

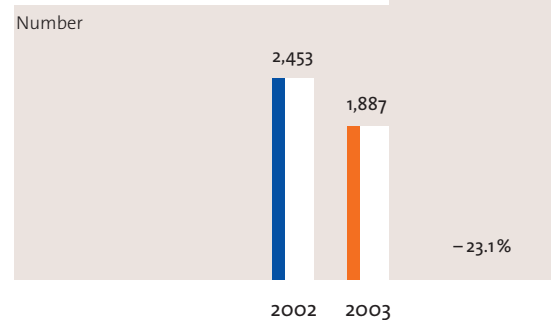


Employees

EMPLOYEES*	2003	2002 **	Change
	€ million	€ million	%
Branches in the Ruhr area	616	957	-35.6
Viterra Rhein-Main	255	321	-20.6
Deutschbau	347	716	-51.5
Viterra Development	140	92	52.2
Viterra head office	424	132	>100
Others	105	235	-55.3
Total	1,887	2,453	-23.1

* Excluding Board members, managing directors and trainees
** After adjustment for discontinued operations

EMPLOYEES



Staff numbers fall by 23.1 % as a result of structural changes

At the end of 2003, 1,887 people were employed in the Viterra Group. Therefore, the number of employees fell by 23.1 % in a year-on-year comparison. This decrease is mainly due to the outsourcing of caretaker work at Deutschbau, the reorganisation of caretaker services at Viterra Rhein-Main as well as the discontinuation of Viterra Baupartner's business operations.

Viterra Baupartner ceased trading on December 31, 2003. Of the 177 Viterra Baupartner employees (December 31, 2002), 90 were given alternative employment in the Viterra Group. With the aid of our internal job vacancy coordination system, we managed to place 22 in other Group companies. 68 staff moved with the apartment development activities to Viterra Development. Another 16 have been working at Viterra AG since January 1, 2004.

The changes at the branches in the Ruhr area are mainly due to the transfer of 292 Viterra Wohnen employees to Viterra head office as part of the merger of Viterra Wohnen with Viterra AG.

Financial and other measures were introduced to cushion the effect of the merger on employees and make any changes necessary as socially acceptable as possible. This action included a reconciliation of interests and a social plan agreed with the works councils.

200 employees had part-time contracts with Viterra at the end of the year (2002: 586).

Personnel expenses

Personnel expenses totalled € 150.9 million in 2003 (2002: € 157.3 million). € 117.6 million was spent on wages and salaries (2002: € 123.3 million), € 16.7 million on social security contributions (2002: € 18.1 million) and € 16.6 million on pensions and support (2002: € 15.9 million).



Pay-for-performance system introduced

At the beginning of 2003, we introduced a uniform profit and performance-linked pay system for the managing directors of our subsidiaries and the senior managers. The idea behind the new system is to give each individual more clarity about positions and prospects in the company and in general to improve transparency and comparability of remuneration for non-pay-scale employees. Furthermore, the pay system supports the company's other control instruments.

Management and staff development systems combined

In 2003, personnel development was dominated by the merger of Vitera Wohnen with Vitera AG. In the light of the merger, all personnel development instruments at Vitera were reviewed and combined in one overall concept.

The heart of this concept is still the "staff development round". This instrument was successfully introduced in all companies in 2002. In these rounds, high performers and people with potential throughout the Group are evaluated by the Board of Management and their superiors using a special standard procedure. This instrument makes the assessment and promotion of people with potential a transparent process. The results of the individual staff development rounds are put together and assessed at the personnel conference.

The people with potential identified in the staff development rounds and at the personnel conference are prepared for extended tasks in various development programmes. For example, the participants take part in a development centre during which their strengths/weaknesses profile is established. This is the basis for deciding which modules of the various development programmes make most sense for the individual concerned. The development programmes give the selected staff the qualifications they need to take on their first managerial position or a position with greater responsibility.

In 2003, the number of development programmes offered was extended to include the Job Enlargement Programme. This programme is designed to advance specialist staff for whom the assumption of managerial responsibility is not necessarily a career step. Here, the focus is on extending the candidate's specialist knowledge.

In addition to the general development programmes, staff who are particularly worth promoting are given special support to develop their individual potential. Their present qualifications are developed with no particular future position or function in mind. Participation in management training courses, internal or external further training seminars, selective on-the-job training, extended duties or coaching are all planned as special development measures.

Further training regarded as central to continued success

Vitera attaches great importance to having staff who continually improve their qualifications. Our management training courses are individually tailored to the special target group and geared to the company's strategy.

The seminars selected are always target and requirement-oriented. One focus in 2003 was training the staff in value-based-management.



New vocational training concept successfully established

A new vocational training concept was successfully introduced in 2003. The focal idea behind this new concept was to ensure high-quality training at our company. By giving our trainees several projects to handle, we promoted problem-oriented and holistic learning as well as a closer linking of theory and practice. In the projects, our trainees were given practical problems to tackle and a certain time-frame within which to work out their own solutions in teams.

One of the trainees' projects on trainee marketing was successfully implemented last year.

By restructuring in-house vocational training and introducing the new training concept in 2003, Viterra has developed a pioneering model for the housing industry. This shows that Viterra not only attaches great importance to the further qualification and development of employees and managerial staff but also to vocational training.

In the year under review, 34 young people were given a training place in the Viterra Group (2002: 15). Thus, at the end of 2003 a total of 63 (2002: 85) were learning a profession at our company. Of the 52 trainees (2002: 20) who passed their final exams in 2003, six (2002: three) were given a permanent contract.

Another four training places were created in 2003 as part of the "E.ON Training Initiative". The number of training places is to be increased again in 2004.

Long-term asset formation still attractive/ pension fund set up

Viterra has been participating in the E.ON investment plan since 2000. It offers our employees an attractive opportunity to accumulate capital over a long period, particularly for their retirement. Under this savings scheme, staff can not only purchase employee shares but also shares in special stock and pension funds. The employee is encouraged to save on a long-term basis as he receives a bonus which increases the longer he saves. In 2002, about 848 employees in the Group took part in the investment plan.

Furthermore, in 2004 Viterra introduced an employer-financed pension for pay-scale workers in the form of a pension fund. It was set up as part of an agreement with the works council on the harmonisation of provisions under collective wage and works agreements in the Viterra Group. Following harmonisation, the entire company now has uniform working conditions in line with contemporary demands. Administration-intensive additional benefits involving a great deal of administration were cancelled.