

Annual Report 1996



BOSCH

Large photo: Deutsche Telekom AG is changing its relay channels for the ARD and ZDF TV programs to digital technology. Bosch Telecom supplied the radio-relay stations required for the changeover. The photo shows antenna construction at the Frankfurt telecommunications tower.

Photo left: In April 1996, we acquired the hydraulic braking systems business of AlliedSignal Inc. With this addition to our current activities in the areas of antilock braking systems, traction control, and vehicle dynamics control, Bosch is now the most important supplier of ABS and braking systems worldwide. The photo shows a passenger-car disk brake.

Photo below: For engine-management systems, we are increasingly using electronic control units (ECU) based on microhybrid technology. Thanks to this multi-layer ceramic technology which was developed by Bosch, all functions of an ECU are accommodated in the smallest possible area.

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Key Figures

Bosch Group Worldwide	1996	1995
Sales	41,146	35,844
Change versus prior year	+ 14.8	+ 4.0
Foreign Sales		
as a percentage of sales	61	56
Research and Development Expenditures	2,887	2,474
as a percentage of sales	7.0	6.9
Additions to tangible fixed assets	2,419	2,056
as a percentage of depreciation	117	117
Number of employees		
average for the year	172,359	158,372
as of January 1, 1997/1996	176,481	156,771
Total assets	32,273	28,504
Equity capital	9,527	9,038
as a percentage of total assets	30	32
Net income for the year	500	550
Unappropriated earnings	67.5	67.5

Values in million DM

Management Report

The world economy grew 2.5% in 1996. While growth in Germany, in the industrial nations of Western Europe and in the East European developing countries was weaker, it was stronger in North America. The Japanese economy recovered after four years of stagnation. Its gross national product grew by 3.5%. The strongest growth was again shown by the developing and emerging countries, primarily in the Far East.

Sales substantially influenced by new consolidations

Bosch Group sales increased in 1996 by 14.8% to 41.1 billion DM. Inflation and currency-fluctuation adjusted, they increased by 16.1%.

The development of the Bosch Group in 1996 was significantly marked by changes in the composition of the consolidated group. Of the sales increase of 5.3 billion DM, 3.6 billion DM resulted from these changes. Computed comparatively, sales of the Bosch Group increased by 4.8%.

The group of consolidated companies increased above all due to 1996 acquisitions. Starting with the date of acquisition, these were included in the Bosch Group figures on a pro-rata basis.

These acquisitions were primarily

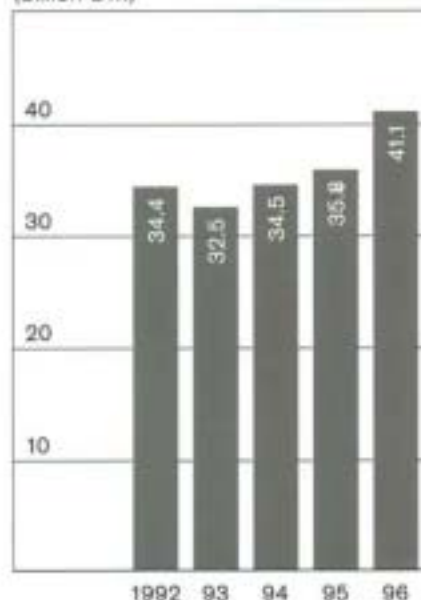
- the hydraulic brake business of AlliedSignal Inc., Morristown, New Jersey, which we purchased in April 1996,
- e.l.m. Leblanc SA, Drancy near Paris, a manufacturer of gas-powered heater and warm-water appliances, which we took over in May 1996, and

- S-B Power Tool Company, Chicago, Illinois, a manufacturer of power tools held equally with Emerson Electric Co., St. Louis, Missouri, up to September 30, 1996.

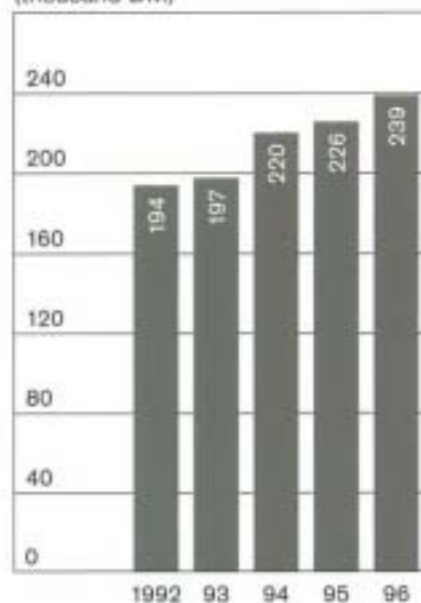
In addition, we consolidated

- Nippon ABS Ltd, Yokosuka, a joint venture founded in 1988 together with Nippon Air Brake Co Ltd, which manufactures antilock braking systems in Japan under Bosch license,
- Robert Bosch spol. s r. o., České Budějovice, which produces automotive equipment in the Czech Republic since 1992,
- Robert Bosch Power Tools Sdn Bhd, which manufactures power tools in Penang (Malaysia) since 1994,
- Atco-Qualcast Ltd, Stowmarket, a British manufacturer of gardening tools, which we purchased in 1995,
- Van Doorne's Transmissie BV, Tilburg (Netherlands), the leading producer of sliding-link steel belts for continuously variable transmissions (CVT) in passenger cars, which we also acquired in 1995,
- Bomoro Bocklenberg & Motte GmbH, Wuppertal, a manufacturer of closing systems for vehicle doors, which we purchased in 1994,
- Hawera Probst GmbH, Ravensburg, a producer of specialty drills for power tools, which we completely took over as of January 1, 1995 as well as
- PEG Profilo Elektrikli Gereçler Sanayii AS, Istanbul, a producer of electric household appliances, which Bosch-Siemens Hausgeräte GmbH, in which we hold a 50% interest, acquired in 1995.

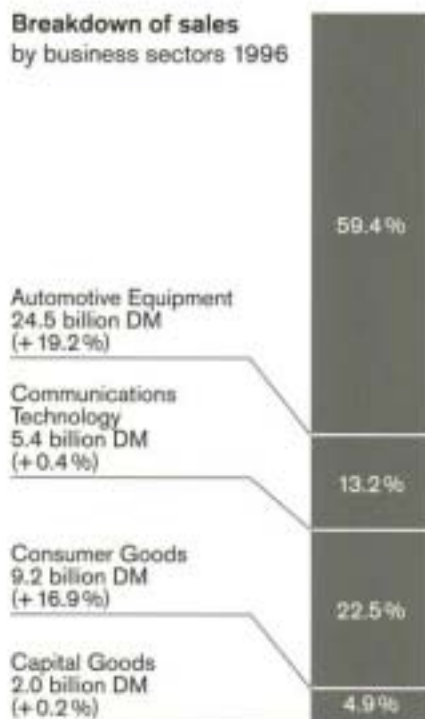
Sales
Progress 1992 - 1996
(billion DM)



Sales per employee
Progress 1992 - 1996
(thousand DM)



**Breakdown of sales
by business sectors 1996**



Growth again primarily outside Germany

As in the prior year, in 1996 the Bosch Group grew mostly abroad. The consolidated foreign acquisitions contributed considerably to this growth. Sales abroad grew by 24.4% to 25 billion DM, or on a comparative basis by 7.8%. Our companies in India, Mexico and USA showed better than average sales increases. The share of foreign sales as a percentage of total Bosch Group sales was 61% (1995: 56%).

Uneven developments of the business sectors

Automotive-equipment sales rose by 19.2% to 24.5 billion DM. On a comparative basis this is an increase of 6.2%. It resulted particularly from greater demand for diesel-engine injection systems, products in the areas of bodywork electrics and electronics, alternators, and synthetic products. The Consumer Goods Business Sector raised its sales by 16.9% to 9.2 billion DM, or on a comparative basis by 5.5%. This was primarily attributable to greater demand for household appliances, gas-powered heaters and water heaters. Sales in the Capital Goods Business Sector stagnated at 2.0 billion DM because of the continuing weak economic situation in the mechanical-engineering industry.

In the Communications Technology Business Sector, sales of products and systems for public switching technology, as well as for radio-relay technology and aerospace engineering increased especially. Total sales, however, stagnated at 5.4 billion DM, as the business of Teldix GmbH was sold in 1996 and the activities in the area of entertainment electronics were discontinued. On a comparative basis, sales increased by approximately 4%.

The change from analog to digital technology in the private mobile radio (PMR) area is imminent. In light of the future business opportunities in this segment, we discontinued as far back as July 1996, work on a digital successor system. In March 1997, we sold our complete PMR business to Motorola Inc., Schaumburg, Illinois. This agreement requires ratification by the German Federal Cartel Authority.

In order to expand our business for mobile telephones more rapidly, in March 1997 we acquired Dancall Telecom A/S, Aalborg, a Danish manufacturer of GSM-standard mobile telephones.

International product division for ABS and braking systems

As of the beginning of 1997 we reorganized the newly-acquired brake business of AlliedSignal Inc., with our activities in the antilock braking systems (ABS) and brake systems for heavy commercial vehicles into the international business division "Bosch ABS and Braking Systems".

The production line includes the complete hydraulic braking system, pneumatic brakes for heavy commercial vehicles as well as antilock braking systems, traction controls and vehicle dynamics controls, and so covers all types of vehicles from small passenger cars to heavy commercial vehicles. Factories are located in Germany, France, Italy, Spain, Poland, Portugal, Turkey, USA, Mexico, Brazil, as well as at joint ventures in China, India, Japan, Korea and Thailand.

Global cooperation reaches new dimension

We are consistently expanding our international development and production network. In 1996, this global cooperation reached a new dimension. The production start for the particularly small and light antilock braking system ABS 5.3 took place in Germany, Australia, Korea, Japan and USA at virtually the same time. Product development was also on a global basis, and involved a multinational team of German, American and Japanese engineers.

Joint ventures abroad

In 1996, we again increased our business abroad by joint ventures.

We formed Bosch Saratov GmbH with three Russian partners. This enterprise, located in Saratov, will produce and sell gasoline fuel-injection systems.

Together with AAOT Elektronpribor, Rjazan, we founded Bosch Rjazan GmbH. We hold 51% and the partner 49% of this company which will manufacture headlights and lamps for the Russian market.

In the Russian Federation, we also increased to 51% our investment in the spark-plug producer Keramitscheskij Poselok AG, Engels.

We agreed upon a joint venture with Zexel Corporation, Tokyo, for the marketing and application engineering of diesel injection systems with solenoid-valve controls in the Japanese market. Zexel holds 51% and Bosch 49% of the shares. The company is managed jointly.

Together with Zexel Sales (Thailand) Co Ltd, Bangkok, and Jidosha Kiki Co Ltd, Tokyo, we founded a company in Thailand, owned 41% by Jidosha Kiki, 39% by Bosch and 20% by Zexel Sales. The company will produce components for automotive

brakes and supply the vehicle manufacturers in Thailand and other Asian countries.

Internationalization in sales and marketing

We increasingly take advantage of the opportunities offered by the integration of the European Union. For instance, we have organized our aftermarket activities in Scandinavia in one common distribution company.

Transnational economic blocs are also being formed outside Europe, requiring a new orientation of sales and marketing. For instance, our company in Singapore is becoming more and more involved in purchasing and sales activities in the ASEAN nations. We will proceed in the economic spheres of NAFTA and MERCOSUR in a similar manner.

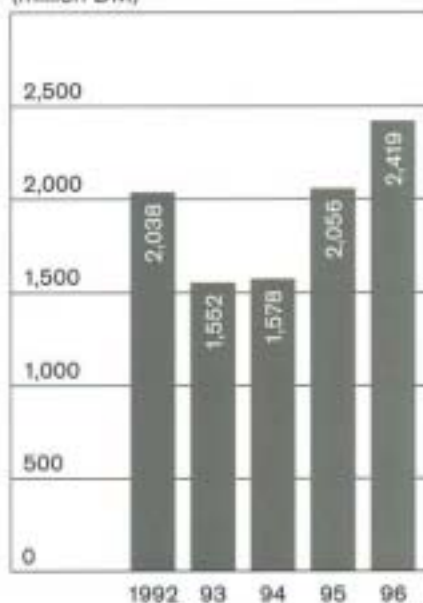
The work on an international logistics network, which started in prior years, was continued.

Concentration of purchasing on efficient suppliers

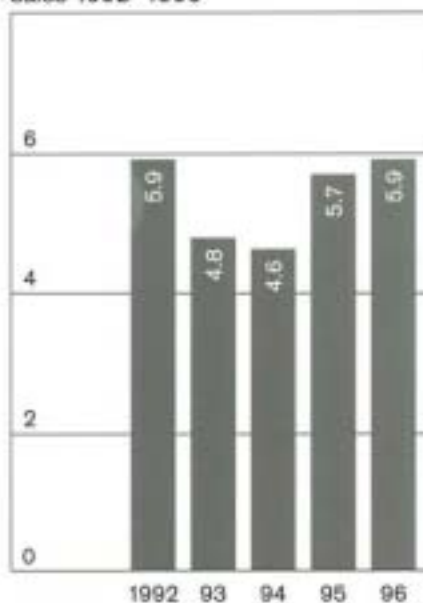
All 1996 purchases by the Bosch Group of raw materials, manufacturing supplies, services, aftermarket goods and fixed assets worldwide amounted to 20.9 (1995: 17.4) billion DM. In total we have 13 purchasing offices, which are active in 31 countries in Europe, Asia and America.

We are increasingly coordinating the purchasing of raw materials in order to cover the requirements of one or more product divisions. Our goal is to further concentrate on efficient and capable suppliers. We strive for an intensive and long-term business relationship with them which allows for still larger purchase quantities.

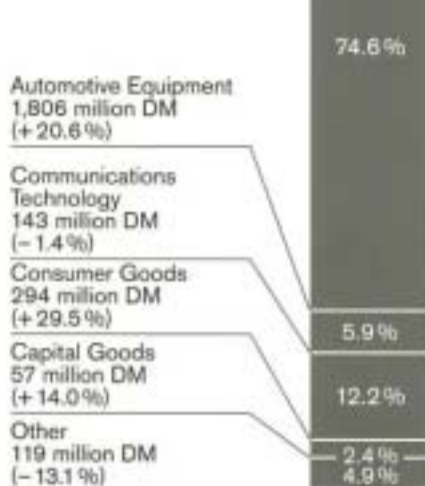
Investments in tangible fixed assets
Progress 1992–1996
(million DM)



Investments in tangible fixed assets
Progress as a percentage of sales 1992–1996



Investments in tangible fixed assets by business sectors 1996



To support these mostly medium-sized enterprises in their adaptation to rapidly changing market situations, we make available to them our extensive program of continuing education. Our suppliers are offered more than 30 seminars.

New tools for the CIP process

We further refined the range of tools used in the continuous improvement process (CIP).

In 1996 we introduced a procedure worldwide with which we can measure the progress of change processes. Using 25 different criteria, product divisions, plants, and departments have the possibility of evaluating the steps which have been introduced. This helps to speed up accomplishment of the desired improvements.

For production analysis, during which we subject our production sequences to a thorough investigation, we use process attendants. They have the task of providing the plants with on-the-spot assistance in the immediate implementation of the analysis results.

Since all product divisions have already met the requirements of the international quality standard DIN EN ISO 9001, the plants of our Automotive Equipment Business Sector are presently being certified according to the QS 9000 and VDA 6.1 standards.

Higher expenditures for research and development

An essential part of company policy is the maintenance of the power to innovate. This is based primarily on a large cadre of qualified and experienced personnel. Worldwide there are 14,000 (1995: 12,500) scientists, technicians and engineers working on the development of new products and systems and manufacturing processes, as well as on the improvement of functionality and reliability of existing products.

Indispensable to the protection of our competitiveness is a large expenditure for research and development. In 1996 it increased by 16.7% to 2.9 billion DM. As a percentage of sales, R&D expenditures during the past ten years rose from 5.6% in 1987 to 7.0% in 1996.

Increased investments in tangible fixed assets

Investments in tangible fixed assets increased 17.7% to 2.4 billion DM or 117% of depreciation on tangible fixed assets. Approximately 53% (1995: 61%) of these investments were made in Germany.

The portion for machinery and equipment was 93% (1995: 92%). In land and buildings we invested 174 (1995: 160) million DM, of which 57 (1995: 75) million DM were invested domestically, and 117 (1995: 85) million DM abroad.

In Stuttgart-Feuerbach we started up a new engine test facility for diesel-engine fuel-injection systems. Furthermore, we started construction on the vehicle proving grounds at Boxberg (Baden-Württemberg).

The number of employees increased due to new companies in the consolidated group

On annual average, the number of employees increased by 13,987 to 172,359. This increase is the result of new companies in the consolidated group. The number of employees in foreign countries increased by 14,871 to 81,373. The domestic workforce decreased by 884 to 90,986.

The number of employees in the new companies included in the consolidated group during the course of the year is taken into account on a pro-rata basis. Computed comparatively, the workforce dropped by 2,164 to 156,208. This resulted from a decrease domestically by 2,727 to 89,143 and an increase abroad of 563 to 67,065.

Profitability remained unsatisfactory

Profitability was again unsatisfactory. Although the results of our normal business reached those of 1995, the return on sales decreased. This negative development has two decisive causes:

Above all, the domestic prices for automotive equipment and communications technology have in the meantime dropped to the lower level of prices abroad.

In addition, in prior years we entered into long-term supply contracts with our international automobile industry customers which called for fixed annual price reductions. As labor costs in Germany continued to rise strongly at the same time, the

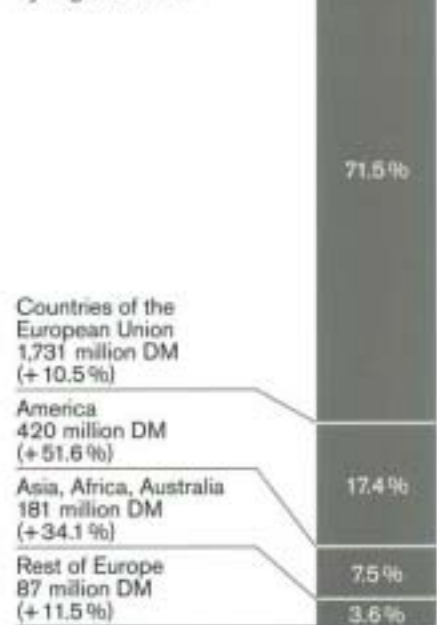
latest cause being the tariff agreement in the German metalworking industry for the years 1995 and 1996, it was not always possible to match the existing price decreases with reductions in production costs. This too, weighed on the financial results of the Bosch Group, which in 1996 created two-thirds of the value added to products in Germany, but sold 61% outside the country.

Outlook for current year

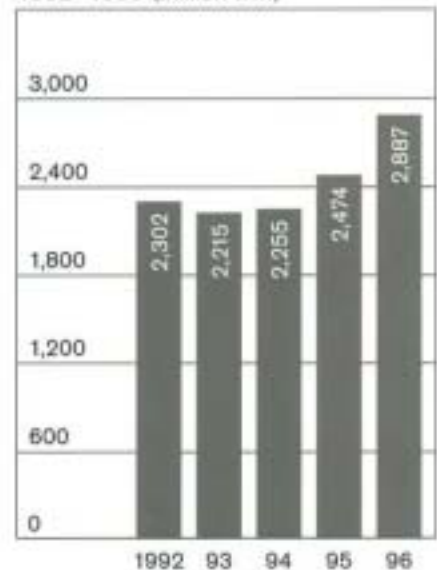
The cyclical growth stimulants of the world economy will, according to forecasts, further increase. We expect another rise in sales.

The pre-eminent goal remains the further improvement of our ability to compete. We manufacture at domestic locations at local costs, however, we have to face the global price competition. Therefore we will emphatically continue to take steps to lower costs and extend our foreign production. Components or products which cannot be manufactured competitively in Germany because of higher labor costs are increasingly being produced in more economical plants abroad, for example in Portugal, the Czech Republic, Turkey or India. However, our efficient domestic plants will also be further enlarged for the production primarily of technically sophisticated parts.

Investments in tangible fixed assets by regions 1996



Expenditures for Research and Development 1992-1996 (million DM)



Automotive Equipment Business Sector



Our customers started volume production of new diesel engines in 1996. We supplied the particularly efficient VP44 high-pressure distributor pump for these engines. An ECU based on microhybrid technology and mounted directly on the pump controls the injection of the fuel.

In 1996 motor-vehicle production increased by approximately 3% to 52 million units worldwide. In Western Europe, the number also increased by 3%. In contrast, output decreased by approximately 2% in North America. Because a portion of North American vehicle production was shifted to Mexico, output in that country increased by 30%. After a 5-year decline, production in Japan increased again by 1%.

Our Automotive Equipment Business Sector increased sales by 19.2% to 24.5 billion DM.

New developments for hydraulic brake systems

We started delivering a sliding-caliper disk brake to European motor-vehicle manufacturers. This new design reduces residual friction on the brake disk, and thus contributes to lower fuel consumption.

We developed a concept for brake boosters. It calls for a larger effective area of the booster diaphragm. Thus the variety of hydraulic brakes can be reduced.

We made preparations to introduce a new tandem master cylinder. It will significantly reduce the space requirement for installation in the engine compartment.

Contributions to traffic safety

Demand for vehicle dynamics control (VDC) which we introduced in spring 1995 as a worldwide innovation is growing vigorously, including among customers outside Europe. VDC was initially only used in rear-wheel drive vehicles, but is now also used in 4-wheel drive vehicles.

We are concentrating our efforts on the development of Adaptive Cruise Control (ACC). This new system automatically controls the driving speed as well as the distance to the vehicle ahead. It supports and relieves the driver, but does not release him from his responsibility for driving. The core of the system is a radar sensor which determines the distance, speed, and, in the case of multi-lane roads, the track of the preceding vehicles. The speed to be set is determined from these variables together with the sensor signals from the vehicle dynamics control. An electronic change of engine power leads to automatic acceleration,

an intervention in the vehicle dynamics control to deceleration. With this system we are making another contribution to active traffic safety.

European commercial-vehicle manufacturers began to introduce our electronic braking system (EBS). This system not only triggers the wheel brakes more quickly but also synchronously, thereby improving driving stability and safety. It reduces the braking distance and increases the life of the friction pads. We foresee further market gains for our modular system, which represents an extension to our tried-and-tested ABS and ASR functions.

We acquired know-how and patents for automobile passenger-compartment sensor modules from GenCorp Inc., Fairlawn, Ohio. They are combined with the airbag electronics, recognize which seats are occupied as well as the positions of the occupants, and control the deployment of the individual airbags accordingly.



Starting in September 1996 we also supplied a combination unit with traction control (ASR) based on our ABS 5.3. It is much smaller, lighter and more cost-effective than the predecessor model.

Bifunctional Litronic for low-beam and high-beam headlights

We continued the development of the third generation of our Litronic headlight system with gaseous-discharge lamp. The miniaturization of the control electronics to half of its previous size and the reduction of manufacturing costs makes it suitable for use in mid-size and small cars.

We integrated the legally required automatic headlamp range adjustment into the ECU. It prevents oncoming traffic from being exposed to glare.

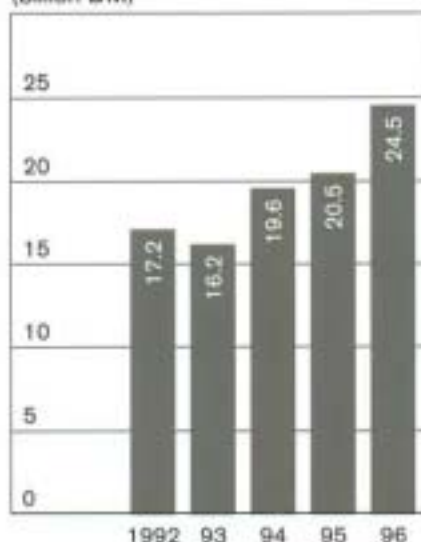
We are working on a bifunctional Litronic in order to be able to offer a space-saving and economical solution for the low and high-beam headlight. With this system, one gaseous-discharge lamp carries out both functions, thus reducing the costs of the overall system considerably.

Air-mass sensor with micromechanical sensing

We started mass production of the new thermal air-mass sensor HFM5 for gasoline fuel injection at our Eisenach plant at the beginning of 1996. Its core consists of a micro-mechanical sensor with two temperature sensors and a heating element in between. It measures the temperature of the ambient air and of the heated air. The intake airflow can be determined precisely with respect to air mass and flow direction. Detection of the return flow enables engine-management functions to be implemented more efficiently. The sensor can either be plugged into the intake module or integrated in a measuring tube.

We further developed our universally successful EV6 injector for gasoline injection into the EV12. Its spray-off point has been moved forward. In combination with the newly designed spray hole plates, it makes it possible to adapt the shape of the fuel spray to

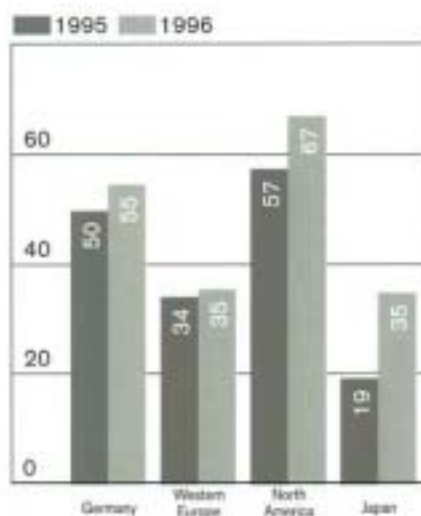
Sales of automotive equipment Development 1992-1996 (billion DM)



Beginning in 1994 includes sales of car radios, display and navigation systems.

Automotive market

Percentage of vehicles with ABS of the production of passenger cars in selected markets 1995/1996



the prevailing installation conditions. This contributes to even more favorable mixture distribution and preparation in the intake manifold.

New intake-manifold technology

Modern engines require flexible rotational-speed and load-dependent adaptation of the intake air by means of variable-length manifolds, variable manifold pressures and flow resistances. This is achieved economically using plates which are actuated by vacuum. The demand for such products, which are particularly lightweight and reasonably priced due to the use of high-technology plastics, is rising strongly.

Microhybrids are increasingly used in new control units. We are – on a worldwide basis – the first supplier of this new technology for use in automobiles. These devices are manufactured at our hybrid facility in Restlingen. Size and weight of the control units are thereby considerably reduced.



Strongly increasing demand for diesel-injection systems

The demand for vehicles with diesel engines is increasing worldwide. Especially in Western Europe there is a rising demand for electronically controlled direct-injection equipment for passenger cars and light commercial vehicles. In 1996, this had a positive effect upon our business with diesel-injection equipment.

We were able to expand our market position worldwide. An added factor in this was the fact that customers in 1996 began volume production of new engines which are equipped with our especially high-performance VP44 radial-piston pump.

There is great interest worldwide in our products for high-pressure fuel injection for passenger-car diesel engines. Volume production of the unit injector system and the "common rail" accumulator injection system, in which pressurization is decoupled from injection, is imminent.

For commercial vehicles, the demand for our electronically controlled unit pump systems and unit injectors continued to increase.

Plug connectors for use in the engine compartment

Plug connectors in the engine compartment must work reliably, even when exposed to high ambient temperatures and vibration. To meet these requirements we developed new contacts and redesigned the contact carriers and locking elements. Volume production started at the end of 1996.

New compact alternators nearing production startup

We completed the development of the second generation of the proven compact alternators for passenger cars. They are lighter, more efficient and characterized by an expanded functional range of the voltage regulator. Production will start up in Brazil, U.K., India, Mexico and Spain.

We started volume production of two new series of reduction-gear starters for small cars and mid-size commercial vehicles. The new versions are 20%–40% lighter than the predecessor models.

Locking system for all vehicle doors

We have developed an innovative locking system which to some extent replaces mechanical parts with electrical and electronic components. The great advantage of this particularly small and light system is that the great variety of different locks in the vehicle are eliminated and only one type of lock is needed for all doors.

The increasing number of convenience features in the vehicle requires more and more electrical drives. We introduced a series of especially light, small motors for power windows and seat adjustment. Based on the modular design principle, they can be adapted flexibly to varying requirements.

We have developed a high-frequency controller for the infinitely variable speed control of engine cooling fans. In contrast to previously used two or three-speed versions, it contributes to lower fuel consumption, quieter operation and optimal cooling-water temperature of internal combustion engines under all operating conditions.

Product group for bodywork electronics established

The product range of our new bodywork electronics product group comprises vehicle-bodywork control units, vehicle security systems, radio remote controls and electronic modules. Building on our vehicle security systems we have, together with our customers, developed cost-effective system architectures which considerably reduce the size of the wiring harness.

This product group with worldwide responsibility for development, production, application and distribution combines the previous activities of various product divisions and foreign companies. The product area is headquartered in Clayton, near Melbourne at Robert Bosch (Australia) Pty Ltd.

Uniform housing concept for ECUs

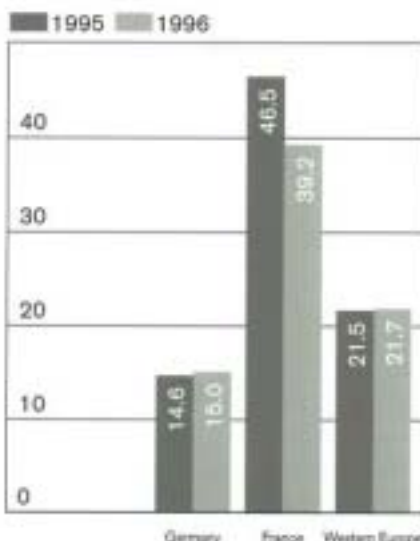
In 1996, we completed the development of new Zener diodes for alternators. These semiconductor devices with voltage limitation are especially robust and will gradually replace the former diodes.

In our Salzgitter plant we started up an additional production line for ECUs of gasoline and diesel injection systems. Their housings comply with a unified concept developed by a study group of the German automobile industry. It allows for standardized manufacture and thereby contributes to the lowering of costs.

In our Reutlingen plant in 1996 we expanded the production of ECUs in microhybrid technology. In order to meet the increasing demand for products with this technology, in June 1996 we also commenced the assembly of hybrid equipment in Salzgitter.

Passenger-car market

Cars with diesel engines as a percentage of total new-car registrations in selected markets 1995/1996





Blaupunkt is now offering a completely new solution with the radiophone: the combination unit consisting of a car radio and a phone based on the GSM Standard (Global System for Mobile Communication) fits into the standardized radio bay and does not require additional installations except for a hands-off microphone and a combination antenna.

The car radio becomes part of the driver information system

European car manufacturers more and more include car radios as standard equipment. In 1996 we strengthened our position in the original equipment market.

The aftermarket for car radios and accessories is declining. The business is marked by a rapid series of innovations and steeply dropping prices. We are meeting this challenge with shorter product-development times and faster start-up of volume production.

We manufacture car radios at Hildesheim, Braga (Portugal) and Penang (Malaysia). Together with a Japanese partner we have agreed upon common development and production of CD-drives in Hungary. Production will start in August 1997.

The market for route-calculating navigation systems in Europe can be expected to grow rapidly. We develop and produce the equipment for these systems. Digital maps of European cities and countries are being prepared together with our partner Janivo Holding BV, Breda (Netherlands), in our joint venture TeleAtlas BV.

For Germany we brought to market digital maps of all cities with more than 50,000 population and of the entire intercity road network. Such maps are meanwhile available for a large number of European countries.

In addition, we are preparing, together with publishers, the market introduction of digital maps with tourist information. We expect that such products will strongly promote the use of navigation equipment in vehicles.

Up to now we have equipped vehicles of six automobile manufacturers with navigation systems with route guidance. The high degree of integration of components means that we will be able to offer systems which are even more cost-effective.

We have begun production of a mobile phone based on the GSM standard (Global System for Mobile Communication) which is integrated into the car radio. The radiophone paves the way for easier and safer phoning in the car while driving. In addition, it will create the basis for additional products which receive traffic information and services supported by mobile communications. Due to the combination with the car radio, subsequent installation in the vehicle is simple and cost-effective.

Software development for the infrastructure of the digital radio-traffic service (RDS/TMC) was finalized. Several Federal states have accepted the introduction of the infrastructure and announced the start of regular service for the International Radio and Television Exhibition in Berlin in 1997. At the same time, we are developing an RDS/TMC-compatible car radio.

Growth of international aftermarket operations

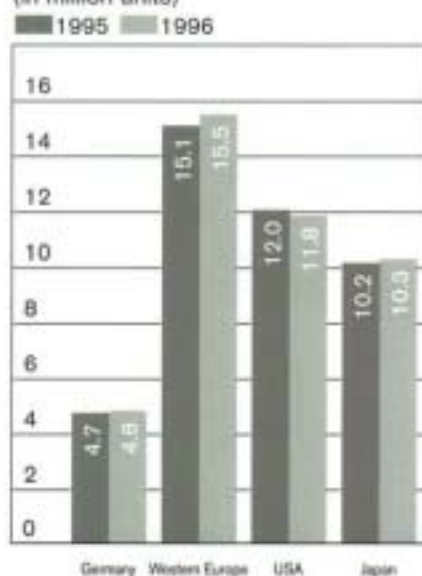
We increased sales of automotive aftermarket equipment in European markets outside Germany. In contrast, domestic sales remained weak. We included hydraulic-brake components in our program in order to meet spare-part requirements.

Our position with retail chains in North America strengthened. We expanded the range of spare parts offered for American and Japanese vehicles. In Southeast Asia the sales increase kept pace with the rapid market growth.

The Bosch service organization is represented in 131 countries with about 10,250 service centers. Approximately 100,000 people are employed there.

Automotive market

Motor-vehicle production in selected markets 1995/1996 (in million units)



Automotive Equipment – 1996 Highlights

Sales	24.5 billion DM
Investments	1.8 billion DM
Research and Development	2.0 billion DM



Our subsidiary MotoMeter GmbH supplies high-quality display systems to the automotive industry. The photo shows an instrument cluster, which in addition to speed, rpm, temperature and fuel level, also shows fuel consumption and service intervals.

Communications Technology Business Sector



As part of the "Columbus" space project Bosch Telecom space-systems engineers work on the transmitter for the environmental monitoring satellite Envisat 1. Beginning in 1998, it will send comprehensive information on changes in the environment back to earth.

The demand for telecommunications equipment and systems increased worldwide. Interest is concentrated on equipment for public fixed networks and mobile communications installations. While market growth in the emerging and newly industrialized countries – especially in the Far East and in Eastern Europe – was determined by the development of wire-based telephone networks, in the industrial countries demand for mobile communications predominated.

Sales by our Communications Technology Business Sector stagnated at 5.4 billion DM.

Structural change in public communications networks

Deutsche Telekom AG speeded up the conversion of its telephone network to digital technology. We made a significant contribution by supplying switching equipment based on EWSD technology (digital electronic switching system), fiber-optic-based access systems and ISDN network termination equipment (Integrated Services Digital Network). We also set up telephone networks in several Russian provinces and in Vietnam.

In the future, modern transmission technology will enable network operators to cost-effectively install flat network topologies with large switching nodes and wide access areas. Our new

flexible Bosch Access Network System is geared towards this development. A special advantage to network operators is that the network and access nodes can be freely configured. In addition, wired, fiber-optic and microwave transmission methods can be freely combined. We received the first orders from Germany and China.

We supplied Deutsche Telekom AG as well as new network operators in Germany and abroad with modular multiplex and transmission systems based on SDH technology (Synchronous Digital Hierarchy). These compress, route and carry data flows of varying bit rates over great distances and form the basis for optoelectronic high-speed networks. Backed by our network management system NSÜ, they are equally suitable for the modernization of existing as well as the establishment of new communications networks.

Demand for radio-relay equipment and systems was brisk. In Germany we modernized the transmission systems of the ARD and ZDF TV networks. We received orders for radio-based feeder networks from mobile communications network operators in Germany, the Czech Republic and Lithuania. We further expanded our strong position in Brazil, India and Korea with radio-relay systems based on SDH technology.

A British network operator contracted with us to set up the first wire-less broadband access network in Europe. Our point-to-multipoint radio-relay system, developed especially for these applications, utilizes modern planar arrays as well as a technique which adjusts the bandwidth of RF channels in accordance with demand. The system is being received very favorably by the market. We started field tests in six countries.

Broadband distribution networks are increasingly becoming more important as the number of new TV channels and multimedia services rises. The existing coaxial cable technology is being supplemented in the feeder area by fiber-optic technology and is being prepared for the transmission of digitally-coded channels and services. After the successful test of our digital broadband feeder system Diamant, we received a contract from Deutsche Telekom AG to equip five metropolitan regions in Germany with this system.

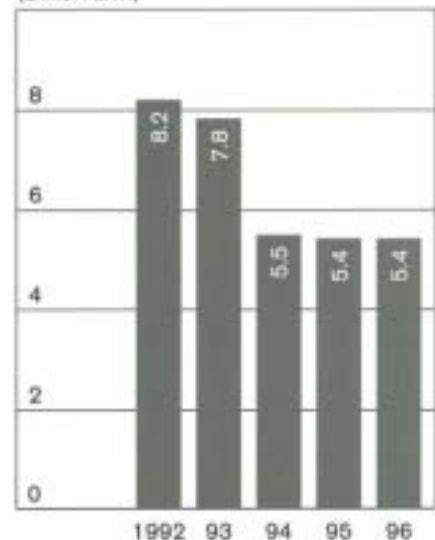
Increased demand for equipment for telecommunications satellites

Because of increasing global networking, satellite-based telecommunications play an important role. We considerably increased sales of equipment and systems for telecommunications satellites. We hold a significant share of the world market for traveling-wave tube amplifiers, 20 to 25 of which are needed for each satellite. By taking part in the European aerospace projects "Columbus", "Silex" and "Artemis" we made major contributions to microwave technology and fiber-optic communications.

Private communications networks with expanded performance range

Demand for application-specific networks increased in an otherwise restrained market. ISDN technology, which is widely used in Germany and is increasingly being used in the rest of Europe and the USA, is paving the way for offering new multimedia services for business purposes. Our ISDN communications system Integral 33xE was again the basis for numerous large network projects in 1996. We are supplying a new switching system for the German parliament (Bundestag) in Berlin. In North

Sales of communications technology products
Progress 1992-1996
(billion DM)



From 1994 onwards, excluding sales of car radios, and automotive display and navigation systems.

We started volume production of a digital cordless phone at the Salzgitter plant.



Rhine-Westphalia we equipped two state ministries with new communications systems. A Frankfurt-based bank will receive a network to link 80 branches. We were able to gain a foothold in the markets of the Czech Republic, the Slovak Republic as well as Hong Kong, Indonesia and the Philippines. Telecom Italia opted for future use of our medium-sized communications system Integral 3.

Introduction of a cordless phone based on the DECT standard

The phone model series T1 introduced in 1995 has enjoyed broad acceptance. By mid-year we started developing a new generation of GSM terminals. In the fourth quarter of 1996 we started volume production of a new cordless phone based on the European DECT standard (Digital Enhanced Cordless Telecommunication). The heavy demand for this phone temporarily exceeded our production capacity.

PMR business declining

The market for private mobile radio equipment remained weak. Little willingness to invest on the part of public contractors and the increasing replacement of previous PMR applications by GSM mobile communications have led to a decline in business volume. We stopped work on a digital PMR system based on the European TETRA standard (Trunked Radio). Due to advances in GSM technology, the economic prospects in this field must be judged much more cautiously.

Security systems for the home and airport

In the area of security systems the market was particularly interested in video surveillance as well as flexible, easy-to-operate systems. The BoVis image storage and transmission system strengthened our business with security systems for banks. Our LSN technology (Local Security Network) is setting a new industrial standard which contributes to a flexible network architecture and facilitates the

combination of emergency calls and fire alarms. An important success of this system was re-equipping the Düsseldorf Airport after the fire catastrophe in 1996.

A new field of business is developing with Domotik, our control system for private households. Based on Europe-wide standardized bus-system technology, electrical loads and sensors in the private home are networked and made accessible to centralized monitoring and control. Our development concentrates on easy-to-install radio transmission and control systems.

Cautious demand for traffic control systems

The policy of fiscal restraint in the public sector slowed down domestic investments in new traffic signal and guidance systems. In contrast, foreign demand picked up. We received a contract from Prague for the supply of a large traffic-computer system. Our new controller series BTC (Bosch Traffic Controller) for light signal systems which has been available since mid-1996 was well received by foreign markets.

Communications Technology – 1996 Highlights

Sales	5.4 billion DM
Investments	143 million DM
Research and Development	527 million DM



Modern communications technology from Germany: our new digital cordless phone based on the European DECT Standard, from our production site at Salzgitter (Lower Saxony).

Consumer Goods Business Sector



In 1996 we started production of power tools in the growing Chinese market. Bosch is now the strongest non-Asian supplier in the Far East.

Private consumption continued to be weak in many Western European countries. In Germany as well, the economic stimulus generated by consumer demand was slight. On the whole, sales by our Consumer Goods Business Sector increased by 16.9% to 9.2 billion DM. This figure includes 50% of sales realized by Bosch-Siemens Hausgeräte GmbH (BSHG).

Growth of electrical household appliance sales abroad

The BSHG Group solidified its market position in Europe in 1996 and expanded its worldwide operations. The emphasis was on Latin America, where it took over the leading Peruvian household appliances manufac-

turer, Coldex SA, Lima, and started to build a plant for refrigerators and freezers in Brazil.

Once again, BSHG outperformed the industry in 1996. Sales increased by 13.3% to 8.8 billion DM. To a significant extent this increase was attributable to foreign sales. Demand for household appliances in Germany was restrained. The result was at the previous year's level.

Internationalization of power tools continued

In terms of volume the world market for power tools grew 3% to 89 million units in 1996. In terms of value it increased by 2% to close to 11 billion DM. Our Power Tools division further increased sales and strengthened its leading world market position.

With the complete takeover of S-B Power Tool Company, we took an important step towards becoming a global manufacturer with regional development and production activities.

We achieved the highest growth in Asian markets. In these markets we have been manufacturing in India, Malaysia and since 1996, also in China. The proximity to the markets strengthened our position as the strongest non-Asian supplier.

Innovations in particular contribute to our further growth in Europe. One innovation was the introduction of the power scraper in European markets in 1996. Flooring materials, plaster or adhesive residues can be removed effortlessly with this tool.

We further expanded the accessory business for power tools. The product range now comprises about 6,000 items.

Sales of outdoor tools round out the power-tools business. With the acquisition of Atco-Qualcast Ltd in the U.K. we added lawn mowers to

our product range and improved the access to the largest European market for gardening tools.

Position in European thermo-technology market expanded

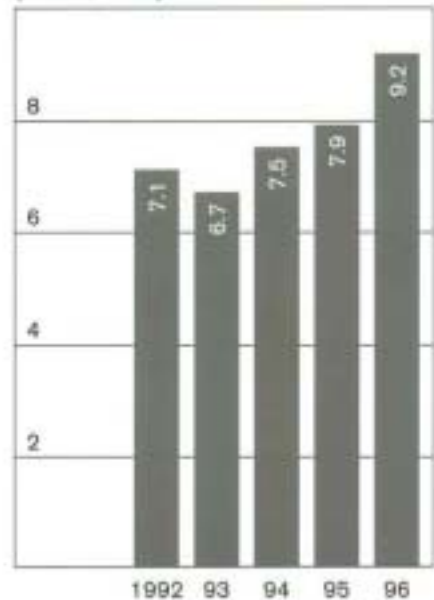
The market for gas-fired heating equipment is growing, in some cases at the cost of heating systems with different energy sources.

Effective January 1, 1998, the requirements placed on the equipment with respect to pollution, safety and efficiency will be standardized and made more stringent in the European Union. This will further promote Europe-wide competition. Our Bosch Thermotechnology division is prepared for these changes.

We further improved our market position in Europe with the acquisition of e.l.m. Leblanc SA in France. We have now become the most important supplier of wall-mounted gas-fired heaters. In the case of gas-fired boilers we were able to expand our leading position in an overall declining market.

With manufacturing plants in Belgium, England, France, Germany and Portugal, as well as joint ventures in China and in Turkey, we are the most internationally oriented supplier of heating and hot-water equipment. An important focus of our development activities continues to be the further improvement of the economy and environmental compatibility of our equipment.

Sales of consumer goods
Progress 1992–1996
(in billion DM)



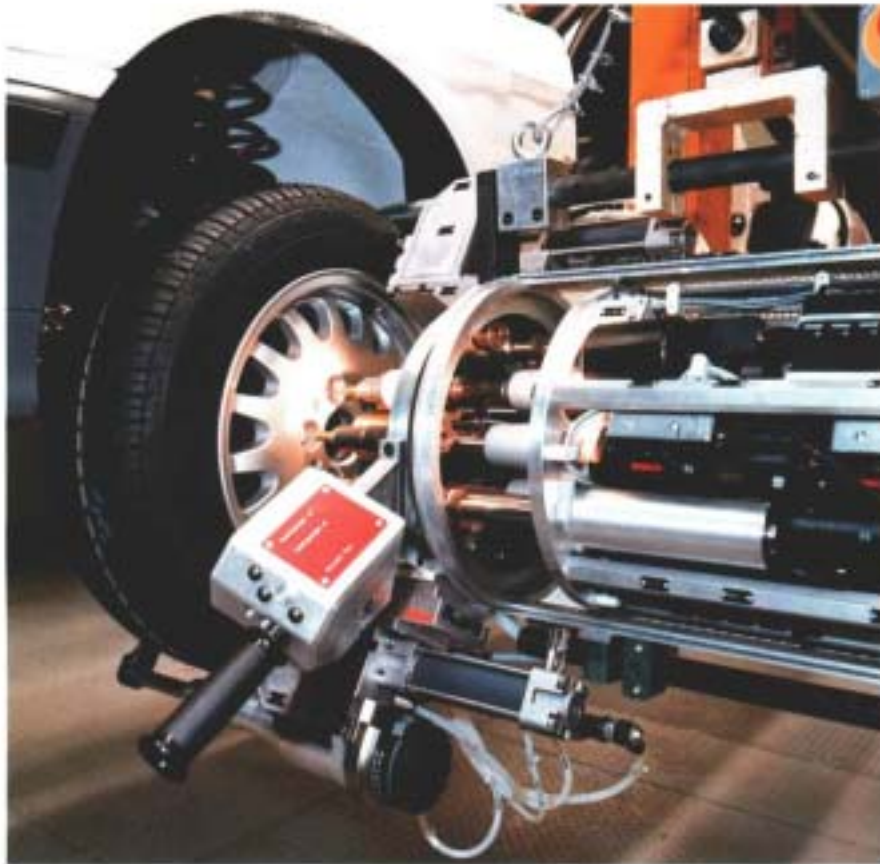
Consumer Goods – 1996 Highlights

Sales	9.2 billion DM
Investments	294 million DM
Research and Development	227 million DM



*We are the most internationally oriented supplier of heating and hot-water equipment.
Photo: Production of gas-fired boilers in our Portuguese plant Aveiro.*

Capital Goods Business Sector



Use of efficient threading techniques from Bosch in automobile production.

Investment activity was constrained in many Western European countries. Orders and production declined in the German mechanical-engineering industry. Sales by our Capital Goods Business Sector stagnated 1996 at 2.0 billion DM.

Automation technology reorganization

Effective April 1, 1996, we combined the hydraulics and pneumatics division, as well as the industrial equipment division into the new Automation Technology division. The concentration of these activities improves our competitive position since the market

increasingly demands integrated system solutions and a broad product range from one single source. Sales by the new product division were at the previous year's level. Export sales were higher.

We introduced a new generation of proportional and control valves with integrated electronics in the industrial hydraulics area. We rounded out our program of radial-piston pumps in the upper performance range.

We were able to retain our market share of automotive hydraulics. We developed new electrohydraulic proportional controls with integrated electronics for directional control valves as well as electrohydraulic hitch controls for mid-size tractors.

In the area of pneumatics we expanded the range of bus modules for the control of our valve-mount system.

In the area of assembly technology we increased sales of basic mechanical elements for shelves, installations and protective devices as well as transfer systems.

Demand by domestic automotive workshops for test equipment also remained weak in 1996. Some European countries postponed the introduction of mandatory emission tests. We were able to gain additional market shares.

New orders for packaging machinery at high level

In 1996 the world market for packaging machinery grew again for the first time since the early nineties. The volume of new orders received by the Packaging Machinery division increased substantially. We expanded our market position in Southeast Asia and North America. In the growing

Chinese market our customers can now take advantage of a service center in Shanghai.

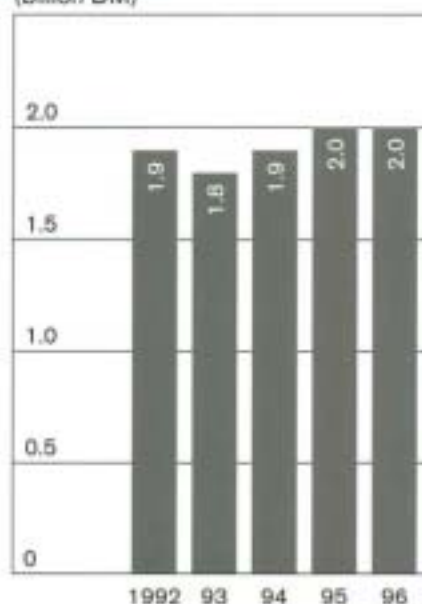
We expanded the range of products offered to the pharmaceutical industry. For example, we introduced two new blister deep-drawing lines, one in the lower and another in the intermediate output range, equipped with electronically controlled, highly dynamic servo drives. We developed a filling and sealing machine to fill liquid pharmaceuticals in disposable syringes and cylindrical ampules. The stage of the machine carrying the product can also be designed as an encapsulated sterile chamber (insulator technology).

We strengthened our position in the area of production and packaging machinery for the confec-

tionery industry with new machines. We expanded the range of boiling equipment in the intermediate and upper output range. In addition, we introduced a high-performance cutting and wrapping machine for candy and chewing gum.

We added a new machine for the packaging of bulk goods in paper bags to the range of products offered to the food industry. It is in the intermediate output range and can be adjusted to different paper formats. By offering an efficient machine for the packaging of filled pouches we succeeded in entering the master-packaging market for pouches.

Sales of capital goods
Progress 1992-1996
(billion DM)



Capital Goods - 1996 Highlights

Sales	2.0 billion DM
Investments	57 million DM
Research and Development	136 million DM



Bosch is an important producer of packaging machines. For the pharmaceutical industry we developed a computer-guided thermoform machine with power drive for blister packing of pills.

International Business



national orientation. We also have an interest in 40 joint ventures worldwide.

Varying developments in European countries

Economic growth in Western Europe, our most important market, weakened. We further increased our sales to car makers in the large U.K. and Spanish markets.

In the central and east-European countries, in which we had founded sales companies in previous years, we expanded aftermarket business, in some locations significantly.

In total, our 1996 sales in Europe outside Germany amounted to 14.7 (1995: 12.7) billion DM.

Additional growth in North and South America

Our largest market outside of Europe is in the USA, where our 1995 sales amounted to 2.7 billion DM. In 1996 this amount increased through new acquisitions by 1.5 billion and also by internal growth of 0.3 billion to a total of 4.5 billion DM. The number of employees grew by 6,620 to 12,960 persons.

In Mexico we continued the export-based supply of the entire NAFTA area which we had commenced in the preceding years. We started up additional production lines for small-power electric motors.

In Brazil we introduced new products, primarily in the gasoline fuel-injection area.

Dynamic Asian markets

Our activities abroad, aside from the USA, are especially concentrated upon the Asian growth markets.

We had established several new joint ventures in China in 1995, and we began to supply our customers in some product areas in 1996. Construc-



Top photo: Focus of our far-east activities is the Technical Center in Yokohama.

Bottom photo: Manufacture of antilock braking systems in Charleston, South Carolina, USA, for our most important market outside Europe.

The internationalization of our company advanced strongly in 1996. New acquisitions made an important contribution. We took over 31 additional plants abroad with around 16,000 employees. The Bosch Group is now represented with subsidiaries in 47 countries. More than 130 plants in foreign countries underscore our inter-

tion was begun at our factories in Shanghai, Wuxi and Xian. At these locations, gasoline fuel-injection equipment will be produced.

We considerably increased our sales in the ASEAN states, especially in Malaysia, in the Philippines and in Thailand.

The economic recovery in Japan led to an increase in aftermarket sales. Our Technical Center at Yokohama, which offers application facilities for the Japanese automotive industry, operated at full capacity.

India is increasingly growing into a significant automotive market. In 1996, several international car manufacturers began their activities there. The continuing strong growth of automobile production resulted in a significant sales increase of our Indian company.

Business in Australia further expanded

We increased sales despite a decline in newly-registered vehicles in Australia. Essentially, this was due to an increasing export business.

In South Africa another decrease of import duties and increased vehicle imports resulted in increased competition.

Our sales with original equipment customers as well as aftermarket customers grew. We completed a new sales office in Johannesburg.

Our major foreign markets

Sales 1996	Billion DM
USA	4.5
France	3.3
U.K.	2.1
Italy	1.7
Brazil	1.6
Spain	1.6
Sweden	0.9
Belgium	0.8
Japan	0.8
Austria	0.8

Breakdown of sales by regions 1996



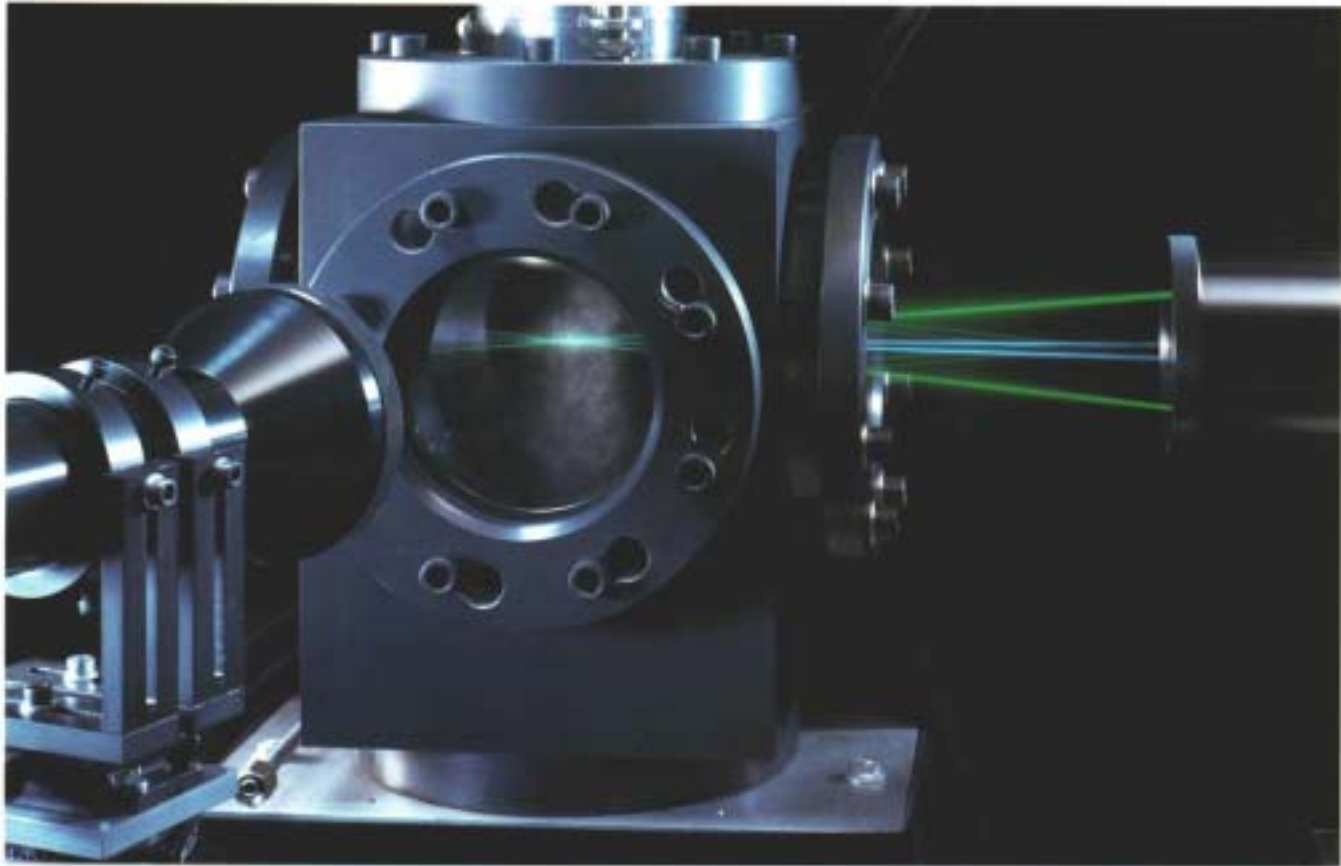
Employees and production outside Germany

Country	Employees	Automotive equipment	Communications technology	Consumer goods	Capital goods
Brazil	13,520	●	●	●	●
USA	12,960	●	●	●	●
India	10,720	●	●	●	●
France	9,720	●	●	●	●
Spain	6,920	●	●	●	●
Malaysia	4,270	●	●	●	●
U.K.	3,550	●	●	●	●
Portugal	3,020	●	●	●	●
Mexico	2,740	●	●	●	●
Switzerland	2,630	●	●	●	●

International Operations – 1996 Highlights

Sales	25.0 billion DM
Investments	1,149 million DM
Research and Development	609 million DM

Research and Development



We analyze fuel injection under the pressure and temperature conditions prevailing in the internal-combustion engine. Laser-optic methods are used to test atomization quality and mixture propagation.

Innovative products and methods are the hallmark of the Bosch Group as supplier of top technology at an attractive price. We consistently keep improving on this position.

Development of a vehicle-dynamic steering system

To further improve driver control over a vehicle, we are in the process of developing a vehicle-dynamic steering system. It can be employed in combination with the vehicle dynamics control (VDC) which is in volume production, and even further increases the stabilization effects achieved with the VDC. Through selective changes in the steering angle of the front wheels, it assures that the vehicle does

not swerve from the direction selected by the driver, even when avoiding a sudden obstacle.

Voice-controlled operation of driver information systems

We are participating in the development of methods of voice recognition, among other things, for the operation of driver information systems. The goal is to allow the driver to control the system by voice without interference from driving noise. This improves driving comfort and traffic safety.

Reduction of noise from engine parts

As early on as in the design phase of products we create the conditions for their optimal behavior with regard to noise. For plastic suction modules, we simulate the air pulsation in the intake manifold with computer-aided methods, for instance with the finite-element method. In this manner critical frequencies can be identified early on and noisy vibrations eliminated.

Galvanized construction of metallic micro-components

Galvanic separation of metals from solutions improves the manufacture of microsensors and microactuators compared with the classical methods of machining. We developed special separation techniques and alloy electrolytes for these uses.

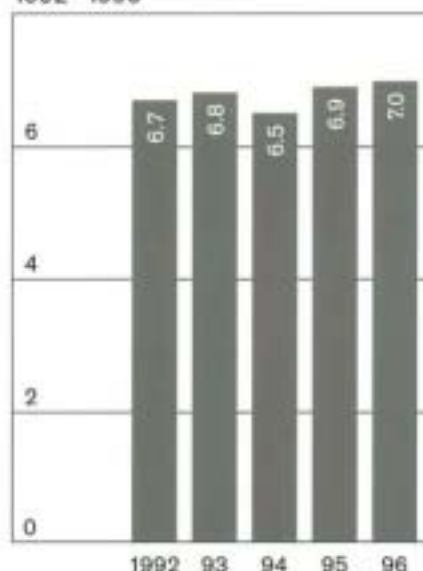
Simulation methodology for use in production

In order to design components and tools with efficient manufacturing in mind, and to optimize the production process, we are applying computerized process-simulation methods. This shortens development times and reduces the number of expensive experiments.

Computerized simulation of mold-filling and heat flows in cast parts helps to avoid casting errors. Incompletely filled areas (cavities) can be moved to less critical locations, and it becomes possible to selectively display the casting's microstructure. When encapsulating spools and electronic components with thermosetting resins, we simulate the pouring process, the course of the reaction and the temperature dispersion during hardening. Tensions created by shrinkage or temperature differences can thus be detected at an early stage.

Total expenditures for research and development¹⁾

As a percentage of sales
1992 - 1996



¹⁾ 11% thereof is spent for basic research and advance development; remaining expenditures for R&D at the divisions and foreign companies are for product development.



By means of wear tests we determine the lubricity of diesel fuels.

Employees of the Bosch Group

Regular employee discussions about improvement in processes and product quality are a normal part of the daily job, not only at home but also abroad, as shown here in our Spanish electronics production.



On January 1, 1997 the Bosch Group had a worldwide workforce of 176,481 employees, 19,710 more than the year before. The increase was substantially the result of the rise in the number of companies in the consolidated group. Most of the increase took place abroad; the foreign workforce rose by 19,911 employees to 86,595. The number employed in Germany decreased by 201 to 89,886.

Labor costs continued to increase

Using data comparable to the companies consolidated in prior years, worldwide labor costs increased to 12.1 (1995: 11.5) billion DM. Because of higher union wages and increased employee benefit costs, labor costs per employee in the old German states increased by about 4%, and in the new German states by about 13%. In Germany, for each 100 DM wages for work performed, there were 92 DM additional mandatory, contractual and other social contributions.

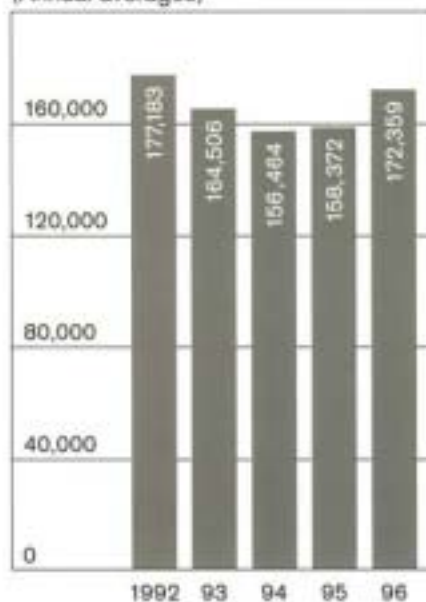
In 1996, we again paid the employees of the parent company and of most domestic subsidiaries a work and performance bonus. Because of the unsatisfactory financial results the amounts were lower than those paid in 1995.

International deployment of personnel

The Group's increasing internationalization leads to an even greater need for qualified next-generation managers with international experience. To effectively support our divisions and foreign subsidiaries with the deployment of suitable employees, we have redefined the tasks in the area of personnel.

The corporate human-resources department has taken over worldwide responsibility for finding and promoting up-and-coming employees for entry into the circle of management, and for ensuring that job placements allow for transparency across divisions and countries. Specific human-resources departments coordinate the

Number of employees
Trend 1992 - 1996
(Annual averages)



personnel planning and international employee deployment for middle and lower management in the divisions and foreign subsidiaries.

Continuing education and manager development

We have strengthened and realigned the area of responsibility for continuing education and management development. The shortening of product life cycles and rapid market changes make it necessary to offer our employees the possibility of continuously enhancing their knowledge and of further developing their personal skills.

More apprentices hired in Germany

We hired 1,019 apprentices in 1996, about 6% more than the year before. At several locations we trained more apprentices than we needed. We took on 90% of the apprentices after they completed their training. At some locations we were not able to fill the apprentice slots as too few qualified applicants were available.

Selective measures to promote health

Together with the Bosch health insurance fund we have designed a program to promote the health of our employees. At our locations representatives of various functional departments and of the workers' council meet in working groups to analyze the possibility of health risks on the job and arrange for selective countermeasures.

Our efforts to lower absenteeism due to illness showed their first success.

Expression of appreciation to our employees

With joint efforts we were again able to achieve progress in all areas of work during the past year. Without the solid commitment of our employees, and without their receptiveness to new assignments and the wealth of new ideas that they contributed, this progress would not have been possible. We thank all of those who contributed to this effort.

We would also like to express our special appreciation to labor representatives, with whom we were able to find constructive work-related solutions at many of our locations.

At trainer workplaces such as the one shown here in the Waiblingen plant, apprentices from various training years work together. Bosch hired 1,019 domestic apprentices in 1996.



Financial Statements of Bosch Group Worldwide

Consolidated Balance Sheet as of December 31, 1996

Assets

	Appendix	December 31, 1996 million DM	December 31, 1995 million DM
Fixed assets	(6)		
Intangible fixed assets		2,077	13
Tangible fixed assets		8,125	6,161
Financial investments		582	783
		10,784	6,957
Current assets			
Leased products		577	635
Inventories	(7)	4,752	4,538
Accounts receivable and other assets	(8)		
Trade accounts receivable		6,908	5,617
Other receivables and assets		1,619	1,133
Marketable securities		5,970	7,171
Liquid assets		1,612	2,413
		21,438	21,507
Deferred expenses		51	40
		32,273	28,504

Liabilities

	Appendix	December 31, 1996	December 31, 1995
	(9)	million DM	million DM
Equity capital			
Capital stock		1,500	1,500
Capital surplus		2,895	2,895
Earned surplus		4,589	4,029
Unappropriated earnings		68	68
Minority interests		475	546
		9,527	9,038
Accruals with valuation reserve portion	(10)	68	78
Accruals			
Accruals for pensions and similar obligations		5,784	5,281
Other accruals	(11)	9,946	9,263
		15,730	14,544
Liabilities	(12)		
Liabilities with banks		1,622	838
Accounts payable trade		2,810	2,201
Other liabilities		2,453	1,771
		6,885	4,810
Deferred income		63	34
		32,273	28,504

Financial Statements of Bosch Group Worldwide

Consolidated Statement of Income
for the period from January 1 to December 31, 1996

	Appendix	1996 million DM	1995 million DM
Sales	(15)	41,146	35,844
Changes in finished goods and work-in-progress inventories and other capitalized costs	(16)	225	414
Total operating performance		41,371	36,258
Other operating income	(17)	2,293	1,945
Costs of materials	(18)	- 18,937	- 16,072
Personnel costs	(19)	- 13,017	- 11,476
Depreciation of intangible and tangible fixed assets		- 2,698	- 1,988
Other operating expenses	(17)	- 7,570	- 7,281
Income from investments	(20)	95	101
Amortization of financial investments and securities included with current assets		- 220	- 349
Interest income net of expenses	(21)	356	508
Income from ordinary business activities		1,673	1,646
Taxes on income	(22)	- 1,173	- 1,096
Net income for the year		500	550
Including profit and loss of minority shareholders	(23)	83	71

Financial Statements of Bosch Group Worldwide

Capital Flow Statement

	1996 million DM	1995 million DM
Net income for the year	500	550
Depreciation of fixed assets	2,917	2,337
Increase of long-term accruals	122	358
Cash flow	3,539	3,245
Increase of inventories and leased products	370	- 202
Increase of receivables	- 251	- 10
Increase of short-term accruals	61	115
Change in liabilities	- 1,093	337
Additions to funds from business activities (1)	2,626	3,485
Additions to fixed assets	- 3,099	- 2,706
Retirements of fixed assets	196	107
Changes in the composition of the consolidated group	- 2,067	
Application of funds from investment activities (2)	- 4,970	- 2,599
Dividends 1995/1994	- 68	- 60
Change in liabilities with banks	475	- 154
Other changes in balance-sheet items	- 119	- 60
Change in funds from financial activities (3)	288	- 274
Change in liquidity (1) + (2) + (3)	- 2,056	612
Liquidity at the beginning of the year	9,584	8,972
Changes in the composition of the consolidated group	54	
Liquidity at the end of the year	7,582	9,584

Financial Statements of Bosch Group Worldwide

1996 Development of Fixed Assets

	Cost of acquisition or manufacture		Additions	Transfers
	Jan. 1, 1996	Changes in the consolidated group		
	million DM	million DM	million DM	million DM
Intangible fixed assets				
Concessions, patents, trademarks and similar rights and assets as well as licenses on such rights and assets	221	354	161	
Goodwill	163	2,199	35	
Advance payments	1		1	
	385	2,553	197	
Tangible fixed assets				
Land, leasehold rights and buildings, including buildings on land owned by others	5,048	557	118	79
Production equipment and machinery	8,524	1,502	1,142	250
Other equipment, fixtures and furniture	8,513	318	671	94
Advance payments and construction in progress	478	129	488	- 423
	22,563	2,506	2,419	
Financial investments				
Investments in affiliated companies	788	- 833	212	7
Loans to affiliated companies	18	10	51	
Investments in associated companies	768	- 315	59	
Other financial investments	276	1	149	- 7
Other loans	97	2	12	
	1,947	- 935	483	
Total fixed assets	24,895	4,124	3,099	

Retirements	Dec. 31, 1996	Depreciation cumulative to Dec. 31, 1996	Net book value as of Dec. 31, 1996	Net book value as of Dec. 31, 1995	Depreciation current year
million DM	million DM	million DM	million DM	million DM	million DM
132	604	265	339	12	180
128	2,269	532	1,737		459
	2	1	1	1	
260	2,875	798	2,077	13	639
106	5,696	2,996	2,700	2,282	233
533	10,885	7,678	3,207	2,022	1,124
776	8,820	7,239	1,581	1,416	697
19	653	16	637	441	5
1,434	26,054	17,929	8,125	6,161	2,059
13	361	232	129	265	115
3	76	3	73	16	
43	469	323	146	303	2
16	403	256	147	105	102
22	89	2	87	94	
97	1,398	816	582	783	219
1,791	30,327	19,543	10,784	6,957	2,917

Financial Statements of Bosch Group Worldwide

Balance Sheet Structure 1992-1996

Assets

	1992	1993	1994	1995	1996
Total assets	24,452	25,447	27,373	28,504	32,273
Fixed assets	7,769 32%	7,003 27%	6,650 24%	6,957 24%	10,784 33%
Inventories, leased products	5,339 22%	4,796 19%	4,971 18%	5,173 18%	5,329 17%
Receivables	5,930 24%	6,887 27%	6,780 25%	6,790 24%	8,578 27%
Marketable securities, liquid assets	5,414 22%	6,761 27%	8,972 33%	9,584 34%	7,582 23%

Liabilities

	1992	1993	1994	1995	1996
Total liabilities and equity	24,452	25,447	27,373	28,504	32,273
Equity capital	7,859 32%	8,304 33%	8,563 31%	9,038 32%	9,527 30%
Long-term liabilities	10,126 41%	10,569 41%	11,385 42%	11,388 40%	12,928 40%
Current liabilities	6,467 27%	6,574 26%	7,425 27%	8,078 28%	9,818 30%

Values in million DM

Financial Statements of Bosch Group Worldwide

Appendix 1996

(1) General remarks

The consolidated statements of the Bosch Group Worldwide conform to the Regulations of the Commercial Code.

In order to ensure better understanding of these financial statements, we combined a number of individual balance-sheet items and profit and

loss statement items into key groupings. These items are stated separately in the Appendix. Required comments for individual items are also contained in the Appendix. The consolidated profit and loss statement follows the format of the total cost method.

(2) Consolidated group

The consolidated statements include Robert Bosch GmbH and 24 domestic as well as 113 foreign subsidiaries. For the first time, we consolidated domestically:

- Bomoro Bocklenberg & Motte GmbH, Wuppertal
- Hawera Probst GmbH, Ravensburg
- Robert Bosch Data GmbH, Hildesheim
- Robot Foto und Electronic GmbH, Düsseldorf

as well as the following foreign subsidiaries:

- Atco-Qualcast Ltd, Stowmarket/U.K.
- Bosch Braking Systems Corporation, South Bend/USA (and other companies in Italy, France, Portugal, Spain, USA, Brazil and Mexico, all as of April 1, 1996)
- e.l.m. Leblanc SA, Drancy, and Geminox SA, Saint Thégonnec/France (from July 1, 1996)
- Nippon ABS Ltd, Yokosuka/Japan
- Robert Bosch Argentina Industrial SA, Buenos Aires/Argentina
- Robert Bosch spol. s r.o., České Budějovice/Czech Republic
- Robert Bosch Power Tools Sdn Bhd, Penang/Malaysia
- S-B Power Tool Company, Chicago (all from October 1, 1996)
- Van Doorne's Transmissie BV, Tilburg/Netherlands

Several businesses were integrated into other companies in the consolidated group by way of legal restructuring. These were primarily, Friedrich Merk Telefonbau GmbH, Munich, Gesellschaft für Betriebsfunksysteme mbH, Stuttgart, Bosch Telecom AG, Vienna, Bosch Telecom SA, Madrid, and Wapsa Auto Peças Ltda, São Paulo.

The consolidated statements of Bosch-Siemens Hausgeräte GmbH were included pro rata pursuant to Section 310 of the Commercial Code.

For the first time, the financial statements of the PEG Profilo Elektrikli Gereçler Sanayii AS group, Istanbul, are included.

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

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

Because more companies' financial statements are now consolidated, sales increased by 3.6 billion DM and balance sheet totals by 2.1 billion DM.

(3) Principles of classification and evaluation

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

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

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

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

Straight-line as well as accelerated depreciation methods were applied. Items of minor value were depreciated during the year of acquisition. In addition we applied all special depreciation allowances according to tax regulations in all host countries.

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

Additions regarding interests in associated companies include capital contributions and prorated profits. Retirements include prorated losses and dividends paid.

We valued inventories at the lower

of average purchase or manufacturing cost or market. Manufacturing costs include costs of materials and reasonable overhead.

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

We provided for risks inherent with warehousing and distribution through appropriate deductions. Additional depreciation was taken in cases of unfavorable returns.

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

Marketable securities included in current assets were valued at the lower of acquisition cost or market.

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

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

Liabilities were stated at the amounts owed.

(4) Currency translation

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

For the conversion to DM of the financial statements in foreign currencies and the related profits and losses, we applied, in principle, average exchange rates at the balance-sheet date. Transactions pertaining to fixed assets were converted at average quarterly or annual DM equivalents respectively. Resulting differences were included with beginning bal-

ances of cost of acquisition or manufacture as well as in cumulative depreciation.

Tangible fixed assets of our subsidiaries in Brazil were valued at their original carried-forward DM equivalents of cost of acquisition or manufacture. Depreciation was based on historic values.

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

(5) Consolidation principles

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

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

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

Deferred tax assets resulting from consolidation measures in the amount of 56 million DM were included with other assets.

(6) Fixed assets

Extraordinary depreciation amounting to 592 million DM pertained mostly to goodwill upon first-time consolidation and to financial investments.

In accordance with tax regulations, we deducted an extra 35 million DM directly from the acquisition costs of tangible fixed assets. The depreciation was taken pursuant to Section 6b of

the Income Tax Law, Section 82a of the Income Tax Regulations, Section 4 of the Development Area Law, and pursuant to local tax laws at our foreign subsidiaries.

The development of fixed assets is presented on pages 32 and 33 of this report.

(7) Inventories

We depreciated 5 million DM in accordance with local tax regulations, mainly at foreign subsidiaries.

Included with the stated value of inventories, in the amount of 4,752 million DM, are our advance payments of 53 million DM (1995: 41

million DM). On the other hand, advance payments received in the amount of 475 million DM (1995: 442 million DM) were deducted.

Because more companies' financial statements are now consolidated, inventories increased by 0.5 billion DM.

(8) Accounts receivable and other assets

Million DM	1996	1995
Accounts receivable	6,908	5,617
including maturities of more than one year	41	41
Other receivables and assets		
Receivables from affiliated companies	253	224
Receivables from companies in which interests are held	89	86
including maturities of more than one year	12	10
Other assets	1,277	823
including maturities of more than one year	180	16
	1,619	1,133
Receivables and other assets	8,527	6,750

Because more companies' financial statements are now consolidated,

accounts receivable increased by 1.1 billion DM.

(9) Equity capital	The subscribed capital stock of 1,500 million DM and the capital surplus of 2,895 million DM correspond to the	respective balance-sheet items of Robert Bosch GmbH. Revenue surplus accounts consist of the following:																																																		
	<table border="0"> <tr> <td>Million DM</td> <td style="text-align: right;">1996</td> <td style="text-align: right;">1995</td> </tr> <tr> <td>Earned surplus of Robert Bosch GmbH</td> <td style="text-align: right;">950</td> <td style="text-align: right;">717</td> </tr> <tr> <td>Other earned surplus</td> <td style="text-align: right;">3,639</td> <td style="text-align: right;">3,312</td> </tr> <tr> <td></td> <td style="text-align: right;">4,589</td> <td style="text-align: right;">4,029</td> </tr> </table>	Million DM	1996	1995	Earned surplus of Robert Bosch GmbH	950	717	Other earned surplus	3,639	3,312		4,589	4,029																																							
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	Unappropriated earnings of the consolidated group are identical to those of Robert Bosch GmbH.																																																			
(10) Accruals with valuation reserve portion	Accruals with valuation reserve portion were formed pursuant to Section 6b of the Income Tax Law and Section 1 of the DDR Investment Law.	Our foreign subsidiaries followed local regulations with respect to such risks.																																																		
(11) Other accruals	<table border="0"> <tr> <td>Million DM</td> <td style="text-align: right;">1996</td> <td style="text-align: right;">1995</td> </tr> <tr> <td>Accrued taxes</td> <td style="text-align: right;">292</td> <td style="text-align: right;">281</td> </tr> <tr> <td>Other accruals</td> <td style="text-align: right;">9,654</td> <td style="text-align: right;">8,982</td> </tr> <tr> <td></td> <td style="text-align: right;">9,946</td> <td style="text-align: right;">9,263</td> </tr> </table>	Million DM	1996	1995	Accrued taxes	292	281	Other accruals	9,654	8,982		9,946	9,263																																							
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	Following the inclusion of new companies into the consolidated group, the accruals for pensions and similar	liabilities grew by 0.3 billion DM and other accruals by 0.8 billion DM.																																																		
(12) Liabilities																																																				
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	Of the liabilities with banks, 108 million DM were secured by mortgages and another 108 million DM by other liens. Of other liabilities, 16 million DM were secured by mortgages.	(1995: 319 million DM) and liabilities pertaining to social obligations in the amount of 250 million DM (1995: 440 million DM). Liabilities with shareholders in the amount of 70 million DM pertain to Robert Bosch Stiftung GmbH.																																																		
	Other liabilities contain tax liabilities in the amount of 359 million DM	Liabilities with maturities of more																																																		

than 5 years amounting to 855 million DM included 818 million DM of liabilities with banks and 37 million DM of other liabilities.

Due to the inclusion of new companies into the consolidated group, liabilities in the Bosch Group grew by 1.0 billion DM.

(13) Contingent liabilities

Million DM

Contingent liabilities from the issuance or transfer of notes including affiliated companies	247
Contingent liabilities from guarantees	7
Contingent liabilities from warranties	301
Contingent liabilities for third-party liabilities including mortgages	10
	19
	8

As a partner in two foreign private companies, we are jointly and sever-

ally liable in accordance with legal requirements.

(14) Other financial obligations

Other financial obligations of significance for an opinion on the financial

condition of the company do not exist.

(15) Breakdown of sales

Million DM	1996	%	1995	%
Sales by business sectors				
Automotive equipment	24,461	59.4	20,521	57.2
Communications technology	5,436	13.2	5,413	15.1
Consumer goods	9,253	22.5	7,917	22.1
Capital goods	1,996	4.9	1,993	5.6
	41,146	100.0	35,844	100.0
Sales by regions				
EU countries	29,115	70.8	27,176	75.8
Other European countries	1,753	4.2	1,259	3.5
America	7,026	17.1	4,798	13.4
Asia, Africa, Australia	3,252	7.9	2,611	7.3
	41,146	100.0	35,844	100.0

(16) Changes in finished goods and work-in-progress inventories and other capitalized costs

Million DM	1996	1995
Change in finished goods and work-in-progress inventories	- 24	144
Other capitalized costs	249	270
	225	414

(17) Other operating expenses and income

Expenses resulting from additions to accruals with valuation reserve portion in the amount of 5 million DM are included in other operating expenses.

Income from the reversal of accruals with valuation reserve portion in the amount of 17 million DM are included in other operating income.

(18) Costs of materials	Million DM	1996	1995
	Costs of raw materials, supplies, and merchandise	17,697	14,903
	Purchased services	1,240	1,169
		18,937	16,072

1.9 billion DM were due to the newly consolidated companies.

(19) Personnel costs	Million DM	1996	1995
	Wages and salaries	10,391	9,158
	Social security, pension plans, and support payments including pension plans	2,626	2,318
		641	596
		13,017	11,476

0.9 billion DM were due to changes in consolidated companies.

Average numbers of employees during the year:

	1996 Total	Including BSHG (prorated)	1995 Total	Including BSHG (prorated)
Factory workers	108,104	10,177	99,421	8,843
Salaried employees	59,619	5,454	54,102	4,578
Apprentices	4,636	240	4,849	250
	172,359	15,871	158,372	13,671

Personnel figures for 1996 contain 16,151 employees from the first-time consolidated companies. Figures were

calculated on a pro-rata basis depending upon date of consolidation.

(20) Income from investments	Million DM	1996	1995
	Income from investments	22	28
	including affiliated companies	6	6
	Expenses from loss transfers		- 10
	Result from associated companies	73	83
		95	101

(21) Interest income net of expenses	Million DM	1996	1995
	Interest from long-term loans included with financial investments	5	4
	Other interest and similar income	538	640
	including affiliated companies	4	5
	Interest and similar expenses	- 187	- 136
including affiliated companies	- 1	- 5	
		356	508

(22) Taxes	Million DM	1996	1995
	Taxes on income	- 1,173	- 1,096
	Other taxes	- 272	- 232
		- 1,445	- 1,328

Other taxes are included in other operating expenses.

The impact of tax allowances on the profit for the fiscal year as well as

in former years, and the size of future burdens from the respective valuations are of secondary significance.

(23) Profit and loss of minority shareholders	Million DM	1996	1995
	Shares of profits	90	75
	Losses	7	4
		83	71

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

During 1996, the aggregate compensation of the members of the Board of Management of Robert Bosch GmbH amounted to 10 million DM. Former members of the Board of Management and their dependents received 10 million DM, and the members of the Supervisory Council one million DM.

Accruals at Robert Bosch GmbH for pension liabilities for former members of the Board of Management and their dependents amounted to 85 million DM.

The members of the Supervisory Council and the Board of Management of Robert Bosch GmbH are listed on page 47.

(25) Shareholdings of Bosch Group Worldwide

A listing of the shareholdings of the consolidated Bosch Group will be

deposited with the commercial registry of the Stuttgart Court.

Stuttgart, March 12, 1997

Robert Bosch GmbH
The Board of Management

Auditor's opinion

The accounting and the consolidated financial statements of Robert Bosch GmbH as of December 31, 1996, which we have audited in accordance with professional standards, comply with legal provisions. With due regard to generally accepted accounting prin-

ciples the consolidated financial statements give a true and fair view of the company's assets, liabilities, financial position and profit and loss. The management report to the consolidated financial statements is consistent with the contents thereof.

Stuttgart, March 12, 1997

Schitag Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

Dörner Dr. Pfitzer
Wirtschaftsprüfer Wirtschaftsprüfer

Major Companies of the Bosch Group

(as of December 31, 1996)

Name	Location	Equity Capital % owned ¹⁾	Equity Capital ²⁾ million DM	Sales ³⁾ million DM	Profit or loss ⁴⁾ million DM
Germany					
Blaupunkt-Werke GmbH	Hildesheim	100	183	1,444	PLT ⁵⁾
Bomoro Bocklenberg & Motte GmbH	Wuppertal	100	11	242	PLT ⁵⁾
Bosch-Siemens Hausgeräte GmbH ⁶⁾	Munich	50	1,122	8,774	74
Bosch Telecom GmbH	Stuttgart	100	539	4,347	PLT ⁵⁾
Bosch Telecom Radeberg GmbH	Radeberg	100	10	163	PLT ⁵⁾
Hawera Probst GmbH	Ravensburg	100	29	105	8
MotoMeter GmbH	Leonberg	100	25	203	PLT ⁵⁾
Robert Bosch Elektronik GmbH	Salzgitter	100	23	622	PLT ⁵⁾
Robert Bosch Elektrowerkzeuge GmbH	Sebnitz	100	15	209	PLT ⁵⁾
Robert Bosch Fahrzeugelektrik Eisenach GmbH	Eisenach	100	71	543	PLT ⁵⁾
Signalbau Huber AG	Munich	100 ⁶⁾	76	144	1
VB Autobatterie GmbH	Hannover	35	111	440	- 32

Foreign Countries

Europe					
Robert Bosch Produktie NV	Tienen/Belgium	100	82	393	40
Robert Bosch (France) SA ⁶⁾	Saint-Ouen (Paris)/France	100	530	2,811	- 88
Robert Bosch Ltd	Denham/U.K.	100	236	848	53
Atco-Qualcast Ltd	Stowmarket/U.K.	100	21	79	- 5
Worcester Group plc ⁶⁾	Worcester/U.K.	100	66	289	13
Robert Bosch SpA ⁶⁾	Milan/Italy	100	127	581	6
Robert Bosch Sistemi Frenanti SpA ⁶⁾	Crema/Italy	100	39	206	- 31
Robert Bosch Verpakkingmachines BV	Weert/Netherlands	100	20	46	2
Van Doorne's Transmissie BV	Tilburg/Netherlands	100	26	53	6
Robert Bosch AG	Vienna/Austria	100	95	592	12
Blaupunkt Auto-Rádio Portugal Lda	Braga/Portugal	70	41	315	4
Vulcano Termo-Domésticos SA	Aveiro/Portugal	100	74	156	18
Robert Bosch AB	Kista (Stockholm)/Sweden	100	27	206	7
Robert Bosch Internationale Beteiligungen AG	Zurich/Switzerland	90	621		46
Scintilla AG	Solothurn/Switzerland	85	416	981	44
Robert Bosch España SA ⁶⁾	Madrid/Spain	100	371	1,799	51
Robert Bosch spol. s r.o.	České Budějovice/Czech Republic	100	49	109	4
Bosch Diesel spol. s r.o.	Jihlava/Czech Republic	100	19	46	- 1
Bosch Sanayi ve Ticaret AS	Bursa/Turkey	100	56	196	32

Name	Location	Equity Capital % owned ¹⁾	Equity Capital ²⁾ million DM	Sales ²⁾ million DM	Profit or loss ³⁾ million DM
America					
Robert Bosch Ltda ⁴⁾	Campinas/Brazil	100	392	1,433	- 56
Robert Bosch Freios Ltda ⁴⁾	Campinas/Brazil	100	68	93	- 4
Robert Bosch SA de CV	Toluca/Mexico	100	119	326	15
Robert Bosch Corporation ⁴⁾	Broadview (Chicago)/USA	100	1,528	4,528	17
S-B Power Tool Company ⁴⁾	Chicago/USA	100	354	986	95
Vermont American Corporation ⁴⁾	Louisville/USA	50	305	797	34
Asia, Africa, Australia					
Motor Industries Co Ltd	Bangalore/India	51	121	489	26
Bosch KK	Yokohama/Japan	100	108	528	6
Nippon ABS Ltd	Tokyo/Japan	50	194	363	3
Doowon Precision Industry Co Ltd	Seoul/Korea	20	40	394	7
KEFICO Corporation	Kunpo-Si/Korea	25	91	346	15
Robert Bosch (Malaysia) Sdn Bhd	Penang/Malaysia	100	42	270	- 2
Robert Bosch (South East Asia) Pte Ltd	Singapore/Singapore	70	40	302	6
Robert Bosch (Pty) Ltd ⁴⁾	Johannesburg/South Africa	100	25	200	- 6
Robert Bosch (Australia) Pty Ltd	Clayton (Melbourne)/Australia	100	136	479	13

¹⁾ Shares held directly and indirectly by Robert Bosch GmbH

²⁾ Conversion of foreign currencies pertaining to equity capital and profit and loss stated at average values at the balance-sheet date; sales stated at average exchange rates of the year

³⁾ Profit and loss transfer agreement (PLT)

⁴⁾ Represents a consolidated sub-group

⁵⁾ Refers to shares with voting rights

⁶⁾ Pro rata

Financial Statements of Robert Bosch GmbH

Balance Sheet as of December 31, 1996

Assets

	December 31, 1996 million DM	December 31, 1995 million DM
Fixed assets		
Tangible fixed assets	2,290	2,105
Financial investments	3,880	3,269
	6,170	5,374
Current assets		
Inventories	1,553	1,508
Accounts receivable and other assets	4,015	3,122
Marketable securities, liquid assets	5,853	7,122
	11,421	11,752
Deferred expenses	10	11
	17,601	17,137
Liabilities		
Equity capital		
Capital stock	1,500	1,500
Capital surplus	2,895	2,895
Earned surplus	950	717
Unappropriated earnings	68	68
	5,413	5,180
Accruals with valuation reserve portion	1	1
Accruals		
Accruals for pensions and similar obligations	3,823	3,686
Other accruals	5,914	5,993
	9,737	9,679
Liabilities	2,449	2,277
Deferred income	1	
	17,601	17,137

Financial Statements of Robert Bosch GmbH

Statement of Income for the period from January 1 to December 31, 1996

	1996 million DM	1995 million DM
Sales	20,515	19,374
Changes in finished goods and work-in-progress inventories and other capitalized costs	109	161
Total operating performance	20,624	19,535
Other operating income	1,555	1,484
Costs of materials	- 11,624	- 10,546
Personnel costs	- 5,392	- 5,254
Depreciation of intangible and tangible fixed assets	- 821	- 744
Other operating expenses	- 3,528	- 3,622
Income from investments	197	149
Amortization of financial investments and securities included with current assets	- 313	- 341
Interest income net of expenses	348	402
Income from ordinary business activities	1,046	1,063
Taxes on income	- 746	- 763
Net income for the year	300	300
Additions to surplus accounts	- 232	- 232
Unappropriated earnings	68	68

Supervisory Council Report

In its sessions the Supervisory Council concerned itself mainly with the progress of business, the financial situation, capital investments, and joint ventures. It also concerned itself with new technical developments.

Outside of these sessions, the Board of Management kept the Supervisory Council informed by written monthly reports on the situation and the development of the enterprise. These reports also applied to the most significant companies in the Bosch Group.

Schitag Ernst & Young Deutsche Allgemeine Treuhand AG, Stuttgart, audited the accounting records and financial statements of Robert Bosch GmbH and the Bosch Group. The auditors in all cases gave their unqualified opinion. The Supervisory Council concurs with the audit findings, and recommends that the shareholders approve the financial statements of Robert Bosch GmbH and follow the disposition of net income proposed by the Board of Management.

Dr. Friedrich Schiefer, deputy chairman of the Board of Management, died May 31, 1996, after a serious illness. He became a member of the Board of Management of Robert Bosch GmbH on January 1, 1992, and at first was in charge of the subsidiaries in North America. As of July 1, 1993, he was given responsibility for the Corporate Economics, Finance and Tax divisions as well as the Communications Technology Business Sector. He did not live to see the completion of the reorganization of this Business Sector. Bosch lost in Dr. Schiefer an executive with entrepreneurial vision, strength and the capacity to make things work together.

Having reached the retirement age, Dr. Robert Holzach left the Supervisory Council as of June 30, 1996. The council thanks him for his long-time constructive work and his valuable contributions. As of July 1, 1996, Dr. Wolfgang Hugo, until then member of the Board of Management of Robert Bosch GmbH, was appointed to the council.

In addition, as of June 30, 1996, Dr. Hermann Eisele and Dr. Hansjörg Manger left the Board of Management. The Supervisory Council expresses its appreciation to both gentlemen and to Dr. Hugo for their long years of work in the enterprise. As of July 1, 1996, Dr. Claus Dieter Hoffmann, Hans Hugendubel, Robert S. Oswald and Gotthard Romberg became members of Management.

On December 31, 1996, Joachim Stöber left the Supervisory Council. The council thanks Mr. Stöber for his dedicated work. The Stuttgart district court appointed Olaf Kunz as his successor.

Stuttgart, April 1997

For the Supervisory Council
Dr. Marcus Bierich
Chairman

Supervisory Council

Dr. phil. Dr. rer. oec. h.c.

Marcus Bierich, Stuttgart

Chairman

Former Chairman of the Board of Management of Robert Bosch GmbH

Walter Bauer, Kohlberg

Deputy Chairman

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

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

Knut Angstenberger, Stuttgart
Department Manager at the Feuerbach Plant of Robert Bosch GmbH, and Chairman of the Joint Speaker Group of Robert Bosch GmbH and of the Group Speaker Committee

Rudolf Baron, Sibbesse
Chairman of the Shop Council of the Hildesheim Plant and Member of the Joint Shop Council of Blaupunkt-Werke GmbH

Dietfried Blanarsch, Stuttgart
Deputy Chairman of the Shop Council of the Feuerbach Plant and Member of the Joint Shop Council of Robert Bosch GmbH

Dr. jur. Robert E. Ehret, Frankfurt
former Member of the Board of Management of Deutsche Bank AG

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

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

Hans-Henning Funk, Hildesheim
Chairman of the Shop Council of the Hildesheim Plant and Member of the Joint Shop Council of Robert Bosch GmbH

Dr. rer. pol. Johan M. Goudswaard, Wassenaar/Netherlands

Former Deputy Chairman of the Board of Directors of Unilever NV

Dr. jur. Karl Gutbrod, Stuttgart
Former Member of the Board of Management of Robert Bosch GmbH
Chairman of the Board of Trustees of Robert Bosch Stiftung GmbH

Gudrun Hamacher, Frankfurt
Managing Member of the Board of Directors of the Trade Unions of the Metal Industry

Jörg A. Henle, Berlin
Chairman of the Board of Trustees of the Peter Klöckner Stiftung

Dr. jur. Robert Holzach, Zumikon/Switzerland
Honorary President of the Union Bank of Switzerland - until June 30, 1996

Dr. rer. pol. Wolfgang Hugo, Stuttgart,
former Member of the Board of Management of Robert Bosch GmbH, as of July 1, 1996

Olaf Kunz, Frankfurt
Managing Director of the Trade Unions of the Metal Industry, Department for Union Policy, as of January 1, 1997

Prof. Gero Madelung, Munich
Technical University Munich
Chair of Aviation Technology

Prof. Dr. rer. nat.
Hans-Joachim Queisser, Stuttgart
Director at the Max-Planck-Institute for Solid-State Research

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

Joachim Stöber, Frankfurt
Member of the Board of Directors of the Trade Unions of the Metal Industry, Department for Industrial Co-management - until December 31, 1996

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

Management

Members of the Board of Management

Hermann Scholl
Chairman

Friedrich Schiefer
Deputy Chairman
died May 31, 1996

Clemens Börsig
until March 31, 1997

Hermann Eisele
until June 30, 1996

Heiner Gutberlet

Rainer Hahn

Wolfgang Hugo
until June 30, 1996

Hansjörg Manger
until June 30, 1996

Tilman Todenhöfer

Hubert Zimmerer

Further Members of Management

Werner Andexser
as of April 1, 1997

Claus Dieter Hoffmann
as of July 1, 1996

Hans Hugendubel
as of July 1, 1996

Robert S. Oswald
as of July 1, 1996

Stephan Rojahn
as of April 1, 1997

Gotthard Romberg
as of July 1, 1996

Ten Year Statistics Bosch Group Worldwide

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Sales	25,365	27,675	30,588	31,824	33,600	34,432	32,469	34,478	35,844	41,146
Foreign share as a percentage of sales	50	51	52	51	48	47	49	54	56	61
Expenditures for research and development										
	1,425	1,640	1,803	2,042	2,144	2,302	2,215	2,255	2,474	2,887
as a percentage of sales	5.6	5.9	5.9	6.4	6.4	6.7	6.8	6.5	6.9	7.0
Investments in tangible fixed assets										
	2,015	1,937	2,064	2,790	2,273	2,038	1,552	1,578	2,056	2,419
including domestic	1,576	1,390	1,259	1,708	1,464	1,347	990	960	1,255	1,270
including foreign	439	547	805	1,082	809	691	562	618	801	1,149
as a percentage of sales	7.9	7.0	6.7	8.8	6.8	5.9	4.8	4.6	5.7	5.9
as a percentage of depreciation	142	128	128	162	126	103	85	90	117	117
Depreciation on tangible fixed assets	1,416	1,511	1,607	1,725	1,799	1,976	1,836	1,747	1,757	2,059
Employees – annual average – (000 omitted)										
	161	168	175	180	181	177	165	156	158	172
including domestic	111	113	117	118	117	113	104	95	92	91
including foreign	50	53	58	62	64	64	61	61	66	81
as of January 1, of following year	161	168	178	181	177	170	157	154	157	176
Personnel expenses	8,782	9,277	10,202	10,718	11,403	11,838	11,692	11,439	11,476	13,017
Total assets										
	18,181	20,301	22,205	23,544	24,247	24,452	25,447	27,373	28,504	32,273
Fixed assets										
	4,580	5,732	6,064	7,147	7,467	7,769	7,003	6,650	6,957	10,784
as a percentage of total assets	25	28	27	30	31	32	27	24	24	33
Equity capital										
	5,623	6,174	6,668	7,050	7,471	7,859	8,304	8,563	9,038	9,527
as a percentage of total assets	31	30	30	30	31	32	33	31	32	30
Cash flow										
	2,849	3,265	3,433	3,104	3,267	3,501	3,717	3,765	3,245	3,539
as a percentage of sales	11.2	11.8	11.2	9.8	9.7	10.2	11.4	10.9	9.1	8.6
Net income for the year	825	554	626	560	540	512	426	512	550	500
Unappropriated earnings										
(Dividends of Robert Bosch GmbH)	43	43	43	43	43	60	60	60	68	68

Values in million DM

Bosch Group – Business Sectors

Automotive Equipment

**Automotive Equipment
Division 1**
ABS and braking systems

**Automotive Equipment
Division 2**
Lighting technology

**Automotive Equipment
Division 3**
Management systems for gasoline engines

**Automotive Equipment
Division 4**
Bodywork electrics and electronics

**Automotive Equipment
Division 5**
Diesel fuel-injection equipment

**Automotive Equipment
Division 6**
Synthetic parts

**Automotive Equipment
Division 7**
Mobile communications

**Automotive Equipment
Division 8**
Semiconductors and electronic control units

**Automotive Equipment
Division 9**
Starting motors and alternators

**Automotive Aftermarket
Division**
Distribution of automotive equipment,
after-sales service, test equipment and
technology

Communications Technology

Communications networks
(private networks, public switching systems,
radio-relay systems, multiplex systems,
network management)

Broadband networks
Terminals
Aerospace engineering

Private mobile radio
Security systems
Traffic-control technology

Consumer Goods

**Bosch-Siemens
Hausgeräte GmbH⁽¹⁾**
Electrical household appliances

**Power Tools
Division**
Electric power tools for the trades and for the
gardening and do-it-yourself markets
Tool attachments and accessories

**Bosch
Thermotechnology Division**
Heating and hot-water equipment, controls,
gas controls

Capital Goods

**Automation
Technology Division**
Automotive hydraulics, industrial hydraulics,
pneumatics, assembly engineering, drive and
control engineering, deburring systems,
tightening and press-fit systems

**Packaging Machinery
Division**
Packaging machines and equipment
Machinery for the production of candies

⁽¹⁾ Bosch ownership 50%



BOSCH

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