

--	--	--	--

*Employees*

Strategy and Human Resources Report



In Germany and abroad: Hella trains employees all over the world.



## ***Every Employee Dedicated to Serving our Customers***

**Strategy and Human Resources Development:** Hella counts on top quality performance by its employees and the entrepreneurial responsibility of its employees. This philosophy benefits customers and offers our employees an attractive working environment. For our human resources and organizational development, fiscal year 2003-2004 was characterized by continuation of the Hella quality campaign and by the further optimization of processes and costs in all areas of the company.

### **Quality Campaign in its Second Year**

Within the context of our quality campaign we have fundamentally reorganized teamwork. The emphasis was on the qualification of 86 employees who act at our Lippstadt location as team leaders with the authority to issue instructions. In connection with this, we introduced additional training programs for team leaders and foremen during the year under review.

At this juncture we would like to express our sincere thanks to all of our employees for their dedication and their contribution to the success of the company.

### **Consistent Process Management Worldwide**

Further important building blocks for implementation of an effective corporate organization were Hella programs all over the world for the introduction of uniform project management and for the reorganization of our processes in the "Standardization and Harmonization of Processes with SAP" project.

The Personnel Accounting module came online at the start of 2004 as the last project phase for the introduction of SAP in the Human Resources Issues department. This means that all modules including personnel administration, organizational management, applicant management, and event management, have been implemented.



#### Targeted Promotion of Expert Know-How

At the start of the fiscal year, our company introduced a new potential analysis process based on the revised Hella competence model. The concept was developed in conjunction with the specialist divisions during several workshops. In addition to basic criteria, it contains individual criteria for specialized and management competence. The focus of human resources development is therefore – in addition to identifying a new generation of managers – to promote existing potential for responsible expert activities. We have already successfully used the procedure in coaching many employees during the fiscal year.

#### Work & Life Strategy Continues

The opening of the Hella-Kinderhaus child care center in April 2004 is another building-block in our Work & Life strategy. We currently offer care to 32 children of our employees in Lippstadt.

Thanks to successful occupational health and safety measures, our accident figures were also well below the level of comparable data from the relevant professional association. As a result, our company was again granted a considerable reduction in the premiums it pays.

#### More Training at Hella

A total of 142 young people began their careers in our German plants during the past fiscal year. This brought the total number of trainees – including 55 scholarship recipients in cooperation with the Fachhochschule Südwestfalen – working for us to 459. The addition of nine training places is evidence of the great interest in our qualified training programs and of Hella's willingness to meet its obligation to assist the new generation.

The new trainees and scholarship recipients from Lippstadt met at the Jugendburg Gehmen for a one-week introductory seminar, while the trainees from Paderborn, Hamm, and Recklinghausen met at the Aasee Jugendgästehaus in Münster.

480 new employees strengthen Hella's European teams.



**Company Suggestion Scheme Popular**

A total of 9,537 suggestions for improvement were submitted to Hella, an increase of 18.7 percent in comparison with the previous year. The Continuous Improvement Process in our organization was the subject of 4,701 of the ideas. Bonus payments totaled € 780,459.

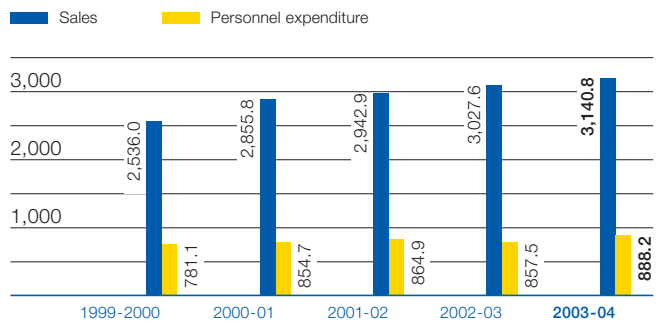
Participation by 29.7 percent of employees is considerably higher than the 25 percent average for the automotive supplier industry. We see this result as confirmation of the creativity and motivation of our employees.

**Current Employment Trend**

The number of permanent employees of the Hella Group increased by 4.8 percent during the reporting period. This means a rise from 22,811 to 23,895 employees.

The personnel trend differed in the individual business divisions: In the division Light, the number rose by 5.4 percent to 10,851 employees; in the division Electronics it rose to 5,296 (up 4.9 percent). In our business division Aftermarket & Special OE we employed 5,515 people during the year under review, an increase of 8.9 percent

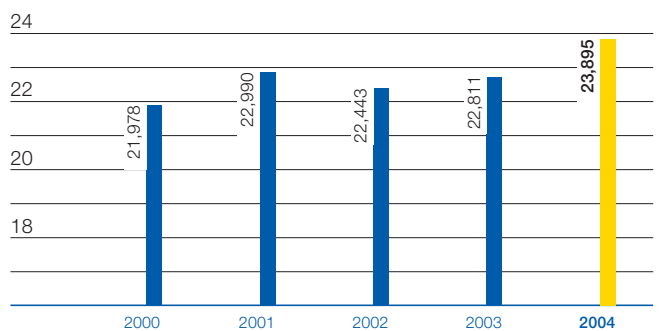
**Personnel Expenditure (in million €)**



**Percentage of Sales**



**Employees of the Hella Group, 05/31 (in thousands)**

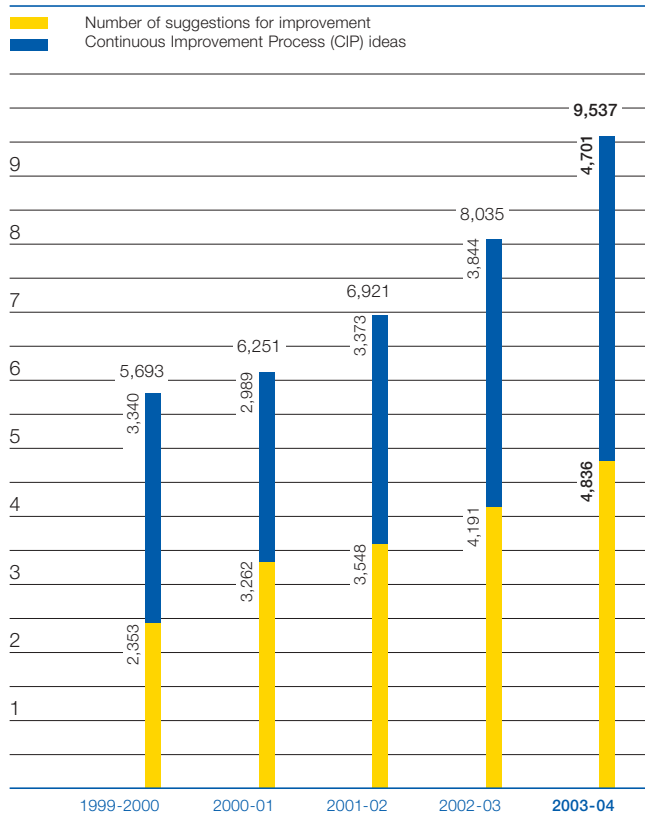




The number of employees in Germany rose by 1.1 percent. This corresponds to 12,908 permanent employees, compared with 12,773 one year ago. Permanent employees of the parent company Hella KGaA (HKG) rose slightly from 7,960 to 8,032. This is primarily the result of the expansion of personnel capacities in Research & Development.

In the rest of Europe, the number of employees rose from 5,400 to 5,880, up 8.9 percent from the previous year. The number of employees in the NAFTA region (2,785) remained almost unchanged from the previous year's level (2,793). There was again double-digit growth for the number of employees in the Asia-Pacific region, which rose from 1,845 to 2,322. The 25.9 percent increase was primarily due to development of our activities in China.

### Hella Company Suggestion Scheme in Germany



### Employees by Region (Hella Group 05/31)

	2004	(+/-)	Share	2003	2002
Germany	12,908	(+1.1 %)	54.0 %	12,773	12,942
Europe not including Germany	5,880	(+8.9 %)	24.6 %	5,400	5,361
America	2,785	(-0.3 %)	11.7 %	2,793	2,922
Asia-Pacific	2,322	(+25.9 %)	9.7 %	1,845	1,218
<b>Total</b>	<b>23,895</b>	<b>(+4.8 %)</b>		<b>22,811</b>	<b>22,433</b>

	2004	(+/-)	Share	2003	2002
Germany	12,908	(+1.1 %)	54.0 %	12,773	12,942
Europe not including Germany	5,880	(+8.9 %)	24.6 %	5,400	5,361
America	2,785	(-0.3 %)	11.7 %	2,793	2,922
Asia-Pacific	2,322	(+25.9 %)	9.7 %	1,845	1,218
<b>Total</b>	<b>23,895</b>	<b>(+4.8 %)</b>		<b>22,811</b>	<b>22,433</b>

--	--	--	--

	General Economic Conditions	Sales and Returns	Financial Position
--	-----------------------------	-------------------	--------------------

