting than gasoline.

But our engineers in Brazil have already gone one step further. They have now managed to develop a system that allows vehicles to be driven by three different fuels – gasoline, alcohol, and natural gas. The first vehicles equipped with this tri-fuel technology have been on Brazil's roads since the end of 2004. The advantage is that using natural gas can reduce emissions of carbon dioxide by 30 percent.

Eco-friendly heat-treatment in component production

For some years, Bosch has been introducing a new heat-treatment method in production. Before this method was introduced, components for diesel engines – such as nozzles, nozzle holder assemblies, or injection valves – had been hardened conventionally, in salt baths. This hardening is now done in modern vacuum ovens, and combines several advantages: energy consumption is cut drastically, fewer toxic by-products are created, and the workload of the treatment plant for washings is reduced. Following the example already set at our plants in France, Turkey, Japan, and Brazil, vacuum systems went into operation in Bamberg (Germany) and at our plant in Nashik (India) in 2004. The new technology is also to be introduced in our Chinese plants.

Preserving resources in thermotechnology

Recycling is fundamental to the manufacturing processes in our Thermotechnology division. One important goal here is to minimize the consumption of raw materials and energy. Pickling solutions and cleansing water from the enameling process, used at our Eibelshausen (Germany) plant during the complex surface treatment of hot water tanks, are recycled as much as possible in the manufacturing process, and fed back into the production process. One striking example of a closed recycling process is provided by the casting operations at our Lollar (Germany) plant. The raw materials for smelting largely consist of secondary raw materials – cast iron scrap and steel scrap. In other words, production and recycling are inseparably linked here.

More efficient energy supply systems

We are continuously developing our systems for vehicle energy supply. Our efforts are guided by three main goals. First, we strive to improve performance capability and efficiency in order to satisfy the increasing number of electrical consumers. Second, we seek to further reduce volume and weight to accommodate the restricted amount of space. And third, we want a steady reduction in both fuel consumption and costs. One good example is our new LI-X alternator, launched in 2004. We have increased its efficiency to more than 70 percent and reduced its volume by up to 20 percent. This cuts back its fuel consumption by as much as 0.5 liters for every 100 kilometers driven. As an added advantage, running noise has been reduced by an appreciable 5 dB (A).

New global-style environmental report

In May 2004, we published our third Environmental Report. Subtitled "global responsibility," it addresses our corporate values, and emphasizes our commitment to the "responsibility" value. In addition to presenting our achievements in environmental protection, therefore, the report also demonstrates the importance of corporate citizenship at Bosch. In addition, the report is global in scope. We extended reporting from our European to all our international locations, publishing globally consolidated data for the Bosch Group for the first time. Much of the report is devoted to explaining the environmental benefits of our products.

As a complement to our Environmental Report, we also have an environment portal on the Bosch website. The latest information on all aspects of environmental protection can be found at www.bosch-environment.com.

The Environmental Report can be ordered by e-mail from Bosch@infoscan-sinsheim.de

At our Bamberg (Germany) plant, vacuum ovens have been used to harden diesel components since mid-2004. Compared with hardening in salt baths, the reduction in energy consumption is considerable.

Associates

Our company is committed to worldwide growth. This is a goal that can only be attained with a motivated, highly qualified staff, as well as comprehensively trained managers and executives who can draw on international experience. From this associate profile, we derive the key components of our human resources strategy – active worldwide recruitment, innovative personnel development concepts that foster talent at an early stage and support entrepreneurial thinking at all levels, and modern working conditions that allow our associates to harmonize their private lives with their careers.

Our engineers in Abstatt, Germany, are committed to the ongoing development of the Electronic Stability Program. The new development site north of Stuttgart accommodates approximately 1,900 associates from 30 countries.

Around 1,000 young people began their apprenticeships in vocational training at Bosch in Germany in September 2004.

To interest young women in technology, executives from many of our sites visited schools or arranged introductory events at Bosch sites. Advancement of women has been high on the agenda for Bosch for over ten years, and the company is aiming to recruit even more female specialists and executives.

Occupational training as a social responsibility of the company

In September 2004, some 1,360 apprentices started vocational and commercial training with Bosch in Germany. We regard this training as part of our social responsibility and, for many years, have been taking on more apprentices than we require to cover our own needs. Today, more than 20 percent of apprentices have the opportunity to discover other working methods and experience other cultures at various Bosch sites at home and abroad. To ensure we also have sufficient skilled workers outside Germany, we are increasingly providing occupational training at sites around the world. Young people in Brazil, the U.S., and India are taking part in apprenticeship schemes based on Germany's "dual system" of on-site occupational training coupled with classroom instruction. We are training nearly 6,300 young people worldwide, 4,600 of them in Germany.

Innovative personnel marketing – Bosch meets campus

In 2004 alone, we recruited more than 2,100 university graduates and young professionals at our German sites. Following our successful pilot project two years ago, we dispatched a truck displaying Bosch products and applications to a number of university towns in order to interest highly qualified young people in all that we do. The slogan for the tour was "Bosch meets campus." We also award grants and employ around 200 Ph.D. students, almost all of whom decide to stay with the company after completing their theses.

Recruiting and grooming the leaders of tomorrow – worldwide

It is immensely important for junior managers in an international company to experience what it is like to live and work in another culture. That is why almost all our trainee programs include at least one position abroad. Future executives outside Germany are also extended this opportunity. The share of non-German associates working for Bosch outside their home country has been rising for years. Of the more than 1,800 associates currently working abroad, nearly 800 come from outside Germany. Through our International Development Program, we also provide around 170 highly qualified staff in 23 countries with systematic preparation for leadership responsibility in their home countries. Two years of their three-year traineeship are spent in Germany.

Investments and new concepts in further training

Knowledge is becoming outdated faster than ever before. That is why further training, always a priority for Bosch, is now assuming ever greater importance. Moreover, assignments today are being handled increasingly through interdisciplinary and multinational teams. Further training concepts are adapting accordingly. A particularly innovative example is a development program for senior management which involves international groups working together to solve real strategic problems. Finally, executives today are changing their areas of responsibility faster than ever before, and their roles are centering increasingly around coordination and motivation. To facilitate these changes, we have been offering our executives coaching by professional consultants for a number of years now. In Germany alone, we spent a total of nearly 100 million euros on further training in 2004.

In December 2004, we opened our new conference and training center for executives in Stuttgart. This new building, the Bosch Haus Heidehof, is located next to the former home of our company founder, and is now the headquarters of the Robert Bosch Stiftung. The cost of construction, including technical equipment, was approximately 20 million euros.

Our new conference and training center for executives in Stuttgart opened at the end of 2004 following a two-year construction period. A 120-seat auditorium and six seminar rooms with state-of-the-art media technology provide space for lecture events and seminars. The building is also the office location for 45 associates of the Robert Bosch Stiftung.

Responsibility in the globalization process – Global Compact

In the autumn of 2004, we joined the Global Compact Initiative launched by UN Secretary General Kofi Annan. The Global Compact is an agreement reached between the United Nations and private industry in the year 2000. As a member of this initiative, we undertake to support the Global Compact's ten principles, which relate to human rights, working conditions, the environment, and the fight against corruption. The decision to join followed a joint declaration by the Board of Management and associate representatives in April 2004. In its ten principles for social responsibility, the Bosch Group affirms its commitment to internationally recognized human rights, to equal opportunities for all its associates, and to the support and integration of the disabled.

Thanks to our staff and their representatives

Without the commitment and motivation of our staff around the world, the success we enjoyed last year would simply not have been possible. Please accept our heartfelt thanks for all your hard work. The year 2004 was again one in which our attempts to secure the competitiveness of our sites led to negotiations, some of them difficult. For this reason, we would particularly like to thank the associate representatives worldwide.

Consolidated Financial Statements of the Bosch Group Worldwide

Balance Sheet as per December 31, 2004

Assets	Note	Per Dec. 31, 2004	Per Dec. 31, 2003
Fixed assets	6		
Intangible fixed assets		**2,721**	3,045
Tangible fixed assets		**8,492**	7,879
Financial assets		**976**	947
		12,189	11,871
Current assets			
Leased products		**40**	42
Inventories	7	**4,267**	3,899
Receivables and other assets	8		
– Accounts receivable		**6,315**	5,687
– Other receivables and other assets		**3,902**	3,432
Marketable securities		**5,479**	4,422
Cash and cash equivalents		**3,151**	2,604
		23,154	20,086
Prepaid expenses		**37**	38
		35,380	31,995

Currency figures in millions of euros

Equity and Liabilities	Note	Per Dec. 31, 2004	Per Dec. 31, 2003
Equity capital	10		
Capital stock		**1,200**	1,200
Capital surplus		**4,557**	4,557
Earned surplus		**6,865**	5,462
Unappropriated earnings		**63**	60
Minority interests		**445**	481
		13,130	11,760
Accruals			
Accruals for pensions and similar obligations		**5,015**	4,857
Other accruals	11	**9,886**	8,889
		14,901	13,746
Liabilities	12		
Financial liabilities		**2,985**	2,668
Accounts payable		**2,750**	2,300
Other liabilities		**1,581**	1,483
		7,316	6,451
Deferred income		**33**	38
		35,380	31,995

Currency figures in millions of euros

Income Statement for the Period from January 1 to December 31, 2004

	Note	2004	2003
Sales		**40,007**	36,357
Increase/decrease in finished goods and work in process and own work capitalized	15	**604**	241
Total operating performance		**40,611**	36,598
Other operating income		**2,364**	2,425
Cost of materials	16	**–18,464**	–16,515
Personnel expenses	17	**–11,574**	–10,994
Depreciation and amortization of tangible and intangible fixed assets		**–2,265**	–2,422
– thereof amortization of goodwill		**–459**	–581
Other operating expenses		**–8,295**	–7,359
Net income from investments	18	**93**	110
Amortization of financial assets and securities classified as current assets		**–35**	–117
Interest income, net	19	**143**	106
Income from ordinary business activities		**2,578**	1,832
Income taxes	20	**–903**	–732
Net income		**1,675**	1,100
Profit and loss attributable to minority shareholders	21	**107**	124

Currency figures in millions of euros

Cash Flow Statement

	2004	2003
Profit before taxes	2,578	1,832
Amortization and depreciation[1]	2,263	2,480
Increase in long-term accruals	235	114
Gains on disposal of fixed assets	–98	–128
Losses on disposal of fixed assets	62	52
Financial income	–451	–433
Financial expenses	250	334
Interest and dividends received	375	350
Interest paid	–192	–195
Income tax paid	–1,094	–679
Cash flow	**3,928**	**3,727**
Change in inventories	–399	27
Increase in receivables	–1,168	–364
Change in liabilities	412	–35
Increase in short-term accruals	1,165	1,239
Cash flow from operating activities (A)	**3,938**	**4,594**
Acquisition of subsidiaries	–34	–1,684
Additions to fixed assets	–2,866	–2,410
Proceeds from the disposal of fixed assets	264	335
Purchase of marketable securities	–2,284	–1,296
Sale of marketable securities	1,245	1,096
Cash flow from investing activities (B)	**–3,675**	**–3,959**
Proceeds from long-term borrowings	771	80
Repayment of financial liabilities	–419	–329
Dividends paid	–83	–72
Cash flow from financing activities (C)	**269**	**–321**
Increase in cash and cash equivalents (A+B+C)	**532**	**314**
Liquidity at the beginning of the year (Jan. 1)	**2,605**	**2,349**
Exchange rate-related decrease in liquidity	–15	–58
Increase in liquidity due to changes in consolidated companies	31	
Liquidity at the end of the year (Dec. 31)	**3,153**	**2,605**

Figures in millions of euros

[1] net of write-ups of EUR 17 million in the reporting year (prior year: EUR 40 million)

Segment Reporting 2004

Data by business segments	Automotive Technology		Industrial Technology	
	2004	**2003**	**2004**	**2003**
External sales	**25,273**	23,616	**5,240**	4,318
Inter-segment sales			**38**	29
Total sales	**25,273**	23,616	**5,278**	4,347
Operating result[1]	**1,464**	1,285	**102**	–221
Result of associated companies (accounted for at equity)	**14**	38		
Investments in associated companies (accounted for at equity)	**102**	100		
Non-cash expenses (without depreciation and amortization)	**4,036**	3,457	**459**	378
Segment assets	**12,954**	11,756	**4,326**	4,211
Segment liabilities	**11,567**	10,060	**1,825**	1,564
Additions to intangible and tangible fixed assets	**1,961**	1,672	**285**	205
Depreciation and amortization of tangible and intangible fixed assets	**1,466**	1,494	**399**	564

Figures in millions of euros

[1] Result before tax and financial result

Data by geographical segments	Europe		Americas	
	2004	**2003**	**2004**	**2003**
External sales	**27,351**	24,553	**7,145**	6,561
Segment assets	**17,439**	16,067	**3,227**	2,930
Additions to intangible and tangible fixed assets	**2,086**	1,630	**300**	334

Figures in millions of euros

	Consumer Goods and Building Technology		Reconciling items		Group	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	9,494	8,423			**40,007**	36,357
	7	40	**–45**	–69		
	9,501	8,463	**–45**	–69	**40,007**	36,357
	689	478	**122**	191	**2,377**	1,733
					14	38
					102	100
	964	939	**72**	120	**5,531**	4,894
	5,568	5,273	**103**	73	**22,951**	21,313
	3,654	3,460	**268**	323	**17,314**	15,407
	356	275			**2,602**	2,152
	400	364			**2,265**	2,422

	Asia		Africa, Australia		Reconciling items		Group	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**
	4,862	4,657	**649**	586			**40,007**	36,357
	2,424	2,309	**329**	332	**–468**	–325	**22,951**	21,313
	194	169	**22**	19			**2,602**	2,152

Statement of Changes in Equity Capital for the Fiscal Years ended December 31, 2004 and 2003

	Parent company			
	Capital stock	Capital surplus	Earned surplus	Other equity capital[1]
As per Jan. 1, 2003	**1,200**	**4,557**	**4,950**	**–84**
Dividend payments			–60	
Net income for the year			976	
Exchange rate adjustments				–371
Other changes			111	
As per Dec. 31, 2003	**1,200**	**4,557**	**5,977**	**–455**
Dividends			–60	
Result after taxes			1,568	
Currency adjustments				–154
Other changes			52	
As per Dec. 31, 2004	**1,200**	**4,557**	**7,537**	**–609**

Figures in millions of euros

[1] In particular, adjustments from currency translation

		Minority interests			
	Total equity capital held by parent company	Minority interests in equity capital	Other equity capital[1]	**Total minority interests**	**Total equity capital**
	10,623	**530**		**530**	**11,153**
	–60	–12		–12	**–72**
	976	124		124	**1,100**
	–371		–18	–18	**–389**
	111	–143		–143	**–32**
	11,279	**499**	**–18**	**481**	**11,760**
	–60	–23		–23	**–83**
	1,568	107		107	**1,675**
	–154		–32	–32	**–186**
	52	–88		–88	**–36**
	12,685	**495**	**–50**	**445**	**13,130**

Development of Fixed Assets 2004

	Cost of acquisition or manufacture				
	As per Jan. 1, 2004	Changes in the Group	Additions	Reclassifi-cations	
Intangible fixed assets					
Concessions, patents, trademarks, and similar rights and assets, and licenses in such rights and assets	529	31	124	2	
Goodwill	4,085	87	40	1	
Advance payments	4		3	–3	
	4,618	118	167		
Tangible fixed assets					
Land, land rights, and buildings including buildings on third-party land	5,225	31	170	63	
Technical equipment and machinery	13,385	29	1,149	266	
Other equipment, furniture and fixtures	5,301	22	453	112	
Advance payments and assets under construction	553	9	663	–441	
	24,464	91	2,435		
Financial assets					
Investments in affiliated companies	457	–137	214		
Loans to affiliated companies	5				
Investments in associated companies	116		16		
Other financial investments	232	2	1		
Long-term investments	410		23		
Other loans	34		10		
	1,254	–135	264		
Fixed assets	30,336	74	2,866		

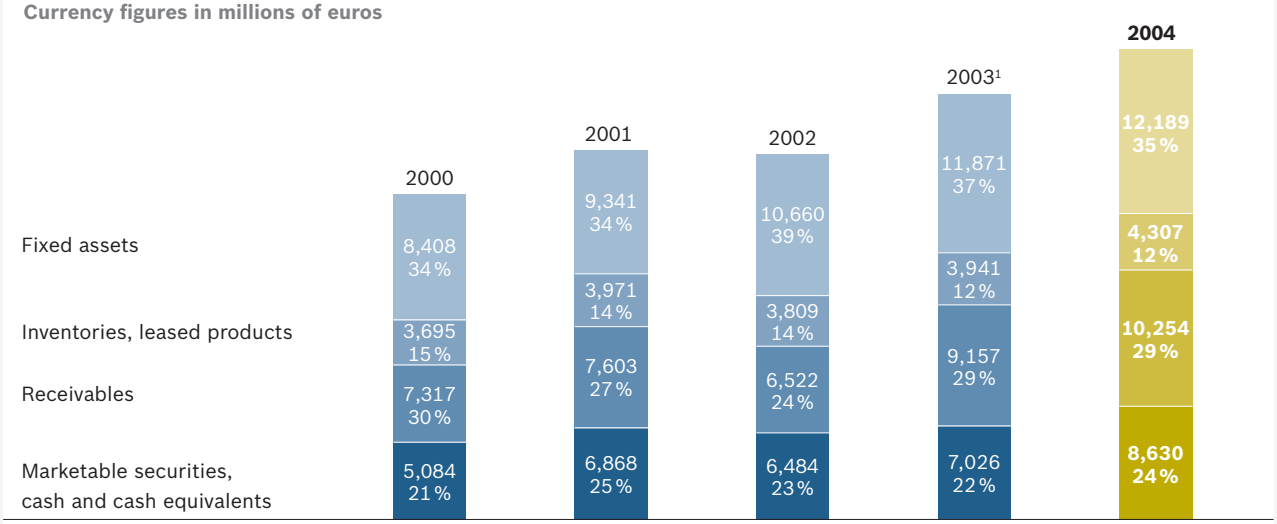
Figures in millions of euros

	Retirements	As per Dec. 31, 2004	Accumulated amortization/ depreciation	Book value as per Dec. 31, 2004	Book value as per Dec. 31, 2003	Amortization/ depreciation current year	Write-ups current year
	103	583	297	286	273	132	
	328	3,885	1,454	2,431	2,768	459	
		4		4	4		
	431	4,472	1,751	2,721	3,045	591	
	81	5,408	2,766	2,642	2,599	166	10
	817	14,012	10,228	3,784	3,539	1,096	2
	415	5,473	4,169	1,304	1,187	411	
	16	768	6	762	554	1	
	1,329	25,661	17,169	8,492	7,879	1,674	12
	19	515	182	333	287	15	
	1	4		4	4		
	13	119	17	102	100		
	87	148	64	84	122		
	4	429	6	423	401		5
	13	31	1	30	33		
	137	1246	270	976	947	15	5
	1,897	31,379	19,190	12,189	11,871	2,280	17

Balance Sheet Structure 2000 – 2004

Assets

Currency figures in millions of euros

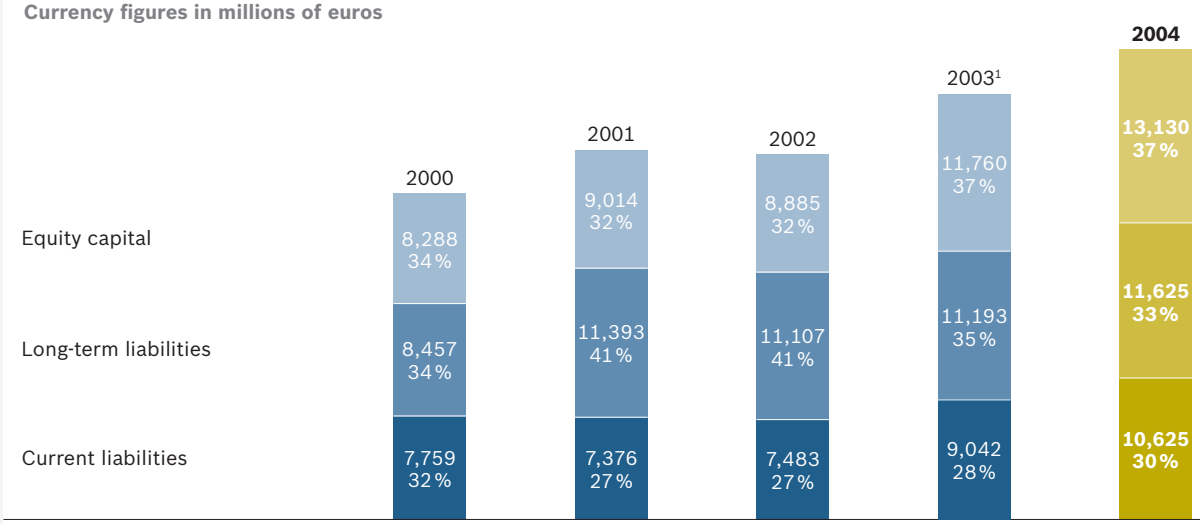


	2000	2001	2002	2003[1]	**2004**
Total	24,504	27,783	27,475	31,995	**35,380**

[1] Prior years not comparable due to changed valuation provisions and the first-time recognition of deferred tax assets in the consolidated financial statements from 2003 onwards.

Equity and liabilities

Currency figures in millions of euros



Total	24,504	27,783	27,475	31,995	**35,380**

[1] Prior years not comparable due to changed valuation provisions and the first-time recognition of deferred tax assets in the consolidated financial statements from 2003 onwards.

Notes to the financial statements 2004

1 General Remarks

The consolidated financial statements of the Bosch Group were prepared in accordance with the provisions of the HGB ["Handelsgesetzbuch": German Commercial Code] in euros (EUR).

The German Accounting Standards (GAS) promulgated by Deutsche Rechnungslegungs Standards Committee e.V. applicable on the balance sheet date have been observed. These are: GAS 2 (Cash Flow Statement), GAS 3 (Segment Reporting), GAS 4 (Acquisition Accounting in Consolidated Financial Statements), GAS 5 (Risk Reporting), GAS 7 (Group Equity and Total Recognized Results), GAS 8 (Accounting for Investments in Associated Enterprises in Consolidated Financial Statements) GAS 9 (Accounting for Investments in Joint Ventures in Consolidated Financial Statements), GAS 10 (Deferred Taxes in Consolidated Financial Statements), GAS 11 (Related Party Disclosures), GAS 12 (Non-Current Intangible Assets), GAS 13 (Consistency Principle and Correction of Errors), and GAS 14 (Foreign Currency Translation).

In order to improve the clarity of the consolidated financial statements, we have summarized individual items of the consolidated balance sheet and the consolidated income statement and have commented on them separately in these notes to the consolidated financial statements. We have also included the additional information required for certain items in these notes to the consolidated financial statements. The consolidated income statement has been prepared using the nature of expense method.

2 Consolidated Companies

The group of consolidated companies consists of Robert Bosch GmbH as well as 41 German subsidiaries and 232 subsidiaries in the rest of the world. For the first time we consolidated the companies:
– Sigpack International AG, Neuhausen am Rheinfall, Switzerland (the sub-group consists of 13 companies),
– Tevopharm BV, Schiedham, Netherlands,
– Bosch Power Tools (China) Ltd, Hangzhou, China.

The group of consolidated companies has also been extended by consolidating four subsidiaries of Bosch Rexroth AG, Stuttgart, two subsidiaries of Buderus AG, Wetzlar, two subsidiaries of ETAS Entwicklungs- und Applikationswerkzeuge für elektronische Systeme GmbH, Stuttgart, and one subsidiary of Bosch Security Systems Inc, Fairport, United States of America.

Due to corporate restructuring, mergers, and divestments, the number of subsidiaries included in the consolidation was reduced by a total of nine.

The consolidated financial statements of BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, Japan, have been included proportionately in accordance with Sec. 310 HGB.

In accordance with Sec. 296 (2) HGB, we have elected not to include companies without business activity or with low business volume in the consolidation.

The equity valuation of material interests in associated companies was accounted for using the book value method. This concerned two German companies and eight companies outside Germany. The other investments in associated companies were not material for a true and fair presentation of the net assets, financial position, and results of operations of the group; they have, therefore, not been accounted for at equity in accordance with Sec. 311 (2) HGB.

Key figures of Sigpack International AG included in the consolidation since July 1, 2004:

Figures in millions of euros	2004[1]	2003
Sales	**199**	237
Result before extraordinary items	**–7**	19
Net loss/income for the year	**–7**	19

[1] Figures relate to the calendar year

3 Accounting and Valuation Principles

The financial statements of the companies included in the consolidated financial statements of the Bosch Group are prepared in accordance with uniform accounting and valuation principles.

The realization and recognition of loss principles were observed; assets were valued at the lower of cost or market.

The financial statements of associated companies outside Germany were not adjusted to the Group's uniform valuation methods.

Intangible fixed assets, including goodwill resulting from the first-time consolidation of shares, as well as tangible fixed assets and financial assets were capitalized at cost of acquisition or manufacture less amortization and depreciation. Amortization and depreciation was calculated using the straight-line method or the declining-balance method. Low-value assets were fully expensed in the year of acquisition. The goodwill of BSH Bosch und Siemens Hausgeräte GmbH, Munich, and Sigpack International AG, Neuhausen am Rheinfall, Switzerland, is amortized over a useful life of ten years.

Non-interest bearing and low-interest loans were discounted to present value. A uniform interest rate was used for loans taken out in Germany, while the normal interest rate in the country concerned was applied to loans made outside Germany.

Additions to investments in associated companies contain pro rata net income. Disposals include the Group's share of net losses for the year as well as dividends and shares sold.

Inventories were recorded at the lower of cost or market. Cost of manufacture includes direct costs plus an appropriate portion of overheads.

For German companies, the LIFO method was generally used. Non-German companies also used this method where permissible under local tax law.

Write-downs were made to allow for normal inventory and sales risks. Further write-downs were made when the revenue situation was unfavorable.

Receivables and other assets were stated at their nominal value less allowances for specific risks and for general credit risk. Non-interest-bearing or low-interest receivables due in more than one year were discounted.

Securities classified as current assets were valued at the lower of cost or market.

All identifiable risks were considered in the calculation of accruals.

Accruals for pensions and similar obligations were determined on the basis of actuarial principles and discounted to their present value or their carrying value as defined by Sec. 6a EStG ["Einkommensteuergesetz": German Income Tax Act]. In the German companies, an interest rate of 6% was applied based on the 1998 mortality tables and in one case an interest rate of 5% was applied in accordance with the principles of IAS 19; at the regional subsidiaries the customary local interest rate was applied.

Accruals for potential losses from pending transactions are generally measured taking into account the prices and costs at the settlement date.

Liabilities have been recorded at the amount repayable.

Deferred tax assets and liabilities were recognized for all temporary differences between the carrying amounts in the tax and statutory balance sheets. Deferred taxes were determined on the basis of the tax rates expected to apply at the realization date. These are based on the legal rulings enacted on the balance sheet date. In accordance with the provisions of the German Commercial Code, we did not recognize deferred tax assets on tax loss carryforwards or on tax credits.

4 Currency Translation

Receivables and liabilities not denominated in euros were valued in the individual financial statements at the mean rate on the date of inception or the lower rate on the balance sheet date.

Assets and liabilities from financial statements not prepared in euros were generally translated into euros at the mean rates on the balance sheet date. Movements in fixed assets are carried at the annual average rates; differences are recorded in the beginning balances of cost of acquisition or manufacture and of accumulated depreciation. Equity capital was valued at historical exchange rates.

Expenses and income were translated at the annual average rates. We recorded the differences arising from the use of annual average and year-end exchange rates in the earned surplus account.

5 Consolidation Principles

Capital consolidation for companies and for purchased capital shares which were consolidated for the first time from the fiscal year 2003 onwards was performed using the purchase method. The book value method at the time of acquisition or first-time consolidation was retained for acquisitions in earlier fiscal years. Where possible, the amounts capitalized were allocated to the related assets; the remainder has been disclosed as goodwill. Negative differences from capital consolidation in earlier fiscal years were disclosed under earned surplus.

Intercompany receivables and liabilities, sales, income and expenses, and any intercompany profits and losses in the current assets were eliminated. We elected not to eliminate intercompany profits and losses in the tangible fixed assets in accordance with Sec. 304 (2) HGB because the effect on a true and fair view of the net assets, financial position, and results of operations of the Group was immaterial.

Intercompany profits and losses from trade in goods and services with associated companies were not eliminated on the grounds of immateriality.

6 Fixed Assets

Extraordinary depreciation of EUR 99 million mainly related to goodwill (thereof EUR 41 million pertained to Vetronix Corporation, Santa Barbara, USA) and to financial assets.

The development of fixed assets is presented on pages 76 and 77.

Goodwill contains negative differences from capital consolidation. Their development is presented below:

Figures in millions of euros	
Acquisition value Jan. 1	31
Changes in consolidated companies	4
Acquisition value Dec. 31	35
Accumulated amortization Jan. 1	1
Additions	7
Accumulated amortization Dec. 31	**8**

The goodwill of BSH Bosch und Siemens Hausgeräte GmbH, Munich, developed as follows:

Figures in millions of euros	
Acquisition value Jan. 1	164
Additions	2
Retirements	1
Acquisition value Dec. 31	165
Accumulated amortization Jan. 1	81
Additions	14
Retirements	1
Accumulated amortization Dec. 31	**94**

7 Inventories

The balance sheet value of inventories of EUR 4,267 million contains advance payments of EUR 35 million (prior year: EUR 41 million) less advance payments received of EUR 146 million (prior year: EUR 93 million).

8 Receivables and Other Assets

Figures in millions of euros	2004	2003
Accounts receivable	**6,315**	5,687
– thereof due in more than one year	**2**	3
Other receivables and other assets		
Receivables from affiliated companies	**194**	178
– thereof due in more than one year	**3**	15
Receivables from companies in which interests are held	**172**	142
Other assets	**3,536**	3,112
– thereof due in more than one year	**2176**	2,367
	3,902	3,432
Receivables and other assets	**10,217**	9,119

Other assets contain deferred tax assets of EUR 2,463 million.

9 Notes on Derivative Financial Instruments

To limit currency and interest risks, the Bosch Group mainly uses derivative financial instruments. These break down as follows:

Figures in millions of euros	Market value 2004
Interest derivatives	28
Foreign currency derivatives	37
– USD	25
– JPY	8
– other currencies	4
Commodity future transactions	3

The book value of the derivative financial instruments is zero.

10 Equity Capital

The capital stock of EUR 1,200 million and capital surplus of EUR 4,557 million correspond to the balance sheet items disclosed by Robert Bosch GmbH.

The earned surplus comprises the following:

Figures in millions of euros	2004	2003
Earned surplus of Robert Bosch GmbH	**2,109**	1,272
Other earned surplus	**4,756**	4,190
	6,865	5,462

Group unappropriated earnings correspond to those of Robert Bosch GmbH and are available for distribution to the shareholders.

The statement of changes in equity capital is presented on pages 74 and 75.

11 Other Accruals

Figures in millions of euros	2004	2003
Tax accruals	**749**	865
Other accruals	**9,137**	8,024
	9,886	8,889

The tax accruals contain deferred tax liabilities of EUR 291 million.

Other accruals mainly cover risks in the sales, personnel, and welfare areas. Potential losses from pending transactions, deferred maintenance, and other risks were also considered.

12 Liabilities

Figures in millions of euros	2004		2003	
		thereof due in less than 1 year		thereof due in less than 1 year
Financial liabilities				
Bonds	**1,407**	**30**	1,620	80
Liabilities to banks	**1,570**	**382**	1,037	298
Other financial liabilities	**8**	**8**	11	11
	2,985	**420**	2,668	389
Accounts payable	**2,750**	**2,750**	2,300	2,300
Other liabilities				
Liabilities on bills drawn and accepted	**147**	**147**	129	129
Liabilities to affiliated companies	**97**	**97**	81	78
Liabilities to companies in which interests are held	**62**	**62**	52	52
Other liabilities	**1,275**	**1,188**	1,221	1,080
	1,581	**1,494**	1,483	1,339
Liabilities	**7,316**	**4,664**	6,451	4,028

EUR 78 million of liabilities to banks was secured by mortgages and EUR 12 million by other liens. EUR 4 million of other liabilities was secured by mortgages.

Other liabilities contain tax liabilities of EUR 313 million (prior year: EUR 285 million) and liabilities relating to social security of EUR 248 million (prior year: EUR 243 million). Liabilities to shareholders of EUR 34 million (prior year: EUR 64 million) related to Robert Bosch Stiftung GmbH.

Of the total amount of liabilities due in more than five years of EUR 637 million, an amount of EUR 605 million related to liabilities to banks and EUR 32 million to other liabilities.

13 Contingent Liabilities

Figures in millions of euros	
Liabilities from bills accepted and drawn	89
Liabilities resulting from guarantees	41
– thereof for affiliated companies	21
Liabilities from warranty agreements	15
Liabilities relating to collateral provided for third-party liabilities	7

14 Other Financial Obligations

There were no other financial obligations of significance for the financial position.

15 Increase/Decrease in Finished Goods and Work in Process and Own Work Capitalized

Figures in millions of euros	2004	2003
Increase/decrease in finished goods and work in process	**203**	–108
Own work capitalized	**401**	349
	604	241

16 Cost of Materials

Figures in millions of euros	2004	2003
Cost of raw materials and supplies, and of purchased merchandise	**16,911**	14,968
Cost of purchased services	**1,553**	1,547
	18,464	16,515

17 Personnel Expenses

Figures in millions of euros	2004	2003
Wages and salaries	**9,180**	8,757
Social security, pension plans, and support payments	**2,394**	2,237
– thereof pension plans	**700**	639
	11,574	10,994

Average number of associates during the fiscal year by region:

	2004		2003	
	Total	thereof BSH, ZFLS, and ZVCC (proportionate)	Total	thereof BSH and ZFLS (proportionate)[1]
European Union	**161,384**	**16,240**	144,540	14,963
Rest of Europe	**8,978**	**1,581**	17,825	2,802
Americas	**36,223**	**2,697**	35,559	2,603
Asia, Africa, Australia	**32,262**	**3,576**	31,515	2,112
	238,847	**24,094**	229,439	22,480

[1] Associates of ZVCC not included because transition to proportionate consolidation was not made until December 2003.

18 Net Income from Investments

Figures in millions of euros	2004	2003
Income from investments	**79**	72
– thereof from affiliated companies	**13**	19
Result from associated companies	**14**	38
	93	110

19 Interest Income, net

Figures in millions of euros	2004	2003
Income from other securities and long-term loans	**9**	3
Other interest and similar income	**349**	320
– thereof from affiliated companies	**2**	3
Interest and similar expenses	**–215**	–217
– thereof to affiliated companies	**–1**	–1
	143	106

20 Tax Expense

Figures in millions of euros	2004	2003
Income taxes	**903**	732
Other taxes	**137**	140
	1,040	872

Other taxes were reported under other operating expenses.

Taxes on income include deferred tax income of EUR 225 million.

The total amount of deferred tax assets and liabilities as of December 31 is allocated to the following balance sheet items:

Figures in millions of euros	2004		2003	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible fixed assets	243	76	195	78
Tangible fixed assets	255	213	166	219
Financial assets	20	1	46	1
Inventories	242	5	221	6
Receivables and other assets	130	74	117	23
Marketable securities	2	0	20	11
Other current assets	30	3	72	0
Accruals	1,711	15	1,567	9
Liabilities	42	57	61	39
Gross amounts	2,675	444	2,465	386
Valuation allowances	–59		–70	
Netting	–153	–153	–53	–53
Balance	**2,463**	**291**	**2,342**	**333**

Deferred tax assets from consolidation come to EUR 64 million.

Taking the German tax rate of 39 % into account, the difference between the expected tax expense and the reported tax expense is attributable to the following factors:

Figures in millions of euros	2004	2003
Expected tax expense	**1,005**	733
Effects from variances in the tax rate	**–148**	–137
Effects from variances in the tax assessment base	**38**	200
Other differences	**8**	–64
Reported tax expense	**903**	732

21 Profit and Loss Attributable to Minority Shareholders

Figures in millions of euros	2004	2003
Profits	**109**	130
Losses	**–2**	–6
	107	124

22 Notes on Joint Ventures

The current and long-term assets and liabilities of BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, amounted to:

Figures in millions of euros	2004	2003
Current assets	**1,688**	1,516
Long-term assets	**1,157**	1,090
Current liabilities	**1,168**	1,096
Long-term liabilities	**723**	743

Contingent liabilities of these companies not accounted for came to EUR 135 million (prior year: EUR 134 million).

Expenses of EUR 4,822 million and income of EUR 5,037 million were attributable to BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo.

23 Segment Reporting

Segmentation follows the internal group organization and adequately reflects the opportunity and risk structure of the company.

Transfer pricing between the segments is based on arm's length agreements.

The segment reporting is presented on pages 72 and 73.

24 Explanations to the Cash Flow Statement

The liquidity shown in the cash flow statement comprised cash and cash equivalents of EUR 3,151 million and marketable securities with a residual maturity of less than 90 days of EUR 2 million. EUR 90 million of the cash and cash equivalents was subject to transfer restrictions.

Liquidity of EUR 246 million was attributable to BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo.

In the fiscal year, we acquired 100% of the shares in a company included in consolidation for the first time for EUR 57 million. As a result, assets, accruals, and liabilities increased as follows:

Figures in millions of euros	
Fixed assets	30
– thereof goodwill	6
Current assets	88
– thereof cash and cash equivalents, marketable securities	23
Accruals	22
Liabilities	39

25 Notes on Related Parties

As shareholder, Robert Bosch Industrietreuhand KG exercises majority voting rights at Robert Bosch GmbH. In addition, Robert Bosch Industrietreuhand KG is accountable for the internal audit of the Bosch Group. The costs incurred are borne by Robert Bosch GmbH.

26 Remuneration of Members of the Board of Management and Supervisory Council

The total remuneration of the Board of Management of Robert Bosch GmbH amounted to EUR 12 million in the fiscal year 2004, while that of former members of the Board of Management and their dependents came to EUR 10 million. The remuneration of the members of the Supervisory Council came to around EUR 1 million.

An amount of EUR 70 million has been accrued at Robert Bosch GmbH for pension commitments to former members of the Board of Management and their survivors.

The members of the Supervisory Council and the Board of Management of Robert Bosch GmbH are listed on pages 8 and 9 and 4 and 5.

27 Shareholdings of the Bosch Group

The list of the Group's shareholdings is filed with the commercial register of the local court in Stuttgart.

Stuttgart, March 8, 2005

Robert Bosch GmbH
The Board of Management

Audit Opinion

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, 2004. The preparation of the consolidated financial statements and the 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 financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Germany] (IDW) and the International Standards on Auditing (ISA). 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 Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system 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 the consolidated financial statements, the definition of the scope of consolidation, the accounting and consolidation principles used and significant estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements and 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. On the whole, the management report of the Group provides a suitable understanding of the Group's position and suitably presents the risks of future development.

Stuttgart, March 8, 2005

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Wagner)
Wirtschaftsprüfer

(Kayser)
Wirtschaftsprüfer

Ten-Year Summary of the Bosch Group Worldwide

	1995	1996	1997	1998	1999	2000	2001	2002	2003[1]	2004
Sales	**18,327**	**21,038**	**23,955**	**25,735**	**27,906**	**31,556**	**34,029**	**34,977**	**36,357**	**40,007**
Share outside Germany as %	56	61	65	65	66	72	72	72	71	72
Research and development expenditure	1,265	1,476	1,665	1,778	1,921	2,030	2,274	2,487	2,650	2,898
– as % of sales	6.9	7.0	7.0	6.9	6.9	6.4	6.7	7.1	7.3	7.2
Capital expenditures on tangible fixed assets	1,051	1,236	1,486	1,929	1,946	2,111	2,368	2,006	2,028	2,435
– thereof Germany	642	649	704	987	893	851	905	903	1,002	1,110
– thereof outside Germany	409	587	782	942	1,053	1,260	1,463	1,103	1,026	1,325
– as % of sales	5.7	5.9	6.2	7.5	7.0	6.7	7.0	5.7	5.6	6.1
– as % of depreciation	117	117	125	148	128	118	123	108	118	145
Depreciation of tangible fixed assets	898	1,053	1,187	1,302	1,523	1,788	1,924	1,865	1,713	1,674
Annual average number of associates (thousands)	158	172	180	188	194	197	218	226	229	239
– thereof Germany	92	91	91	94	97	91	99	103	105	110
– thereof outside Germany	66	81	89	94	97	106	119	123	124	129
– as of Jan. 1 of subsequent year	157	176	181	190	195	199	221	224	232	242
Personnel expenses	5,868	6,655	7,342	7,963	8,298	8,950	9,959	10,815	10,994	11,574
Total assets	**14,574**	**16,501**	**17,847**	**18,582**	**20,832**	**24,504**	**27,783**	**27,475**	**31,995**	**35,380**
Fixed assets	3,557	5,514	6,142	6,495	7,211	8,408	9,341	10,660	11,871	12,189
– as % of total assets	24	33	34	35	35	34	34	39	37	35
Equity capital	4,621	4,871	5,817	6,069	6,646	8,288	9,014	8,885	11,760	13,130
– as % of total assets	32	30	33	33	32	34	32	32	37	37
Cash flow	1,659	1,809	2,669	2,507	3,258	3,729	3,681	3,352	3,727	3,928
– as % of sales	9.1	8.6	11.1	9.7	11.7	11.8	10.8	9.6	10.3	9.8
Net income	281	256	848[2]	435	460	1,380[2]	650	650	1,100	1,675
Unappropriated earnings (dividends of Robert Bosch GmbH)	35	35	1129[2]	41	41	2603[2]	50	60	60	63

Currency figures in millions of euros

[1] Special influences due to the distribute/recapture method applied at Robert Bosch GmbH

[2] Prior years not comparable due to changed valuation provisions and the first-time recognition of deferred tax assets in the consolidated financial statements from 2003 onwards.

Major Companies of the Bosch Group Worldwide
As per December 31, 2004

Company	Location	Share of capital as %[1]	Equity capital[2]	Sales[2]	Net income/ loss[2]
Germany					
Robert Bosch GmbH	Stuttgart		7,929	18,500	900
Blaupunkt GmbH	Hildesheim	100	95	1,034	EAV[3]
Bosch Rexroth AG[4]	Stuttgart	100	743	4,079	51[6]
BSH Bosch und Siemens Hausgeräte GmbH[4]	Munich	50	1,535	6,844	367
Bosch Sicherheitssysteme GmbH	Stuttgart	100	181	484	16
BT Magnet-Technologie GmbH	Herne	50	34	77	4
Buderus AG[4]	Wetzlar	100	835	3,153	69[6]
ETAS Entwicklungs- und Applikationswerkzeuge für elektronische Systeme GmbH	Stuttgart	90	10	89	7
Hawera Probst GmbH	Ravensburg	100	12	79	EAV[3]
Robert Bosch Fahrzeugelektrik Eisenach GmbH	Eisenach	100	31	504	EAV[3]
VB Autobatterie GmbH	Hannover	20	76	389	–19
ZF Lenksysteme GmbH[4]	Schwäbisch Gmünd	50	153	2,044	28
Rest of Europe					
NV Robert Bosch SA	Anderlecht / Belgium	100	13	83	2
Robert Bosch Produktie NV	Tienen / Belgium	100	31	260	12
Robert Bosch A/S	Ballerup / Denmark	100	16	76	2
Robert Bosch (France) SAS[4]	Saint-Ouen (Paris)/ France	100	399	2,039	103
Atco-Qualcast Limited	Stowmarket / United Kingdom	100	18	98	3
Robert Bosch Ltd	Denham / United Kingdom	100	106	534	15
Robert Bosch SpA[4]	Milan / Italy	100	122	839	19
Professional Communication, Security & Imaging International Holding BV[4]	Eindhoven / Netherlands	100	57	123	23
Robert Bosch BV	Hoofddorp / Netherlands	100	10	121	4
Skil Europe BV[4]	Breda / Netherlands	100	23	115	5
Van Doorne's Transmissie BV	Tilburg / Netherlands	100	28	84	–4
Robert Bosch A/S	Trollaasen (Oslo)/ Norway	100	4	40	1
Robert Bosch AG	Vienna / Austria	100	39	263	10
Robert Bosch Sp. z o.o.	Warsaw / Poland	100	25	93	5
Blaupunkt Auto-Rádio Portugal Lda	Braga / Portugal	100	41	378	9
Robert Bosch AB	Kista (Stockholm)/ Sweden	100	7	74	1
Robert Bosch Internationale Beteiligungen AG	Zurich / Switzerland	100	434		66
Robert Bosch AG	Zurich / Switzerland	100	15	56	4
Scintilla AG	Solothurn / Switzerland	99	659	516	71
Sigpack International AG[4]	Neuhausen am Rheinfall/ Switzerland	100	36	199	–7

Company	Location	Share of capital as %[1]	Equity capital[2]	Sales[2]	Net income/ loss[2]
Rest of Europe					
Robert Bosch España Financiación y Servicios, SL[4]	Madrid / Spain	100	232	1,494	10
Robert Bosch spol. s r.o.	$ eské Bud] jovice / Czech Republic	100	80	317	20
Bosch Diesel spol. s r.o.	Jihlava / Czech Republic	100	302	538	48
Bosch Sanayi ve Ticaret AS	Bursa / Turkey	100	246	480	89
Robert Bosch Elektronika Gyártó Kft	Hatvan / Hungary	100	104	254	19
Americas					
Robert Bosch Limitada	Campinas / Brazil	100	240	1,010	66
Associated Fuel Pump Systems Corporation	Anderson / USA	50	47	130	4
Bosch Security Systems Inc[4]	Fairport / USA	100	52	258	10
Robert Bosch Corporation[4]	Broadview (Chicago) / USA	100	595	4,608	–74
Robert Bosch Tool Corporation[4]	Chicago / USA	100	264	835	4
Asia, Africa, Australia					
Bosch China (Investment) Ltd	Beijing / China	100	42	7	1
Bosch Power Tools Ltd Co	Hangzhou / China	90	10	61	2
Motor Industries Co Ltd	Bangalore / India	61	212	438	63
Bosch KK	Yokohama / Japan	100	56	226	4
Bosch Automotive Systems Corporation[4]	Shibuya-ku (Tokyo) / Japan	56	786	2,134	201
Bosch Packaging Technology KK	Tokyo / Japan	100	10	31	–1
Nippon Injector Corporation[5]	Odawara-shi / Japan	50	40	40	11
KEFICO Corporation	Kunpo-Si / Korea	25	137	337	27
Korea Automotive Motor Corporation	Buyong / Korea	100	40	201	13
Robert Bosch Korea Mechanics & Electronics Ltd	Taejon / Korea	100	89	303	37
Robert Bosch (Malaysia) Sdn Bhd	Penang / Malaysia	100	20	113	9
Robert Bosch (South East Asia) Pte Ltd	Singapore / Singapore	100	18	81	2
Robert Bosch (Australia) Pty Ltd[4]	Clayton (Melbourne) / Australia	100	89	581	29
Robert Bosch (Proprietary) Ltd	Johannesburg / South Africa	100	1	147	–6

Figures in millions of euros

[1] Shares held directly and indirectly by Robert Bosch GmbH
[2] Translation of figures not in euros for equity capital and net income/loss at the mean rate on the balance sheet date and sales at the annual average rate
[3] Profit and loss transfer agreement (EAV)
[4] Represents a consolidated sub-group
[5] Abbreviated fiscal year April 1 to December 31, 2004
[6] Result after profit and loss transfer

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– Bosch today
– Environmental Report

The above brochures can be ordered in English at:

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The Bosch Brand

The five red letters and the armature – for decades, they have given the outward appearance of Bosch its distinctive flair. Last year, we revised our corporate design. Our objective is a unified brand appearance which can be recognized across the globe, but one which also leaves room for communication which is tailored to individual target groups. This is a crucial factor in global competition. In the eyes of its customers, Bosch stands for quality, reliability, integrity, and durability. The upgrading of our outward appearance allows qualities such as modernity, dynamism, and innovation to take their place on center stage. The signal of this new appearance is the armature in silver and the Bosch emblem, now combined as a graphic unit. A further column of this upgraded brand appearance is the claim “Invented for life.” The claim is binding for all divisions of our company worldwide and transports the core competence and customer benefit of the Bosch brand.

BOS

Invented

The development of the Bosch symbol type

 2001

 1919

 1981

 1907 – 1914

 1931

 1907 – 1914

The development of the Bosch logotype

BOSCH 2001

BOSCH 1925

BOSCH 1991

BOSCH 1914

BOSCH 1981

Bosch 1913 – 1955

BOSCH 1961

Robert Bosch 1900

CH

for life

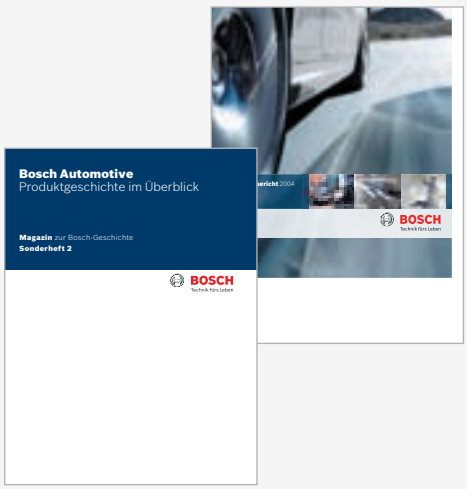
The development of the Bosch brand demonstrates remarkable continuity in its graphic design. For over 100 years, adaptations have been a rarity.

The current logotype has a modern and yet timeless appearance. The symbol type depicting a “magneto armature within a circle” was drafted in 1918 by Gottlob Honold, then head of development at Bosch, as sign and symbol for quality and innovation.

In order to make better use of the inherent potential of the strong Bosch brand image, the “armature” has now been combined with the logotype. The new symbol/logotype comprises a three-dimensional depiction of the traditional Bosch armature together with the well-known and striking Bosch emblem.

The claim expresses the core competence of the Bosch brand. It is being used worldwide in the languages of the given countries, and stands for the quality and customer benefit of our products and services. The ambivalence of its meaning is intentional: apart from stressing the durability and reliability of our products, it signals that their purpose is to enhance the quality of life. In doing so, the claim expresses a special responsibility felt by the company toward its customers.

The new design for covers and advertising



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