

Annual Report of MLP AG 2008



Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Words such as "expect", "anticipate", "estimate", "assume", "intend", "plan", "should", "could", "project" and other similar terms used in reference to the company describe prognoses based on certain factors subject to uncertainty. Many factors can contribute to the actual results of the MLP Group differing significantly from the prognoses made in such statements. MLP AG accepts no liability to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties, which can lead to the actual results differing from expectations. The prognoses reflect the points of view at the time when they were made.

Table of contents

Report by the Supervisory Board	4
Management Report	10
Overall economic situation.....	10
Industry situation and competitive environment.....	12
Company situation.....	20
Remuneration report.....	30
Risk report.....	31
Forecast.....	48
Events subsequent to the reporting date.....	55
Corporate Governance Report	56
Financial statements / Notes	71
Profit and loss account for 2008	72
Balance Sheet as at December 31, 2008	73
Notes to the financial statements of 2008	75
General information.....	75
Notes to the profit & loss account.....	78
Notes to the statement of changes in assets.....	81
Notes to the balance sheet.....	81
Notes to the cash flow statement.....	95
Miscellaneous information.....	97
Audit opinion	114
Responsibility statement	115
Financial calendar 2009	116
Imprint / Contact	117

Report by the Supervisory Board

In the financial year 2008, the Supervisory Board invested much time and effort in dealing with the development of the company and performed its duties of supervision in their entirety. It regularly advised and monitored the Executive Board in its management of the company.

The election of new Supervisory Board members was on the agenda in the financial year 2008. Dr. h. c. Manfred Lautenschläger, Dr. Peter Lütke-Bornefeld, Johannes Maret and Dr. Claus-Michael Dill were appointed to the Supervisory Board as representatives of the shareholders at the MLP AG Annual General Meeting on May 16, 2008. Maria Bähr and Norbert Kohler were elected by employees in the MLP Group on April 16, 2008 as their representatives in the Supervisory Board.

Furthermore, during the course of the last financial year the Supervisory Board paid a great deal of attention to the economic development, financial situation and prospects of the company.

The Supervisory and Executive Boards met on numerous occasions to discuss business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board provided the Supervisory Board with timely and comprehensive reports, both written and oral, on a regular basis and on all relevant issues related to corporate planning, strategic development, the business situation and the position and development of the Group as a whole, including the risk situation, risk management and compliance. The Supervisory Board was able to confirm the correctness of the company management by the Executive Board.

With approval of the Supervisory Board, in August 2008 the Executive Board decided to issue 9,799,152 new ordinary shares from authorised capital for cash contributions to the tune of € 123,763,290 and thereby increase the company's share capital by € 9,799,152. With the cash funds collected, it was possible to once again significantly strengthen the position of MLP AG, enabling the company to get actively involved in the current consolidation in the financial services sector and permanently secure its independent consulting business model.

Having successfully set its strategy and increased its independence in the last few years, in 2008 MLP again strengthened its occupational pension provision operations, to which end it entered into a strategic partnership with TPC, one of Germany's leading providers of industry solutions for occupational pension schemes. On February 29, 2008, MLP was ultimately able to acquire 100% ownership of TPC.

In the financial year 2008, the Supervisory Board held five regular and three extraordinary meetings, which with one exception were always attended by all members, either in person or via conference call. In addition, the constitutive meeting of the Supervisory Board also took place following the election of the new Supervisory Board members at the Annual General Meeting in May 2008. The Supervisory Board was informed of particularly important or urgent projects outside of the regular meetings. Where necessary, the resolutions were made via telephone conference, by connecting to Supervisory Board members who were unable to attend the meetings in person via telephone or in circular resolutions.

In addition to this, three meetings of the Personnel Committee, three meetings of the Audit Committee and two meetings of the Nomination Committee also took place, and were each attended by all committee members. Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informed the other members of the Supervisory Board in detail about the content of the meetings with the Executive Board.

Supervisory Board meetings and important resolutions

A circular resolution was also drafted on February 29, 2008 to gain approval for the acquisition of all company shares in TPC Group GmbH, a company that operates in the field of occupational pension provision.

Following preparations by meetings of the Audit Committee, the meeting of the Supervisory Board on March 26, 2008 focused on the audit and approval of the financial statements and the consolidated financial statements as at December 31, 2007. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved the financial statements and the consolidated financial statements of December 31, 2007. Other significant issues that figured on the agenda of this meeting were the Supervisory Board's proposals for resolutions to the regular Annual General Meeting of MLP AG on May 16, 2008.

The results and business development of the first quarter of 2008 were discussed at the regular meeting of the Supervisory Board on April 30, 2008.

Directly after the MLP AG Annual General Meeting, in which the members of the Supervisory Board were elected, on May 16, 2008 a constitutive meeting of the Supervisory Board at MLP AG was held, in which Dr. h. c. Manfred Lautenschläger was elected Chairman of the Supervisory Board and Dr. Peter Lütke-Bornefeld as Vice Chairman.

The results of the second quarter, the business development in the first half of the year and reporting on the status of the expansion of the risk management system and risk report were on the agenda of the regular Supervisory Board meeting on August 11, 2008.

In a meeting of the Supervisory Board held in August 2008 by conference call, the members of the MLP AG Supervisory Board were informed of the Swiss Life Group's plans to become a significant shareholder in MLP AG. Here, the Executive Board coordinated and agreed the further course of action with the Supervisory Board.

On August 21, 2008 the MLP AG Supervisory Board approved the increase in capital stock previously agreed in the Executive Board at MLP AG through the issuing of 9,799,152 new ordinary shares from authorised capital in exchange for cash contributions to the tune of € 123,763,290.

In a resolution via telephone on September 29, 2008 the submission of a binding offer from MLP Finanzdienstleistungen AG for the acquisition of all shares in ZSH Vermittlung von Versicherungen und Vermögensanlagen GmbH & CO. KG as well as its general partner, ZSH Vermittlung von Versicherungen und Vermögensanlagen Verwaltungs GmbH, was approved.

The November meeting focused on the results of the third quarter.

At the meeting on December 11, 2008, discussion focused on the resolution on the Declaration of Compliance in line with § 161 of the German Stock Corporation Act (AktG), adherence to the regulations of the German Corporate Governance Code and ensuring compliance within the MLP Group. Detailed reports were given on corporate governance, compliance and their organisation at MLP AG and in the Group. Budget planning for 2009 was also discussed.

In the same meeting in December 2008, Dr. Peter Lütke-Bornefeld was elected as the new Chairman of the Supervisory Board following Dr. h. c. Manfred Lautenschläger's decision to retire from this position.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2008.

The Personnel Committee convened three times in the reporting period. Alongside examination of Executive Board remuneration and pension promises, attention was also given to long-term succession planning in the Executive Board.

The Audit Committee held three regular meetings in the financial year 2008. Representatives of the auditor were also present at its meetings. In the presence of the auditors and the Chairman of the Executive Board, the Audit Committee discussed the financial statements of MLP AG and the Group as well as the proposed appropriation of earnings. There were detailed consultations on relations with the auditor, proposals for electing an auditor, remuneration, audit assignment and monitoring independence. The Audit Committee received regular reports on the work of the internal audit and on legal and regulatory risks and risks to reputation.

In addition, the Nomination Committee of the Supervisory Board convened twice, in particular to prepare the proposal of candidates for the Supervisory Board for the representatives of the shareholders to the Annual General Meeting.

Corporate Governance

The Supervisory Board regularly deals with the application of the Corporate Governance principles.

Last year, the Supervisory Board dedicated its meeting on December 11, 2008 in particular to detailed discussions of the amendments of the German Corporate Governance Code ratified on June 6, 2008.

Alongside the decision regarding cessation of foreign operations in Austria and the Netherlands, in its meeting on December 11, 2008, the Supervisory Board examined the efficiency of its work based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meeting. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were analysed.

At the same meeting, the MLP AG Supervisory Board also satisfied itself that the company had met the recommendations of the German Corporate Governance Code in line with its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in the last financial year and will in future continue to strictly comply with the recommendations of the Government Commission on the German Corporate Governance Code (version dated June 6, 2008). In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year 2008 and made it permanently available to the shareholders via its website.

No conflicts of interest arose in the reporting period.

A summary of Corporate Governance at MLP, including the text of the Declaration of Compliance of December 2008, can be found in the Corporate Governance report by the Executive and Supervisory Boards in this annual report. All relevant information is also available on our homepage at www.mlp-ag.de.

Audit of the annual financial statements and consolidated financial statements for 2008

The financial statements of MLP AG as at December 31, 2008 and the management report of MLP AG have been compiled by the Executive Board pursuant to the German Commercial Code (HGB) regulations. The consolidated financial statements and the Group management report were drafted as per § 315a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. The financial statements and management report of MLP AG as at December 31, 2008, as well as the Group financial statements and Group management report were audited in line with the principles of the German Commercial Code (HGB) by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, which issued an unqualified auditors' opinion. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the German IDW institute of auditors.

The financial statements, together with the management report, the auditors' reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time.

The Audit Committee of the Supervisory Board examined these documents in detail and reported to the Supervisory Board on its audit. The Supervisory Board also checked and discussed the documentation and reports in detail. The audit reports from Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, were made available to all members of the Supervisory Board and were dealt with in full at the Supervisory Board meeting on March 25, 2009 in the presence of the auditor, who reported on the most important results of his audit. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management system and gave detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditors' audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting of March 25, 2009, the Supervisory Board approved the annual financial statements and the MLP AG management report, as well as the consolidated financial statements and the consolidated management report prepared by the Executive Board in accordance with IFRS. The annual financial statements are therefore adopted.

After performing its own examinations, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.28 per share for the financial year 2008. Both the liquidity situation and budget of the company, as well as the shareholders' interest in the results, were included in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies and all employees and MLP consultants of the MLP Group for their commitment and achievements in the financial year 2008.

The entire Supervisory Board would like to express its special thanks to its long-standing Chairman, Dr. h. c. Manfred Lautenschläger, for his continued commitment over many years at the head of the committee, in which he will continue to be a member as Vice Chairman.

Wiesloch, March 2009

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

Management report

Overall economic situation

Framework conditions

Since the MLP Group generates over 98% of its total revenue in the German market, specifically in the retail business, the economic development in Germany, the development on the employment market – predominantly with regard to our target client group of academics and other discerning clients –, the purchasing power and the savings rate of German households are important indicators for our business development. However, in the course of the worldwide financial market crisis and its effects on national economic development, it also became clear that the future expectations of our clients formed the key national economic factor for our business development in 2008. In uncertain times, people are less inclined to commit to medium or long-term investment decisions, particularly in the areas of old-age provision and wealth management.

National economic environment

The crisis in the international financial markets came to a dramatic head in the second half of the year, which also had significant effects on the global economy. Yet thanks to the sound economic development up to the middle of the year, the most important industrial and emerging nations were still able to record growth. Based on calculations of the International Monetary Fund (IMF), global economic development was at a level of 3.4% last year. Set against the background of massive debt among private American households and the slowed consumer growth in the US that accompanied this, the US gross domestic product (GDP) only recorded a plus of 1.1%. Countries such as China or India, on the other hand, proved comparably resistant in terms of economic performance. China achieved GDP growth of 9.0%, while India saw a 7.3% increase in economic growth.

These figures are actually a little misleading in terms of the severity of the situation. Triggered by the immense losses in the capital markets and the threat of bankruptcy caused by the economic crisis, a dramatic drop in expectations of further positive economic development could be observed among both private consumers and companies. The consequence of this was a drop in demand, the speed of which even experts had underestimated. In several sectors, such as the automotive industry, this had further reaching dramatic consequences. Drops in revenue

in the fourth quarter of up to 30% in individual markets led to production being throttled back with the corresponding effects on the supply industry and employment figures. The full extent and overall effects of the crisis on the development of the global economic situation will only become clear in the course of the next few years (see also the forecast).

In Germany, the financial crisis marked the end of the economic growth enjoyed in previous years. Economic performance dropped in the second half of 2008. Yet gross domestic product for the year as a whole saw growth of 1.3%. And the employment market also escaped the worst of the effects of the financial crisis up to the end of 2008. Unemployment for the year as a whole dropped from 8.1% to 7.4%.

The target client group of the MLP Group consists of academics and other discerning clients. These are generally well educated employees and, as such, have significantly better chances on the employment market than those with fewer qualifications. Academics are less threatened by unemployment and earn higher salaries than less well qualified groups. The labour force participation rate, which describes the proportion of those in gainful employment among the population, is at around 90% for academics in the age range from mid 30 to 60.

Alongside this, at around € 1,542 billion, neither the disposable income nor the purchase behaviour of German citizens saw negative change in 2008. The wage increases of the preceding years, the drop in inflation and lower energy/fuel prices in comparison with the start of the year stimulated consumer purchasing up to and including the Christmas period. Indeed, consumption expenditure enjoyed a slight upward trend over the course of the year. At the same time, German citizens also again increased their rate of saving by 0.2 percentage points compared to the previous year, presumably also due to the negative expectations for the future triggered by the financial crisis. People saved 11% of their disposable income. This corresponds to an average savings rate of € 180 per German citizen per month. However, people are still leaning more toward short-term forms of saving rather than making long-term commitments. This behaviour was reinforced by the financial market crisis. The losses suffered and the discussion regarding the security of individual forms of investment caused many investors to move their funds from volatile forms of investment into generally more secure options with a lower long-term return (see also Industry situation and competitive environment, wealth management).

German citizens are quite pessimistic in terms of what the future holds. According to a survey performed by "Gesellschaft für Konsumforschung (GfK)", private households in Germany expect to see a recession in 2009. And the effects of these negative expectations could already be felt in the demand for long-term old-age provision or wealth management concepts in the second

half of 2008. The future expectations of our clients therefore became the key economic factor affecting our business development in the third and fourth quarter. Particularly in the fourth quarter, which is our most important time of the year and generates the most revenue, this trend had a significant influence on the development of total revenue and thereby also on our earnings for the year as a whole.

Overall it is fair to say that the important economic indicators for the business development of the MLP Group in normal years, such as economic development, the unemployment and savings rates and purchasing power, saw positive development in Germany in the last financial year. However, the financial crisis and its effects on future economic development had a significant negative effect on business development which greatly outweighed the positive aspects. As we had already communicated at the end of the third quarter in 2008, the financial market crisis was the main reason for our not being able to achieve our own goal of increasing the total revenue for the Group.

Industry situation and competitive environment

The MLP Group is the leading independent financial and investment adviser for academics and other discerning clients. The Group develops holistic financial plans for our clients that are tailored both to the respective phase of their life and their individual goals, integrating the best solutions from the vast portfolio of products from a large number of banks, insurance companies and investment companies. The future prospects of the Group can be influenced by changes in investor behaviour in the various segments, yet also by changes in the German financial services market – for example due to the appearance of new competitors or new legislation.

Old-age provision

The German system of social security insurance is undergoing deep-rooted changes. The pay-as-you-go financing of the social insurance system – the so-called inter-generation contract – is no longer capable of performing the task for which it was established. Fewer and fewer citizens are contributing, while more and more people are reaching retirement age. The increase in life expectancy, the dropping birth rate and altered income situations have blatantly exposed the limits of the inter-generation contract. The legislator must therefore take action. The social

security system has been reformed, placing emphasis on citizens taking greater responsibility for their own old-age provision. The new old-age provision system in Germany is based on three layers:

- Layer 1: Basic provision, which contains the legal pension and state-supported pensions such as the "Rürup" pension
- Layer 2: Private supplementary pensions such as the "Riester" pension and occupational pension provision
- Layer 3: Old-age provision products such as endowment life insurance policies and private pensions

The Riester pension has seen the greatest acceptance among the new state-supported private supplementary pension provision. Since the final stage of the Riester concept was introduced last year, the basic allowance for Riester contracts has increased from € 114 to € 154. In addition to this, children's allowance increased to € 185 in 2008 and a special expenses allowance of up to € 2,100 could be asserted in personal tax returns. As such, saving with the Riester approach is an interesting offer for many Germans within the scope of private old-age provision. When selecting the desired form of saving, citizens can choose between certified saving plans, fund saving plans and pension insurance policies.

By the end of 2008, the total number of Riester contracts in place reached a level of around 12 million, although 2008 itself saw a drop in the number of new Riester contracts signed. It remains to be seen whether the cause of this lies in a certain degree of market saturation or can simply be attributed to the uncertainty the financial market crisis has generated among citizens.

Since 2008 there has been an indirect allowance for citizens purchasing property that they themselves live in. With the so-called "Wohn-Riester" introduced in the second half of last year, those building or purchasing residential property to use as their own home or those purchasing shares in a residential co-op are eligible for Riester state subsidies.

The basic or "Rürup" pension has still not been able to fully establish itself among German investors. Introduced in 2005, the Rürup pension was developed by the legislator primarily for those with no opportunity to sign a Riester contract or those who have already exploited the full potential of the Riester allowance. These are self-employed persons that are not covered by the statutory pension insurance system. Yet the basic pension also represents an attractive form of saving for other professional groups. It can, for example, also be combined with an additional disability insurance. This combination makes the disability insurance premium tax deductible.

Yet the target group is only taking up the offer with some reluctance. By the end of 2008 only around 600,000 Rürup annuity contracts had been signed, although we do expect the demand for Rürup pensions to increase as soon as the market for Riester contracts is saturated. The incremental increases in tax subsidies for the basic pension is another incentive that stimulates demand.

Private pension insurances and endowment life insurances are commonly used provision instruments in layer 3 of old-age provision. In 2008 the trend toward pension insurance continued. The convincing arguments for products from layer 3 are their ROI opportunities and their flexibility.

Yet many investors considered it more prudent, given the turbulence on the stock markets in the second half of 2008, to focus on secure investments rather than a high rate of return as had previously been the case. With the hybrid constructions linked to the capital market, which are particularly popular among old-age provision offers, investors' increased desire for security resulted in greater demand for products that offer guarantees with regard to maturity payments. Overall, the Association of German Insurers (GDV Verband der Versicherungswirtschaft) reported that around 7 million new life insurance policies were concluded in 2008 and that the year also saw slight growth in premiums.

Occupational pension provision enjoyed continued positive development last year. More than 18 million employees in Germany now have a company pension entitlement. According to the "Pension Insurance Report 2008" published by the German Federal Ministry of Labour and Social Affairs, at the end of 2007 around 64% of employees subject to social insurance contributions had a supplementary company pension – showing a continued upward trend. While it used to be mainly large companies that offered their staff the option of occupational pension provision, 2008 also saw large numbers of medium-sized businesses embrace the concept of occupational pension provision. Employees' legal entitlement to deferred compensation is also helping increase demand. This means that employers are obliged to offer their employees at least one type of deferred compensation if they are interested in occupational pension provision.

Alongside state subsidies, the fact that the product providers can offer favourable conditions through framework agreements with employers is another reason for introducing occupational pension provision. This makes occupational pension provision an interesting proposition for everyone involved. In Germany there are five ways to implement a system of occupational pension provision: Employer's pension commitments, provident funds, direct insurances, pension schemes and pension funds. Which approach is best suited depends on the company in

question. As an expert in all questions of occupational pension provision, the MLP Group finds the solution that best meets the requirements and interests of everyone involved.

Overall it is important for the German populous - and in particular the younger generation - to have a clear acceptance of private and occupational pension provision. As determined in the "Wealth Barometer 2008" by the "Deutsche Sparkassen- und Giroverband", the vast majority of those living in Germany are willing to take matters more into their own hands when it comes to old-age provision. 84% of 30 to 39-year olds and 83% of those under 30 consider it important to actively save for their own old age. This will have a generally favourable effect on the consulting offering in the field of old-age provision in the medium and long-term.

However, there is still a discrepancy between understanding the concept and taking concrete action. Many people like to put off worrying about their old-age provision to a later date, believing that they will be able to start saving for their old age later on. Not enough consideration is given to the compound interest effect (which makes it vital to start saving early on), to the cost of living (which is generally higher than many anticipate) or to the increased life expectancy that we enjoy today.

This discrepancy between supply and demand is also reflected in the business development of the MLP Group last year. Together with the negative effects of the financial market crisis in terms of the demand for long-term old-age provision concepts, this led to more moderate business development in the field of old-age provision. At € 346.4 million, total revenue in this segment was below the previous year's level. This corresponds to 62% of our revenue and clearly underlines the importance of this segment for the overall development of the MLP Group.

Health provision

The year 2008 was a transitional year for German healthcare. Broad sections of the population have come to terms with the notion that the healthcare system in Germany is constantly becoming more expensive yet not offering improved performance. Within the scope of the MLP Health Report 2008, six out of ten German citizens considered that healthcare provision in Germany had deteriorated. And 57% of doctors questioned in the same, representative survey by the Allensbach Institute confirmed this impression of the citizens. Yet the media did not give much attention to the topic of healthcare in 2008. Germany was awaiting the launch of the German Healthcare Fund on January 1, 2009, which will introduce a standard health insurance

premium for all statutory health insurance funds. Those on statutory insurance who had not yet switched to a cheaper statutory scheme in the last few years, continued to hold off in 2008 and wait for the healthcare fund.

Private health insurers had a client base of 8.57 million German residents on June 30, 2008. While in the first half of 2007 some 37,700 people switched to a private health insurance, only 23,400 did the same in the first half of 2008. One reason for this is surely the increased income limit introduced in February 2007, above which people can freely make the switch. According to the new regulations, employees can only switch to a private health insurance when they can demonstrate that their income has been above this statutory insurance limit for three calendar years in succession. This represents a real hurdle for those wishing to switch, particularly since the statutory insurance limit is also increased year on year. Last year, for example, the bar was set at € 48,150, which will reach € 48,600 in 2009 and € 49,050 in 2010.

Demand for private supplementary insurance remains steady. In 2008, the number of people with supplementary insurance reached around 21 million for the first time. Overall, the insurance industry expects to collect premium income to the tune of € 30.3 billion in the private health insurance sector for 2008.

Set against the background of continued reductions in service among statutory health insurance schemes, last year the consultants of the MLP Group placed particular emphasis on informing clients of option tariffs in their consulting. Option tariffs still allow people later entry into private health insurance without having to worry about higher costs later on due to poorer health status. The offer attracted a great deal of interest. In 2008, we mainly brokered option tariffs for later entry into private health insurance, supplementary insurance, supplementary dental insurance and supplementary care insurance. This is roughly in line with the sales trend in the sector.

Most Germans now believe that the statutory health insurance funds have reached their performance limits and that there is no doubt that the treatment they provide in future will have to be further reduced while premiums continue to increase. There is therefore willingness to switch to private health insurance. However, the legal environment is making it difficult to broker new private health insurance contracts. Those willing to make the switch now have to prove that their earnings have been above the legal limit for three years in succession before they can change to a private provider. This is causing a time lag for the planned change. As such, new business in MLP Finanzdienstleistungen AG's health insurance segment was at a lower level in 2008.

Wealth management

Due to losses in the share and bond market caused by the financial market crisis, financial assets of private households in Germany amounted to € 4.53 billion in 2008, 0.5% lower than in the previous year. Germans once again displayed a strong tendency to save last year. With the savings rate at 11% of disposable income, people in Germany are more willing to save than most other Europeans. Only the French save more in Europe, with a savings rate of 13.1%.

60% of savings were held as savings deposits, demand deposits, fixed-term deposits and cash. Only around 9% is invested in shares. In the course of the financial market crisis, the desire for security among German savers was again clearly evident, as investors largely moved away from investment in securities. Over the course of 2008, the German Mutual Fund Association (BVI Bundesverband der Investmentgesellschaften) recorded a significant withdrawal of funds across most classes of funds and in autumn even deemed it necessary to point out to investors the high degree of bankruptcy protection among funds. At the end of 2008, the fund assets of mutual funds in Germany came to € 576 billion, and were therefore at a significantly lower level than on December 31, 2007, when some € 731 billion was invested in mutual funds. Significant withdrawals of funds were noted, in particular in money market, fixed income and mutual equity funds due to the uncertainty among investors. In return, time deposits such as fixed-term deposits saw an extraordinary inflow of funds.

Last year, the comprehensive shifting of securities portfolios anticipated by many experts prior to the introduction of withholding tax on January 1, 2009 did not take place. In its "Wealth Barometer 2008", the "Deutsche Sparkassen- und Giroverband" association found that only 26% of those questioned were willing to consider investment in the context of withholding tax. Most savers were not influenced by withholding tax in their investment behaviour.

The number of private individuals with net financial assets of more than \$ 1 million U.S. (excluding real estate assets) once again saw a sharp increase last year. The 2008 edition of the "World Wealth Report", published annually by the investment bank Merrill Lynch in cooperation with the corporate consultants Capgemini, records an increase in the net financial assets of wealthy private clients to \$ 40.7 trillion U.S. In Germany the number of wealthy private individuals increased by 3.5% to 826,000 persons (previous year: 798,000).

The Boston Consulting Group estimates the German market for wealth management at around € 4.8 trillion. As such, Germany has the second largest market volume for wealth management in Europe after Great Britain. Wealthy private investors, the so-called "high net worth individuals", are therefore being intensively canvassed by the financial services sector.

The MLP Group is well positioned in the wealth management business segment, not least due to the renowned subsidiary Feri Finance AG. However, within the scope of the world-wide financial market crisis in 2008 virtually all forms of investment have suffered value losses. This also made investors cautious with regard to new investments. Overall, this led to lower commission earnings. In the long-term view, however, our independent and holistic consulting philosophy in combination with the recognised expertise of Feri in wealth management offers good growth prospects.

Financing

In light of the economic slump, in 2008 German citizens used liquid funds not required to cover living costs to save and pay off debts. According to calculations of the "Deutscher Verband der Volksbanken und Raiffeisenbanken" association, the redemption of loans should exceed new lendings by € 12 billion by the end of the year. The debt level of German citizens will therefore drop for the fourth time in succession to a level of € 1,525 billion. An average debt of € 38,600 per household was determined. This is the lowest level in ten years.

The real estate market in Germany again cooled off significantly in the course of the world-wide financial market crisis in 2008. In the second half of the year, many foreign investors in particular withdrew from the market. Due to massive withdrawals, several real estate funds were even forced to temporarily halt redemption of their shares. The demand for real estate and the number of planned new builds have seen significant reductions, while the banks are being even more cautious than before when handling mortgage requests. With regard to private residential property financing, the Deutsche Bundesbank also reported a drop in volume over the course of the year in its statistics. Compared to the previous year, new business dropped from € 182 billion to € 176 billion compared with the previous year. The number of building licenses in Germany also went down by 2.2%. By autumn 2008 only 133,000 new builds had been approved. The comparably affordable interest rate for construction financing clearly did not offer sufficient incentive to stimulate demand.

Large sections of the building sector and the financial services sector had hoped to see new impulses with the introduction of the Riester subsidy for private residential property in autumn 2008. However, the introduction of this product variant in 2008 came too late to have any appreciable effects on construction work, especially since the international financial market crisis was the dominant topic at the end of last year. Even the MLP Group was not able to elude

this market trend. MLP Finanzdienstleistungen AG's commission revenues in the financing segment dropped by around 30%.

Competition

For many years, the financial services market in Germany has been characterised by a high degree of heterogeneity and strong competition. In addition to this, several diverse new legislative regulatory requirements had to be overcome last year. The EU Insurance Mediation Directive, the Markets in Financial Instruments Directive (MiFID) and the new German Insurance Act have required the sector to make significant investments and meet new requirements in terms of training. As a result of this, we saw the first signs of market consolidation among finance brokers in 2008. It is above all small and medium-sized insurance offices that will struggle to meet the new demands in terms of professionalism and financial strength in the long term and are looking for solutions. At the same time, however, new financial service providers also entered the market in 2008. And one finance broker was taken over by a foreign insurance group to strengthen its sales force in Germany.

The German financial services market is marked by cut-throat competition between the sales channels of banks, independent financial consultants, tied representatives, pyramid sales organisations and direct sales. Only the banks and independent financial service providers have been able to win additional market shares in the last few years. Indeed, sales of life insurance policies by independent financial consultants increased from 23% in 1999 to 29% in 2007. Based on our own research, we believe that the MLP Group is the largest independent financial adviser in the German market.

The MLP Group was able to further strengthen its market position in 2008, despite the fact that large investments had to be made to meet the new legal requirements on consumer protection. As underlined by studies, alongside the banks only independent financial consultants such as the MLP Group still have good prerequisites to win future market shares in the severe cut-throat competition of the German financial services landscape. The MLP Group, as the leading financial and investment adviser, is consistently aligned to the growth areas of the financial sector and is actively involved in market consolidation. A good example of this in the occupational pension provision segment in 2008 was the acquisition of TPC-Group GmbH by the subsidiary MLP Finanzdienstleistungen AG. TPC-Group GmbH are specialists in occupational pension provision concepts in Germany. We have further expanded our sales force in our core market of Germany with the acquisition of the independent finance broker ZSH - also by the

subsidiary MLP Finanzdienstleistungen AG - announced in October 2008 and completed at the start of 2009. ZSH has around 80 consultants who look after some 50,000 wealthy private clients as well as physicians and dentists in all questions of old-age provision and financial planning (see also events subsequent to the reporting date). As such, the MLP Group is very well positioned against both the competition and the industry in general, laying the foundations for further growth.

Company Situation

Business model and strategy

Business model: Independent financial and investment consulting

Independent, comprehensive consulting and support of the target client group, i.e. academics and other discerning clients, sits at the heart of the MLP Group's business model. Clients can rest assured that they will always receive the right advice based on the current phase of their life that offers them the best solution to all economic questions. Client consulting is based on a long-term approach. It is often the case that clients get to know their consultants during their studies and thereby have the option of setting up their personal financial and wealth plan early on and consistently developing it. The MLP Group's consultant is then on hand as a reliable partner throughout their life. The consultant gives them sound advice and ensures that the products selected are consistently aligned to their wishes and based on the best-in-class principle. Consultants of the MLP Group are perfectly qualified to provide holistic financial advice. The training offer at our Corporate University, which is accredited by the internationally renowned European Foundation for Management Development (EFMD), ensures a high skill and knowledge level among all consultants.

The MLP Group's business model is based on the requirements of our clients. We focus on trusting client-consultant relationships and emphasise the importance of independence, quality and holism. Our clients can tell the difference between our approach and the conventional product-driven strategy adopted by many players in the German financial services sector. Clients are also keen to recommend us to others.

At the end of 2008, the MLP Group looked after 730,000 clients. Compared to the previous year, we were able to increase our client base by 4%.

Strategy

In the cut-throat competition of the German financial services market, our independent consulting approach and clear positioning as a financial and investment adviser for academics and other discerning clients has been vindicated. By focussing on old-age provision, health provision and wealth management, we concentrate on those markets in Germany for which experts are predicting long-term growth. Our goal here is to achieve greater growth than the market as a whole. And should the market not offer any growth in the short term, as was the case in the last financial year due to the financial market crisis, we aim at least to expand our market share. Our objective is to grow organically. However, we assume that the German financial services market will see consolidation over the next few years. We are keen to play an active part in this consolidation through acquisitions, assuming that the respective acquisition goals fit in with our business model.

Last year we made an acquisition in the field of occupational pension provision, by taking over TPC-Group GmbH through MLP Finanzdienstleistungen AG. This company specialises in occupational pension provision concepts, fits in perfectly with our portfolio of services and with its clients increases the market share of the MLP Group in the field of occupational pension provision.

To strengthen our sales force in the German market, in October 2008 we announced our acquisition of the independent finance broker ZSH, also through MLP Finanzdienstleistungen AG. The acquisition was completed at the start of 2009. ZSH has around 80 consultants who look after some 50,000 wealthy private clients as well as physicians and dentists in all questions of old-age provision and financial planning. In the last three years, ZSH has achieved annual revenue of between € 14 and € 16 million. The purchase price of around € 11.3 million was paid from cash holdings. Added to this is a variable purchase price component, which is based on the economic success of ZSH up to March 31, 2009 and which amounts to around € 0.6 million.

MLP AG already acquired a majority holding in Feri Finance AG in 2006.

Within the scope of MLP Finanzdienstleistungen AG's focus on growth markets, in future we will be concentrating on our core market of Germany in our retail business. For this reason, MLP Finanzdienstleistungen AG put their business in Austria up for sale in the last financial year and is looking for new owners to take over this entity.

With approval of the Supervisory Board on August 21, 2008, the MLP AG Executive Board decided to issue 9,799,152 new shares from authorised capital for cash contributions to the

tune of € 123.8 million. Under the exclusion of subscription rights, the new shares were issued in an accelerated procedure to Allianz Lebensversicherung AG (46%), AXA Lebensversicherung AG (46%) and Uberior Ena Ltd. (8%), a company of the British HBOS Group. The resulting inflow of cash will significantly strengthen our position and help us actively participate in the current consolidation of the financial services sector. With this joint step of the MLP Group and key product partners, we will also permanently secure our business model as an independent consulting company.

On August 14, 2008, the insurance group Swiss Life announced its intention to acquire around 27% of shares in MLP AG. After Swiss Life had acquired the shares, we informed the clients of the MLP Group (as stipulated by law) of this share acquisition and ceased active brokering of provision products from the Swiss Life Group. The independence of product providers is an elementary constituent of the MLP Group's business model which adds decisive added value for clients, consultants and shareholders. As an independent broker, the MLP Group lays down clearly defined quality criteria that meet the individual requirements of the target group before inclusion of products in its portfolio and their selection in the consulting process.

To get closer to our growth goal in the field of wealth management, over the last few years the MLP Group has expanded its competence in investment consulting in a targeted manner. Wealth management is today a core competency of the Group. We are striving to attain further market shares and generate profitable growth in the field of wealth management. The cooperation with the renowned Feri Finance AG has granted the clients of our subsidiaries access to professional wealth management services in the MLP Group. Together with the wealth management specialist tailor-made products were developed for the clients in 2007 and these have been offered throughout the whole of Germany since last year. As such, we have created considerable added value for the clients of the MLP Group and significantly improved the market position for our company in the field of wealth management.

For many years Feri has stood for long-term ratings quality and high-grade research in the field of financial investment in Germany and other parts of the world, as well as for investment consulting building on these strengths. The company's specialists scour the world of investment opportunities with a critical eye, hold regular meetings with portfolio managers, compare their results and thereby achieve maximum transparency in the field of investment consulting as the basis for reaching investment decisions for the clients of the MLP Group.

The proportion of wealthy clients in the MLP Group's client base is growing. In 2008 around 40% of clients were in the 40+ age group. MLP has grown with its clients. Many of the academic clients won by the consultants of the MLP Group during their studies are now in top positions.

They have long since become members of the 40+ target group and have a keen interest in wealth management concepts. The MLP Group reacted quickly and also brought its services to a high level in this field. We hold a full banking licence and, together with the MLP Group company Feri Finance AG, manage assets of around € 11.4 billion.

The Feri Group looks after more than 1,000 institutional clients and 220 wealthy families, each of which has wealth of at least € 5 million. While the entire wealth management sector struggled with a loss of trust in the client-consultant relationship in the course of the financial crisis in 2008, which in some cases led to termination of wealth management mandates, Feri was able to increase the number of its mandates last year. This makes the MLP Group the leading independent investment adviser in Germany.

Occupational pension provision is a long-term growth driver in the value added chain. We use this segment to tap new client groups and diverse cross-selling approaches. Last year we generated 8% of new business in the field of old-age provision from occupational pensions.

In 2008, the MLP Group took the strategic decision to expand its occupational pension business segment. To this end, we acquired all voting rights in TPC-Group GmbH, Hamburg, a renowned corporate group that specialises in company and private old-age pensions, through our subsidiary MLP Finanzdienstleistungen AG. As a nationwide German specialist in innovative concepts of occupational pension provision, the MLP Group is therefore in a position to set new standards in consulting for both employers and employees. Alongside our established fields, we now also have consulting focuses in the fields of provision solutions for leading trade associations and future concepts such as lifetime working accounts. Many new association and corporate clients have already been won in 2008.

Organisation and structure

MLP AG is the holding company for the MLP Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. Its subsidiary, MLP Finanzdienstleistungen AG, makes the MLP Group the only large, independent financial adviser to possess a full banking licence while at the same time advising its clients as an independent broker in questions relating to finance, provision and assets.

The Group's business operations are organised in segments and are essentially carried out by the two subsidiaries, MLP Finanzdienstleistungen AG and the Feri Group. At the end of the financial year 2008, the following significant companies belonged to the Group:

- MLP Finanzdienstleistungen AG, as well as one foreign branch and one foreign subsidiary of MLP Finanzdienstleistungen AG
- Feri Finance AG (including its subsidiaries)
- TPC THE PENSION CONSULTANCY GmbH

In addition, MLP Finanzdienstleistungen AG has held a 49.8% stake in MLP Hyp GmbH since December 2007. This company was established jointly with the property finance broker Interhyp AG as a platform for conducting brokerage business in the field of property finance.

In addition, the following changes took place at the subsidiary MLP Finanzdienstleistungen AG in the reporting year:

On January 1, 2008, MLP Finanzdienstleistungen AG acquired the remaining 49% of shares in BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH.

In the financial year 2008 the TPC Group, consisting of TPC Group GmbH, TPC THE PENSION CONSULTANCY GmbH and TPC THE PRIVATE CONSULTANCY GmbH, was acquired by MLP Finanzdienstleistungen AG and then merged with BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH ("BERAG"). BERAG Versicherungs-Makler GmbH was also merged with BERAG and MLP BAV GmbH with MLP Finanzdienstleistungen AG. BERAG was renamed in TPC THE PENSION CONSULTANCY GmbH.

In September 2008, MLP Finanzdienstleistungen AG acquired a 17.23% holding in Absolventa GmbH. Absolventa GmbH is a job exchange for students, graduates and young professionals.

The subsidiaries MLP Private Finance AG based in Zurich, Switzerland, MLP Private Finance plc. based in London, Great Britain and MLP Private Finance Correduria de Seguros S.A. based in Madrid, Spain are in liquidation or are being prepared for liquidation.

Within the scope of the focus on growth markets, in future the MLP Group will concentrate its retail business on the core market of Germany. For this reason, MLP Finanzdienstleistungen AG put the businesses in Austria in the previous year and the Netherlands at the beginning of 2009 up for sale and is looking for new owners to take over these entities.

In the past financial year, no changes took place within the Executive Board of MLP AG.

Disclosures pursuant to § 289 (4) of the German Commercial Code (HGB)

As at December 31, 2008 the share capital of the company is € 107,861,141 and is divided into 107,861,141 ordinary bearer shares with a nominal value of € 1 per share.

MLP AG was notified of four shareholders which directly or indirectly exceeded 10% of the voting rights:

	Number of shares*	Shareholding*
Dr. h.c. Manfred Lautenschläger ¹	25,205,534 ¹	23.37%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,618,932	20.97%
Swiss Life Holding AG ²	26,212,890 ²	24.30%
Swiss Life Beteiligungs GmbH	26,212,890	24.30%

* MLP's status as at December 31, 2008

1) In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 22,618,932 voting rights (= 20.97% of the share capital of MLP AG) held by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH are attributable to Dr. h.c. Manfred Lautenschläger.

2) In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), the 26,212,890 voting rights (= 24.30% of the share capital of MLP AG) held by Swiss Life Beteiligungs GmbH are attributable to Swiss Life Holding AG.

The company's articles of association specify that the Executive Board must consist of at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can withdraw the appointment to a member of the board before the time in office expires with good cause. Such cause would be gross breach of duty, inability to manage properly or a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on the number of board members, their appointment and the withdrawal of their appointment as well as the conclusion, alteration and termination of the

employment contracts with board members. The Supervisory Board can appoint one Chairman and one or more Vice Chairmen.

In accordance with § 179 (1) of the German Stock Corporation Act (AktG), each amendment to the articles of association requires a resolution by the Annual General Meeting. In deviation from § 179 (2) sentence 1 of the German Stock Corporation Act (AktG), § 17 (4) of the company's articles of association stipulates that resolutions on amendments to the articles of association by the Annual General Meeting can be passed with a simple majority of the share capital votes entitled to vote on the resolution, unless a greater majority is required according to binding legal requirements.

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21,000,000 in total by May 30, 2011 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. If the share capital is increased in exchange for cash contributions, the shareholders shall be granted a subscription right. However, the Executive Board has been authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights in accordance with § 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10% of the share capital, either at the time of coming into effect or at the time it is implemented (authorised capital). With the Supervisory Board's consent, the Executive Board of MLP AG decided on a partial utilisation of the authorised capital on August 21, 2008 and issued 9,799,152 new shares, excluding subscription rights, in exchange for cash contributions of € 123,763,290. This has increased the share capital accordingly by € 9,799,152.

A resolution passed by the Annual General Meeting of May 16, 2008 also authorised the company, as per § 71 (1) no. 8 of the German Stock Corporation Act (AktG), to purchase up to 10% of the share capital during the authorisation period by November 13, 2009. Until December 31, 2008 no shares had been bought by the company on the basis of this authorisation.

In connection with the acquisition of a majority holding in Feri Finance AG, MLP AG exercised its call option in 2007, which will lead to the acquisition of the remaining shares in 2011. In the event that a third party purchases at least 51% of the entire share capital of MLP AG by December 31, 2010 and exercises the voting rights from these shares in the Annual General

Meeting following the acquisition or in a later Annual General Meeting, the vendors of the options are entitled to a minimum purchase price, if the acquisition of shares results in the business model agreed between MLP and Feri becoming inoperable.

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg and the Executive Board members Gerhard Frieg and Muhyddin Suleiman contain a clause stating that they are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded purchases a share of at least 50% of the voting rights. This right to termination is also valid in case of a reorganisation of the company in line with the German Reorganisation of Companies Act, provided the company is not the incorporating legal entity. Should they exercise this right to termination, MLP is obliged to pay them the fourfold annual fixed remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control and provided that the termination of contract is more than two years before its scheduled termination. The contract of employment of Dr. Schroeder-Wildberg has a term until December 31, 2012, of Mr Frieg until May 18, 2012 and of Mr Suleiman until September 3, 2012. In the case of a termination of contract within the two years of the scheduled termination the severance payment shall be paid pro rata temporis.

Earnings position

Other operating income of € 19.7 million (€ 26.9 million) was generated in the financial year 2008. The drop is essentially due to the lower subsequent profit component from the sale of MLP Lebensversicherung AG in 2005. While this was still at a level of € 11.3 million in the reporting year 2007, it was only possible to achieve € 4.0 million in the last financial year. The subsequent profit component was granted for the last time in the financial year 2008.

Personnel expenses dropped from € 6.7 million to € 4.2 million in the reporting period. The previous year's value contains one-off compensations.

In the reporting year, depreciation and amortisation expenses slightly decreased from € 5.0 million in the previous year to € 4.9 million.

The other operating expenses of MLP AG increased by € 7.3 million to € 17.8 million in the reporting period. This was mainly due to a contractually agreed adjustment to the preliminary purchase price of the former subsidiary MLP Lebensversicherung AG amounting to € 6.3 million

in the financial year 2007. There were no additional expenses here in the reporting period. Also, consultancy costs and lawyers' fees saw a significant drop of € 2.9 million to a level of € 4.1 million.

At € 42.7 million (€ 59.1 million), the finance cost was significantly lower in the reporting period. It was not possible to fully compensate the drop in income from profit and loss transfer agreements (MLP Finanzdienstleistungen AG), even with the increased income from investments and the downward trend in amortisation of financial investments and marketable securities. Income from investments concerns the profit distribution of Feri Finance AG for the financial year 2007. In the previous year, alongside the profit distribution of Feri Finance AG this item also included that of the former MLP Bank AG.

In the financial year 2008, MLP AG generated total earnings before tax (EBT) of € 35.5 million (€ 49.2 million). The tax expenditure dropped significantly in the last financial year to € 16.0 million (€ 30.8).

Accordingly, net profit for the last financial year amounts to € 19.5 million (€ 18.4 million).

The earnings position of MLP AG is influenced to a large extent by the business development of its largest subsidiary MLP Finanzdienstleistungen AG – with which a profit/loss transfer agreement is in place.

Investments

The commission revenue of MLP Finanzdienstleistungen AG, which makes up the main part of the company's revenue, decreased from € 493.3 million to € 472.3 million in the reporting period. This is essentially due to a drop in commission revenue in the fields of health insurance, financing and wealth management. The field of wealth management was particularly hard hit by the financial market crisis. In the financial year 2008, MLP AG therefore generated total earnings before tax (EBT) of € 46.5 million (€ 87.2 million). Alongside the downward trend in commission revenue, the main factors for this drop were increased general administration expenses due to changes in the IT infrastructure to meet new legal framework conditions and other measures to improve consulting support.

In the last financial year, € 46.8 million (€ 87.5 million) was transferred to MLP AG.

The business development of the Feri Group displayed a downward trend in the reporting period, essentially due to the financial crisis. Total revenue dropped to € 45.6 million (€ 61.2 million), while earnings before interest and tax (EBIT) came to € 6.7 million (€ 20.2 million).

Financial position

The balance sheet total of MLP AG decreased from € 466.8 million at the end of the financial year 2007 to € 453.5 million at the end of the last financial year.

On the asset side of the balance sheet, fixed assets dropped only slightly from € 222.7 million to € 218.8 million, essentially due to scheduled depreciation/amortisation.

"Receivables and other assets" dropped significantly in the reporting period and was at a level of € 78.9 million (€ 112.9 million) at the end of 2008. The key factor here was a lower level of receivables from affiliated companies (MLP Finanzdienstleistungen AG). This item dropped in the reporting period from € 94.3 million to € 46.3 million due to the lower profit transfer. This was countered by the increase in other assets from € 18.6 million to € 32.6 million.

The "Securities" item included treasury stock in the previous year which was acquired within the scope of a share buyback programme. All treasury stock was cancelled on March 25 and 26, 2008. "Other securities" increased from € 12.0 million to € 31.2 million, essentially due to the shifting of cash holdings to longer term investments.

"Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques" also increased significantly from € 15.5 million to € 124.5 million. Among other factors, this is due to the inflow of cash holdings collected during the increase in capital stock performed in August 2008 (see also shareholders' equity and strategy) to the tune of € 123.8 million and the profit transfer of MLP Finanzdienstleistungen AG in 2007. This was offset by tax payments, the dividend distribution for the financial year 2007 of € 49.0 million and the shifting of cash holdings to longer term forms of investment act.

On the equity side of the balance sheet, shareholders' equity decreased by 0.5% to € 427.6 million. The change is essentially down to three reasons. Firstly, with the cancellation of all treasury stock in March 2008, the share capital, the capital reserves and the reserve for treasury stock initially changed. Secondly, the increase in capital stock performed in August 2008 (see also strategy) increased the share capital and the capital reserves. And the third reason for the change in shareholders' equity is the altered unappropriated profit to the tune of € 30.2 million (€ 49.0 million).

At € 19.4 million (€ 21.8 million), provisions in the reporting period were below the previous year's level. The previous year's level contained provisions for redundancy payments.

In the last financial year the liabilities of MLP AG dropped from € 15.5 million to € 6.5 million. This was mainly due to the drop in other liabilities. In the previous year, other liabilities included a liability to the tune of € 7.5 million due to the purchase price adjustments in connection with the sale of MLP Lebensversicherung AG in 2005. All liabilities have a remaining term of up to one year.

Liquidity, dividends and share buyback programme

At the balance sheet date, MLP AG had cash holdings amounting to € 124.5 million (€ 15.5 million). The significant increase compared to the previous year is essentially due to the increase in capital stock performed in August 2008 (see also shareholders' equity and strategy), which resulted in an inflow of funds of in € 123.8 million, as well as the profit transfer of MLP Finanzdienstleistungen AG in 2007 to the tune of € 87.5 million. Liquid funds dropped due to the payment of dividends for the financial year 2007 and the buyback of own shares. The dividend for the financial year 2007 amounted to € 0.50 per share (total volume of € 49.0 million). Furthermore, liquid funds were paid to our shareholders within the scope of the share buyback programme. 1,172,156 shares were purchased between January 7 and January 31, 2008 at an average price of € 9.77. The total volume of the share buyback programme came to approximately € 11.5 million in the reporting year.

As in the past, it is MLP's corporate policy to give our shareholders an adequate share in the success of the company. Dividends are paid in accordance with the Group's financial and earning positions and the future need for liquid funds. At the Annual General Meeting of May 2009, the Executive and Supervisory Boards will propose to reduce the dividend from € 0.50 per share for the financial year 2007 to € 0.28 per share for the financial year 2008.

Remuneration report

The total remuneration of the Executive Board is made up of the following elements: a fixed and variable remuneration, long-term incentive and old-age provision components.

In addition to reimbursement of expenses, members of the Supervisory Board receive a fixed payment. Further details and the individualised payments are disclosed in the remuneration report in the "Corporate Governance" section of this annual report. This remuneration report is part of the management report.

Risk Report

MLP AG is responsible for the MLP Group's risk organisation. MLP AG's earnings are primarily influenced by the income of its individual subsidiaries. The following models are therefore targeted specifically at the MLP Group.

Risk management

Objective

Entrepreneurial activity invariably involves taking risks. For MLP, "risk" means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, the objective must be a risk that is commensurate with the expected return. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. MLP's Group-wide early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, which it then quantifies, aggregates and assesses to form the basis for Group-wide proactive risk management and controlling. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is embedded in the Group's value-oriented management and planning system. Moreover, the Group's risk culture, which is reflected in the corporate mission statement, must be continuously consolidated and efforts made to communicate information relevant to risk across the business segments.

Risk policies

The Executive Board defines the business and risk strategy. The readiness to take risks at Group level is then derived on the basis of this, observing the Group's risk-bearing ability. This gives

rise to framework conditions for risk-taking and risk management in the Group. The readiness to take risks is regularly checked and adjusted as necessary.

The following basic principles are consistent with the business strategy and describe the central framework conditions for the risk management and risk controlling system at MLP:

The Executive Board is responsible for proper organisation of the business and its further development:

The Executive Board is, irrespective of internal responsibility assignments, responsible for proper organisation of the business and its further development. This responsibility includes defining appropriate strategies and setting up appropriate internal control procedures - thereby assuming responsibility for all significant elements of the risk strategy. It is also the responsibility of the Executive Board to implement the strategies, assess the risks associated with these and also implement and control measures to ensure that the risks are limited.

The Executive Board holds responsibility for the risk strategy:

The Executive Board defines the risk strategy for MLP. The risk strategy reflects the risk propensity or "risk tolerance" based on the targeted risk/performance ratio. The Executive Board ensures that a comprehensive approach, incorporating all risk types, is integrated in the company and that suitable steps are taken to implement the risk strategy.

MLP promotes a strong awareness of risks and lives a pronounced risk culture:

A strong awareness of risks across all divisions and a corresponding risk culture are encouraged through appropriate organisational structures. Risk awareness that goes beyond each department's or person's own field of responsibility is essential. The effectiveness of the risk management and risk controlling system is continuously monitored and any adjustments that become necessary are implemented as quickly as possible. Appropriate data security and quality standards are established and subjected to continuous checks.

MLP pursues a strategy of comprehensive risk communication and risk reporting:

Detected risks are reported openly and without restriction to the affected management level. The Executive Board is informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks and gains and losses. The Supervisory Board receives the information it requires to fulfil its obligations.

Risk capital management

Risk capital management is an integral part of corporate management at MLP. Active control to provide sufficient financial capital on the basis of risk values measured internally and the supervisory requirements ensures that risk-taking is always in line with financial resources.

Risks are only accepted within limits derived from aspects of the risk-bearing ability to achieve returns, taking into account risk/return factors. This should, in particular, prevent any risks that threaten the Group's continued existence.

The Executive Board stipulates the financial resources based on business policy targets and controls the risk profile in an appropriate ratio to the risk coverage fund. Within the scope of the analysis of risk-bearing ability, the coverage fund is continuously compared with the risk potential associated with our business activities. Based on this, the Executive Board sets the applicable upper loss limits per risk type and overall.

As long as the defined limits are not exceeded and the aggregate limits and deduction sums are lower than the risk coverage fund, the risk-bearing ability is guaranteed. In controlling the financial risk capital, the regulatory requirements of capital adequacy (regulatory capital adequacy in line with the German Banking Act (KWG), Solvency Regulation and Large Exposure and Million Loans Regulation) are additional conditions that are to be strictly complied with.

In addition, scenario analyses are performed for special analysis of extreme market movements. These analyses quantify the effects of extraordinary events and extreme market conditions on MLP's assets. Within the scope of these analyses, the market value effects on the balance sheet and profit and loss items are also investigated. The effects of the scenarios are compared with the specified limits for each risk. The Executive Board is regularly informed of the results of the scenario analyses. The scenario analyses performed in the reporting year showed that the risk-bearing ability is also effective in the event of extreme market conditions.

Economic capital management is based on the internal methods of risk measurement. These take the key risk types for MLP into account. The financial risks are measured using value-at-risk approaches or approaches that express a comparable loss potential. The operational risk is measured with the supervisory basic indicator approach.

Organisation

Functional separation

Our risk management concept within the scope of internal control/monitoring procedures follows clearly defined basic principles that are applied as binding throughout the entire Group and whose compliance is continuously checked. A clear organisational and operational distinction is made between the individual functions and activities of risk management.

We have defined and documented the risk organisation and associated tasks and responsibilities within risk management in accordance with supervisory requirements, both at Group level and at the level of the Group companies. The operational and organisational structure, as well as the risk controlling processes are regularly checked and assessed through internal audits and are adjusted to internal and external developments as they happen.

Head of Finance acts as Group Risk Manager

In his capacity as Group Risk Manager, the Head of Finance of MLP AG is responsible for risk controlling activities in the MLP Group. He is kept continuously informed of the risk situation in the Group and gives regular reports on this to the Executive Board and Supervisory Board.

Risk management and controlling processes

Risk management at MLP and its local operative implementation in the risk-carrying business units is performed on the basis of the risk strategies. The units responsible for risk control reach decisions for conscious acceptance or avoidance of risks, observing the framework conditions specified centrally.

Risk controlling is responsible for the identification and assessment of risks as well as monitoring upper loss limits. This is accompanied by reporting the risks to the Executive Board and the risk-bearing business units.

Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

A central component of our early risk detection system is the risk inventory, which is carried out at regular intervals and with which the risks present in the Group are established according to risk classes. Risks are assessed using risk-related ratios which are then assigned to company

areas and functions. The processes that are laid down in writing guarantee that the same risks are treated consistently at all times.

Appropriate guidelines and an efficient controlling process also ensure that regulatory requirements for risk management and controlling are met by the Group companies.

The methods used at MLP to measure risks correspond to the current level of knowledge and are aligned with practices in the banking sector as well as recommendations of the Federal Financial Supervisory Authority. The results determined with the risk models are suitable for controlling the risks without restrictions. The measurement concepts are subject to regular checks by risk controlling, as well as internal and external audits. However, despite careful model development and regular checks, it is conceivable for circumstances to occur that lead to greater losses than forecast by the risk models.

Group controlling monitors results risks

Group controlling is divided into an operational and a strategic controlling department. Operational Group controlling is responsible for continuously monitoring the short term profit risks. This involves comparing key profit figures with the corresponding planned figures and deriving controlling measure proposals for the Executive Board.

The analysis time line of strategic controlling covers the next three to five years. Here, revenue and profit trends are analysed, taking into account changes in economic or legal framework conditions, and transformed into proposals for defining target figures for the individual business segments. Corresponding simulations make potential earning risks transparent for the Executive Board in the key strategic business segments.

Internal audits

Internal audits, which assume monitoring and control tasks throughout the Group, are an important element of the risk management system. The internal audit department performs regular, systematic risk-oriented inspections with regard to compliance with legal, supervisory and internal specifications. The department also monitors the functional separation and efficiency of the risk management system, and performs follow-up procedures on audit

recommendations. The minimum requirements for risk management (MaRisk) governing the internal audit function are complied with throughout the Group.

The internal audit department operates in an independent capacity throughout the Group on behalf of the Executive Board. The internal audit department is also independent in its reporting and assessment of audit results.

Risk reporting

A substantial risk reporting scheme forms the basis of appropriate controlling. To this end, we have instituted a comprehensive internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at fixed intervals or, if necessary, produced ad-hoc. Particular attention is paid to compliance with the risk-bearing ability and the risk loading here.

In addition, planning, simulation and controlling tools show possible positive and negative developments to the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations.

Risk reports are submitted to the controlling units, the Executive Board and the Supervisory Board. Those receiving the reports are informed promptly and comprehensively of changes to relevant influential factors. Risk controlling is responsible for making decisions regarding the methodology employed as well as the content of risk reporting.

Statement of risks

Financial risks

Counterparty default risks

The counterparty default risk is the risk of a loss or lost profit due to the defaulting of or deterioration in creditworthiness of a business partner. The counterparty default risk includes the contracting party risk (risk arising from classic credit business, re-covering risk and advance performance and counterparty settlement risk), as well as the risks related to specific countries which, however, are only of secondary importance to MLP.

The MLP Group's credit risks arise in particular from the advances granted to consultants and branch managers and from classic client credit business.

As is required for the "MaRisk", the responsibilities in the credit business, from application through authorisation to completion, including regular monitoring with regular creditworthiness analyses, have been defined and documented in the organisation manuals. Decision-making authority is laid down in the authority regulations, which themselves are based on the risk content of the transactions.

We monitor and control possible default risks from advances to consultants and office managers using balance controlling. A layered warning system makes errors in the reimbursements transparent early on and ensures active receivables management.

Loans to clients are granted on the basis of standardised principles under application of the usual credit assessment standards for the market based on a scoring approach.

The creditworthiness of the borrower forms the basis for our credit decision. Collateral does not have any influence on borrower's rating. Depending on the structure of a transaction, collateral can however be of significance for the risk assessment of a commitment.

All forms of traditional loan collateral are essentially used throughout. This specifically includes mortgages on residential and commercial property, guarantees, sureties, life insurances, financial collateral, as well as assigned receivables. For supervisory recognition under the Solvency Ordinance, privileged mortgages, guarantees and financial collateral are also used. Receivables and physical collateral are currently not taken into account.

As a whole, the potential credit loss risks are continuously determined and evaluated by simulating the allowances for bad debt as a percentage of the credit volume that carries risks. For accounts that are regarded as carrying risk, we build up appropriate allowances for bad debt. Loans that are recognised as being problematic are transferred to specialist departments at MLP and managed by experts.

In addition to the above-described risks, there is an issuer's risk from the securities acquired by MLP. We also reduce the risk of default among issuers, whose securities we have acquired within the scope of capital investment management, in light of current market trends through the strict creditworthiness requirements of our capital investment directive.

Where available, MLP also bases its decisions in the field of financial investments on external ratings. Within the scope of internal risk control, MLP uses the state, bank and company ratings of the agencies Moody's, Fitch and Standard & Poor's for the relevant receivables classes.

In our view, the default risks at MLP are being allowed for appropriately.

Market price risks

The market price risks are made up of the market price risk in the narrow sense and the market liquidity risk.

The market price risk in the narrow sense is the risk of a loss that can arise as a result of detrimental fluctuations in the market price or parameters that affect price. The market price risk includes the interest risk, currency risk, share price risk and raw materials risk.

The market liquidity risk is the risk of a loss that can occur due to detrimental fluctuations in market liquidity – for example due to market disturbances.

At MLP, market risks essentially come about from incomplete congruency of interest rate agreements between the loans granted by MLP and their refinancing. A low level of market price risks also comes from business on own account.

Possible effects of different interest development scenarios are portrayed through planning and simulation calculations. The basis of this is our interest management tool, which makes risks and their effects transparent in multi-layered interest scenarios.

In this context, cash value changes of all items in the asset ledger are shown in relation to the equity, with the application of the changes in interest rates prescribed by the Financial Supervisory Authority. The simulation is performed by automated means for all the interest-bearing and interest-sensitive items. It is in this manner that the controlling of the interest risk is ensured. Here, the change in value determined in the reporting period always remained below the threshold of 20% of equity – a threshold which, if exceeded, must be reported by the institute according to the regulations of the Financial Supervisory Authority (BaFin).

In order to reduce the cash flow-relevant interest risk, we use derivative financial instruments (interest rate swaps) on a small scale.

Shares, bonds, promissory note bonds and funds held can be subject to an exchange risk due to fluctuations in the market interest rate or changes in creditworthiness. Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong exchange

rate fluctuations can be addressed early on. We thereby ensure a prompt reaction to market changes.

The speculative use of financial instruments with a view to making profits in the short term was not conducted in the year under review, nor is it envisaged for the future.

Liquidity risks

Liquidity risk is the danger that there are inadequate financial resources to meet payment obligations. Ensuring solvency at all times is the core function of our treasury. Liquidity control is performed by means of daily scheduling based on defined planning horizons, taking into account possible cash flow scenarios, updated new business planning, investment planning and other capital transactions. The controlling of financial instruments of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios.

MLP funds its business operations from current cash flow. The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. Appropriate short and medium-term credit lines have been agreed with a number of financial institutions to safeguard against a possible short-term liquidity deficit.

Operational risks

Operational risk is taken to be the danger of a loss that is caused by human error or technical malfunction or weaknesses in process or project management, or by external events. In the same way as the Basle Committee's definition, this also covers legal risks, whereas strategic risks and reputation risks are not included.

Operational risks are identified and assessed locally throughout the Group in the individual organisational units. The results generated in this way are collated by risk controlling and then made available to the Executive Board and the controlling units.

MLP currently uses the basic indicator approach in line with §§ 270 ff of the Solvency Ordinance (SolvV) to determine the amount eligible for inclusion in operational risks. As per § 331 of the Solvency Ordinance (SolvV), the procedure used to determine the equity subject to operational risks is explained in the following. Within the scope of the basic indicator approach, the amount eligible for inclusion as per the supervisory regulations for the operational risk is

determined using a fixed calculation scheme. The amount eligible is then 15% of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account.

Reduction of the operational risk, and the reduction in the frequency and level of losses that accompanies this, is primarily achieved through continuous improvement of business processes. Further safeguarding measures include risk transfer through conclusion of insurance policies and consciously avoiding risky products. Comprehensive emergency and business continuity plans are also in place for the most important areas and processes to secure the continuation of operations.

Operating risk

Within the scope of its administrative activities, MLP employs internal and external staff, as well as buildings and technical facilities. Comprehensive insurance cover, which is subject to continuous checks, protects us against claims and possible liability risk. No identifiable risks arose in the financial year, nor do we expect any negative developments in the coming financial year.

Our Business Continuity Management (BCM) identifies potentially critical business processes which could have a major effect on the business of the Group in the event of malfunction or failure. Suitable measures are defined for this in order to safeguard regular business operations within set standards. This also includes a written emergency plan which reduces losses to a minimum in the event of severe disruptions to operations and safeguards the ongoing business. The critical processes and the effectiveness of the defined measures are subject to constant monitoring and development. A BCM manual is available for the business units and employees.

Personnel risk

MLP is dependent on qualified employees and managers in the back-office areas. With comprehensive personnel planning and targeted personnel marketing measures, we reduce the risk of staff shortages. Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined agency and successor regulations secure our business and decision-making processes.

IT risk

To effectively minimise possible risks in the IT area, MLP pursues a standardised IT strategy. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, business-specific proprietary IT applications are developed by qualified internal and external specialists. The comprehensive system tests and pilots carried out before the launch ensure the troublefree function of our IT systems. Our data processing centre is outsourced to leading service providers with various sites, back-up systems and mirror databases. This, coupled with a defined contingency plan, secures our data against possible loss, ensuring consistent availability. We protect our IT systems against unauthorised access through our access and authorisation concept, extensive virus protection as well as other extensive security settings.

Strategic risks

Overall economic risks

Changes in economic and political factors can affect the business model and the development of MLP. We therefore constantly monitor national and international developments in the political, economic and regulatory arenas as well as business developments and requirements on the financial services market.

Economic development in Germany – MLP's core market – has been suffering from the effects of the international financial crisis at least since the third quarter of 2008. Figures in economic forecasts have therefore been drastically reduced in the last few weeks. The economic expectations of experts generally deal with assessments of private households – an important indicator for the future business development of MLP. According to a survey by "Gesellschaft für Konsumforschung (GfK)", fear of recession has increased among private households. Propensity to buy has dropped sharply and buyer confidence remains at a low level.

As such, the overall economic framework conditions have become significantly more difficult for MLP for the financial year 2009. There is a risk that the pessimistic economic expectations are leading to increased reservations on the part of clients when it comes to signing provision contracts and making investment decisions.

Business environment and sector-related risks

The market for sales of financial services is in a time of fundamental change. Based on the reforms introduced in 2007 in the course of the EU Insurance Mediation Directive and the MiFID (Markets in Financial Instruments Directive), as well as the effects of the changes to the German Insurance Act (VVG) implemented on January 1, 2008, the regulatory requirements in Germany have become even stricter. This has accelerated the professionalisation and specialisation of those operating in the market.

Experts are predicting a process of consolidation and concentration among the market players over the next few years. And we have already seen the first signs of this in the reporting period in the form of acquisitions and mergers by financial service providers and in broker pools. Competition to find qualified financial consultants has also increased.

MLP is well prepared for the changes that lie ahead. The quality of our consulting, our focus on selected client groups and our independence give us a strong market position. Thanks to our financial strength, we can also play an active role in the consolidation of the market. Indeed, we already made an acquisition in the field of occupational pension provision in March 2008.

In its business activities, MLP concentrates on the areas of old-age and health provision, as well as wealth management. The financial crisis has also become a determining factor in the further development for these markets. It is particularly important for clients to make long-term investment decisions in the areas of old-age provision and wealth management. Due to the sometimes panic-inducing events on the international financial markets and pessimistic economic expectations, private clients feel particularly uncertain and are therefore showing increased reservation when it comes to making investment decisions.

This is particularly true of wealth management and was hindering the positive impulse expected due to the introduction of a withholding tax on capital gains in Germany on January 1, 2009. Experts had expected to see vast reshifting of funds in the portfolios of private clients in 2008 due to this new legislation.

The legal framework conditions for the old-age and health provision business areas have changed drastically in the last 18 months. The new regulations of the German Insurance Act (VVG) are worthy of special note here for the financial year 2008. These far-reaching changes forced the entire industry to adjust its processes in 2008. MLP was one of the first sales companies to successfully implement these changes.

In the field of old-age provision, the legislator decided to expand tax relief within the scope of Riester contracts to residential property. This could stimulate demand for Riester contracts.

Corporate strategy risks

Corporate strategy risks largely consist in the erroneous assessment of market trends and, in consequence, the erroneous alignment of business activities. Strategic risks also emanate from unexpected changes in market and environmental conditions with negative effects on the results of operations.

With its concentration on broker business and, in particular, on the core competencies of old-age provision, health insurance and wealth management for academics and other discerning clients, MLP is well positioned in the market. The Group must now continue to expand wealth management successfully.

Corporate strategy control is primarily the responsibility of the MLP Executive Board. On the basis of continual observation of the competitive environment, changes and developments on the national and international markets and the business environment are analysed and decisions are derived with a view to ensuring the Group's corporate success in the long term.

Target values are laid down based on a projected assessment of success factors. The achievement of these values is constantly monitored. In this way the Group's strategic positioning regularly undergoes critical scrutiny through comparison of target and actual values.

Performance-related risks

Productivity

The productivity of MLP consultants in particular is a central value driver of MLP's business model. We determine that productivity using various indicators, such as the revenue per consultant. Therefore, the effects of positive or negative trends in new business and the productivity of MLP consultants with existing clients on the company's success are constantly analysed and evaluated, and form the basis of sales measures which may need to be introduced. The volume of new business generated with existing and new clients and the development of contract inventories in the different segments are the object of periodic reporting and form the basis for a timely and precise evaluation of the business development by the management.

MLP consultants

Linking a sufficient number of competent consultants to the company over the long term and ensuring lower consultant turnover are important prerequisites for the future growth of MLP. The development of the consultant base with regard to the time they have been with MLP, the number of applications, employment contracts signed and terminations issued is the object of periodic reporting and forms the basis for a central and precise evaluation of the business development by the management.

We subject the entry of new competitors into the market and possible fluctuation trends in this connection to intensive observation and analysis. This allows appropriate measures to be introduced promptly. We aim to continuously expand our consultant base by means of attractive job entry models and career models for graduates and professionals, and by using our remuneration model.

The effects of positive or negative developments on the company's success are constantly analysed and evaluated and form the basis for controlling measures which may need to be introduced.

We do not anticipate any negative effects on the net assets, financial position and results of operations from the development of the consultant base.

Clients

Winning new clients and ensuring long-term client loyalty are important values of the MLP business model. The development of the client base, split into existing and new clients, its age structure and analyses of potentials at consultant and office level are the object of periodic reporting. The effects of possible positive or negative trends in client development on the company's overall success are constantly analysed and evaluated.

The strong market position at universities and the many years of close business relations with our clients ensure that MLP's client base undergoes continuous expansion.

Margin risks

Commission forms the core component of the Group's total revenue and cash flow. Using our planning and simulation tools, we analyse the effects of potential changes to commission models, possible regulatory intervention in the cost calculation of the products brokered by MLP or the tax treatment of our sales concept.

Consulting and liability risks

A possible error in client consulting, investment and acquisition brokerage or finance portfolio management and associated claims for damages can present a consulting and liability risk. We minimise potential consulting risks by maintaining consistently high quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results coming from this are comprehensively documented. A high standard of education and training is guaranteed by our own Corporate University, at which each of our consultants initially attends extra-occupational training to become a Senior Financial Consultant. Our Corporate University has been awarded the seal of approval by the European Foundation for Management Development.

Other risks

Legal risks

Our legal department controls legal risks. In addition to consulting on corporate decisions and designing business processes, its tasks include tracking and assessing current legal disputes. Possible legal risks are detected at an early stage and possible solutions for minimising, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department checks and monitors existing insurance coverage and initiates any adjustments which may be necessary.

Based on our audit, the pending or threatening legal proceedings against MLP do not represent risks which could endanger the company's continued existence. The Group Executive Board is convinced that there will not be a successful outcome to the legal claims that have been filed, which are essentially identical, originate from a single firm of lawyers and date from August 2007. These claims have been filed for 32 clients, for damages for the issuing of allegedly erroneous capital market information between 2000 and 2002. Two of them have already been withdrawn.

Compliance risks

Compliance risks include legal and regulatory sanctions and financial losses caused by failure to comply with legal or internal regulations and directives or failure to observe typical market standards and rules of conduct that relate to MLP's business activities.

It is largely a matter of preventing money-laundering and the financing of terrorism, protecting client data, business secrets and investors, as well as monitoring insider information and identifying risk potential in terms of capital market and security trading laws. The entire management board is primarily responsible for this in appointing authorised agents to implement the corresponding requirements together with the relevant specialist departments. The principle aim is to ensure proper handling of sensitive client data and information and to prevent conflicts of interest, market manipulation and insider trading from occurring. Staff is made aware of compliance-relevant issues in the thorough training that they receive.

Our goal is to identify compliance risks early on, prevent them insofar as possible, control or eliminate them properly in the interests of our clients, shareholders and employees and protect and secure MLP's integrity and reputation in the long term.

Taxation risks

Changes in tax law that emerge are continually checked and examined with regard to any effects they may have on the Group. The company's compliance with fiscal requirements is checked by internal and external experts in accordance with the tax regulations and the documents pertaining to these issued by the tax authority.

Reputation risks

Reputation risks are defined as risks that occur due to a loss of image by MLP, either as a whole or by a single or several operating units, among shareholders, clients, employees, business partners or the general public. MLP is in particular subjected to the risk that public trust in our Group may be negatively influenced through public reporting of a transaction, a business partner or a business practice in which a client is involved. We minimise potential consulting risks by maintaining consistently high quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results arising from this are also comprehensively documented.

Environmental risks

Even though MLP's business activities have only a minor impact on the environment, we are intent on pursuing environment-conscious and environmentally-friendly working methods at our offices. There are no appreciable environment risks.

Supervisory risks / solvency

MLP is obliged to back its weighted risk assets with at least 8% equity (equity ratio). The backing of risk assets with core capital (tier 1 capital) generally requires a minimum ratio of 4%. These requirements have not changed in the financial year 2008. The same applies for MLP's internal processes, objectives and measures for investment control.

On the basis of the Basle II implementation strategy for the calculation of shareholders' equity requirements (Basle Pillar 1), MLP Finanzdienstleistungen AG employs the credit risk standard approach (KSA) for the credit risk and the basis indicator approach (BIA) for the operational risk in accordance with the German Banking Act (KWG) and the Solvency Ordinance.

MLP fulfilled all legal requirements relating to shareholders' equity backing in line with § 325 of the Solvency Ordinance (SolvV) throughout the entire year of 2008.

Other risks

No other risks are known at MLP which could have a significant influence on the Group's continued existence.

Summary

MLP's business development is essentially influenced by financial, operational and performance-related risks. Using our systems and comprehensive reporting, we ensure the identification, assessment, control and monitoring of our risks in terms of both current and future developments. The information provided guaranteed that risk management measures were introduced and prioritised promptly.

Both the MLP Group as a whole and the Group companies always acted within the scope of their financial risk-bearing ability in 2008. In addition, the supervisory requirements were fulfilled in full at all times. There are currently no discernible risks that could threaten MLP's continued existence.

Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control system and the consistent alignment of our business model to our risk-bearing ability enables us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The effectiveness of our risk management system and its supervisory implementation are also checked cyclically by both external and internal auditors. The system of risk management and risk controlling is subject to continuous further development, in particular with regard to developing the volume and complexity of our business.

The above-mentioned risks, and such risks which are not yet known to us or are currently considered insignificant, could have a negative impact on our forecasts detailed in the outlook.

Forecast

Future overall economic development

The regional focus of the MLP Group's business is on Germany, where around 98% of total revenue is generated. The development of the German national economy is therefore extremely important for the success of our business.

Following the collapse of the economy in mid 2008 due to the acuteness of the international financial market crisis and its effects on the real economy, the overall economic development prospects in Germany do not look good for 2009 and 2010. All economic forecasts have been adjusted downwards. The International Monetary Fund (IMF), for example, anticipates a 2.0% drop in economic performance for the Euro zone in 2009. With a predicted negative economic growth of 2.5%, the outlook for Germany is also not so bright. As such, Germany is in its deepest recession since the Second World War. Even the oil crises of the 1970s and 80s only caused the German economy to shrink by 0.9% and 0.4% respectively. Even with the measures to stabilise the financial markets, the relaxing of the monetary policy and state economic stimulus packages, experts do not expect to see any improvement to the economic situation until the second half of 2009 at the earliest.

Growth of 0.2% is being forecast for 2010 in the Euro zone. Germany should then also get back on its growth course. Gross domestic product growth of 0.1% is expected for 2010.

Following a time lag, a corresponding burden is also expected to be placed on the employment market. According to calculations of the Deutsche Bundesbank, unemployment is set to increase by an average of 100,000 people in each of the next two years. The Ifo Institute considers it possible for unemployment in Germany to once again reach the four million mark in 2010. The EU Commission expects unemployment in Germany to rise from 7.1% at the end of 2008 to 7.7% in 2009. And for 2010 this rate is likely to rise further to a level of 8.1%. However, it is

important to note that the target client group of academics and other discerning clients have significantly better chances on the employment market than those with fewer qualifications. As such, our target group is less likely to be affected by an increase in the rate of unemployment over the next few years.

With regard to the development of disposable income, economic researchers above all predict a further drop in price increases for 2009. If energy prices remain stable in the coming quarters or even drop further, this should put Germans in a buying mood and enable continued sales of savings and old-age provision products.

The tax cuts initiated by the German government and other measures to stabilise the economy will, in our opinion, not be able to prevent the drop in economic output and at best will only slow it down.

Future industry situation

The situation in the German financial services industry will change significantly over the course of the next few years. New regulatory stipulations, with which the legislator wishes to increase consumer protection, have significantly increased quality requirements for everyone in the sector. We therefore assume that the German financial services market will see further consolidation over the next few years.

With its quality culture, its strong brand and concentration on the growth segments in the financial services business, i.e. wealth management, old-age provision and health provision, the MLP Group does have opportunities for lasting growth. It is important to note that the field of old-age and health provision in particular is not only influenced by the market economy, but is also affected by political decisions. And a German general election is on the agenda in 2009.

Old-age provision

With its traditional core competency of old-age provision, the MLP Group is operating in a growth segment in Germany. Numerous market research studies have proven that there is now clearly willingness among the German population to provide for their own old age. This generally improves the situation for the financial services sector. However, most citizens consider the three-stage old-age provision system in Germany too complicated. This means that those financial services providers that can offer their clients a requirements-based analysis and sound advice are likely to find the most favour among potential clients in the opinion of

the MLP Group. Consequently, our holistic consulting approach opens up long-term potential with diverse cross-selling opportunities.

The old-age provision market in Germany is not even close to being fully tapped. To date, only around 12 million clients have signed Riester agreements, and experts suggest that the total potential here is three times this volume. Added to this is the fact that the legislator last year expanded Riester subsidies to include residential property, which should further increase the number of people keen to sign up. The consultants of the MLP Group regularly inform their clients of the opportunities offered by Riester savings and are able to record long-term growth among the agreements due to the high quality of their comprehensive consulting approach.

We also expect the Rürup pension to soon see greater sales as another form of tax-privileged old-age provision. Although German savers have been slow in warming to the Rürup pension, it does represent an interesting provision option for a broad range of the population. Indeed, it has become significantly more attractive since being introduced in 2005, as the insurance industry has used this time to work on new, innovative product offers.

There are also interesting product innovations in the third stage of the old-age provision system. The industry sees good market prospects for the so-called "variable annuity policies" that have already enjoyed success in the US and parts of Europe. With these products, the security of life insurance is combined with the opportunities and risks of the capital market. The insurance industry is working on gaining approval for corresponding products for the German market. As the annuity policies are interesting old-age provision products but require explanation to clients, they also offer corresponding consulting potential to the consultants of the MLP Group.

Occupational pension provision is one of the most important building blocks in the German old-age provision system. While around 64% of employees subject to social insurance contributions in Germany already have a supplementary company pension, the concept is only now being established among mid-sized companies. As such, there is massive potential here. Alongside its existing occupational pension provision operations, the MLP Group also has excellent opportunities in the fields of provision solutions for leading trade associations, mid-sized companies and concepts such as lifetime working accounts.

The complexity of the material requires high-grade consulting for associations, employers and also employees in the long-term – especially since the target groups of the MLP Group have greater old-age provision requirements due to their comparably good income situation.

Health provision

The healthcare reform is a topic that has constantly been in the news over the last few years. The varied structural changes, the increase in the minimum income level for switching to private health insurance, the constant treatment limitations among statutory health insurers and ultimately the German Health Fund launched on January 1, 2009 have generated uncertainty among German citizens and created doubt regarding the healthcare system. The MLP Health Report 2008 once again highlighted how those with private health insurance feel better protected in the event of illness than those still in statutory health insurance funds. While 89% of those with private health insurance considered themselves well covered, only 56% of statutory insurance policy holders came to the same conclusion. The psychological pressure is generating willingness to make the switch or at least stimulating interest in private supplementary insurance.

The current situation represents great potential for future private health insurance, particularly as it will be easy to see from January 2009 what cost increases the German Health Fund will force upon statutory insurance policy holders. With the introduction of the German Health Fund, anyone previously in a cheap healthcare fund can expect to pay around 20% more. Added to this is the fact that the treatment for those in statutory health insurance funds is likely to be even further reduced in future while costs increase - meaning that the gap between the performance of private and statutory insurance will become even wider and more obviously apparent.

More and more people will be willing in the mid and long-term to sign up for private supplementary insurance to insure themselves against illness and care. We therefore expect to see further increases in brokerage quotas for the sales teams of the MLP Group. However, the prerequisite for this is that people have the necessary reserves in their disposable income. The economic slump anticipated in 2009 could, of course, lead to short-term stagnation in demand, although it should then be possible to compensate for this from 2010 onwards, when positive economic development is again expected. The long-term trend is clearly upward.

Wealth management

Forecasts for the high-end consumer business, so-called private banking, and investment consulting are also positive. According to the World Wealth Report from Merrill Lynch and Capgemini that is published every year, net financial assets of wealthy private individuals reached a level of US\$ 40.7 trillion worldwide in 2007. In Germany alone, some 826,000 wealthy

private individuals were recorded – a further 3.5% increase over the previous year. This is associated with a growing need for consulting services.

The private banking business segment has been a profiling field for the entire sector for many years, as looking after wealthy clients brings good growth opportunities.

Set against the background of turbulent stock market activities and the banking crises of the last few months, the opportunities for providers of wealth management consulting services on the German market have again improved. We have observed that wealthy clients are increasingly withdrawing their investments from North America in light of the financial crisis and are now more interested in investing in local markets and comparably safe options. Yet the international financial crisis has also significantly shaken up the traditional role structure in the sector. Market research indicates that German investors have become considerably more critical of the banking and insurance industry since the financial crisis and are increasingly questioning the quality of the financial advice they receive.

Both of these developments favour growth opportunities for the MLP Group. Around 40% of the 730,000 clients of MLP Finanzdienstleistungen AG are today over 40 years old and therefore have greater investment consulting requirements. And the proportion of classic private banking clientele is also on the up in the client base. More and more academics and discerning clients are moving over to the private banking segment as their investments develop. And the MLP's wealth management competency of the MLP Group is increasingly establishing itself on the market – clients are recommending us to others.

Financing

The desire to live in their own homes is a central point in life planning of people living in Germany. Families with children have a particularly strong desire for this. Indeed, families with children are more likely to fulfil the dream of owning their own home than households with no children, according to the market report "Markt für Wohnimmobilien 2008" by Landesbausparkasse LBS. And demand is developing more towards affordable used property here. Of the € 235 billion (as at 2007) in real estate investment in Germany, more than one third was channelled into the purchase of used property and modernisation projects. Only 22% of real estate investments were for new builds, which is certainly in part due to the comparably high prices for new builds.

With the Riester subsidy for residential property, in 2008 the legislator created new incentives for investors to finance their own residential property and for private old-age provision.

Investors can now also use the money they have saved in Riester building savings contracts to purchase or build their own property. There is also an option to use these funds at the start of payment phase to pay off debts for the property they live in, and Riester contracts are even eligible for purchasing shares in residential co-ops.

The new home ownership pension makes Riester saving even more attractive, as it now also addresses those who wish to use their home to provide for their old age. The new offer should therefore have a stimulating effect on the demand for residential property and open up great potential for new contracts, both for Riester products and mortgages.

In the field of mortgages, MLP Finanzdienstleistungen AG works together with the well-known mortgage broker Interhyp AG. Consultants use the joint venture "MLP Hyp GmbH" to broker the best financing offers for the clients from the large product range offered by Germany's banks, building societies and insurance companies. Clients can rest assured that they will receive interest rates that are significantly below those of classic branch banks on a regular basis and also rely on having their entire mortgage inquiry processed efficiently and smoothly via MLP Hyp. Consultants are largely free from routine activities, which allows them to focus keenly on the wishes and requirements of their clients.

Competition

Competition in the German financial services industry is set to increase further over the next few years, which will lead to consolidation of the sector in the mid term. While competition to date has largely been characterised by international competitors and new competition from other sectors entering the market (for example special banks for vehicle financing as subsidiaries of automobile manufacturers), the situation has now been made more acute by the regulatory environment.

Various new legal requirements from 2007 and 2008 have changed the relationship between sales and the clients. Whether clients will get any actual benefit from this is viewed as questionable by many in the sector, although administration expenses on the part of the vendors of financial products have certainly increased significantly. The EU Insurance Mediation Directive, the Markets in Financial Instruments Directive (MiFID) and the change to the German Insurance Act have increased the requirements for documenting and disclosing information and also altered the requirements for education insurance brokers. The high degree of investment associated with this should lead to consolidation in the market segment of small and medium-sized operators, as only strong enterprises will be able to generate economies of scale in the long-term and keep qualified staff.

In a comparison between the pros and cons of the various sales channels for financial products, clear cost and efficiency advantages are to be had in independent, less capital-intensive sales. Indeed, the Tillinghast Sales Channel Survey produced by Towers Perrin predicts that the market share of independent financial consultants will increase from 29% in 2007 to 31% by 2015. Alongside the banks, independent finance brokers are among the very few sales channels that can still win market shares. This assessment is also confirmed by practical experience from other countries. In Great Britain, for example, where the regulatory environment was made stricter several years earlier than here, the market share of independent financial consultants increased from 39% in 1992 to 73% in 2006.

The MLP Group has been carefully following the opportunities and risks that have developed in the German financial services market for many years and has always acted quickly and proactively. The proximity to our clients and our flexible organisation make it easier for us to detect changes early on and act accordingly. The expansion of our wealth management in the last few years and the fast implementation of the new legal requirements in the consulting process are tangible proof of this. Despite the fact that the competitive environment is becoming increasingly challenging, we still expect to be able to further expand the market position of the MLP Group in future and see profitable growth.

Expected development of business

The independent and holistic consulting philosophy and the consistent further development of the MLP Group's business model to become a holistic consulting company have made the MLP Group a preferred partner of discerning clients in the German financial services market. We are keen to continue along this path of success and reinforce the position of the MLP Group as the leading independent financial and investment adviser for academics and other discerning clients.

In the last financial year the MLP Group has felt the effects of the financial market and economic crisis significantly in their business development. The Group is not directly affected by the crisis. In particular, the liquidity situation and equity base are very healthy. However, the crisis did generate significant reservations regarding long-term investment decisions among clients from the second half of the year onwards. Old-age provision, financing and wealth management segments were affected by this. Whether the financial market crisis has already reached its low point remains to be seen. In our planning we therefore take into consideration that the financial year 2009 will be a difficult one for the MLP Group. With our unique business

model and our sound positioning in the German financial services market, we still see good medium and long-term opportunities to be able to benefit from the changes in the market which have been accelerated by the financial market crisis.

Events subsequent to the reporting date

The MLP Group has improved its position in the medical market through the acquisition of the independent finance broker ZSH by MLP Finanzdienstleistungen AG in January 2009. The purchase price of around € 11.3 million was paid from liquid funds. Added to this is a variable purchase price component, which is based on the economic success of ZSH up to March 31, 2009 and which amounts to around € 0.6 million. ZSH has around 80 consultants who look after some 50,000 wealthy private clients as well as physicians and dentists in all questions of old-age provision and financial planning. In the last three years, ZSH has achieved annual revenue of between € 14 and € 16 million.

MLP is expanding the Executive Board of the holding company through the appointment of a Chief Operating Officer (COO), with effect from March 1, 2009. In this connection, the Supervisory Board appointed Ralf Schmid as the new Executive Board member up to December 31, 2012 on February 16, 2009.

Within the scope of MLP Finanzdienstleistungen AG's intensified activities in retail business, we have been looking for new owners since the beginning of 2009 to take over our business activities in the Netherlands.

Apart from those described here, there were no other appreciable events after the balance sheet date with effects on the company's financial or earnings position.

Wiesloch, March 11, 2009

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Ralf Schmid

Corporate Governance Report

By complying with the German Corporate Governance Code of June 6, 2008, MLP AG continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP AG continues to review and develop corporate governance across the Group.

Management and controlling structure

Intensive dialogue between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP AG provides the Supervisory Board with regular, timely and comprehensive information on the Group's position, including information on its risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discussed the Group's corporate planning and plans for strategic growth with the Executive Board.

The Supervisory Board advises and monitors the Executive Board. Significant legal transactions by the Executive Board require its approval. Internal rules of procedure issued by the Supervisory Board govern the distribution of business, powers of approval and its co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board.

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2008. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board plenary meeting and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were discussed intensively in target-oriented talks.

Efficient committee work

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee discusses HR issues concerning the Executive Board members with the company. The Audit Committee is responsible for accounting and risk management issues, the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has formed a Nomination Committee which is exclusively composed of shareholder representatives who propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting.

Corporate Governance in the Supervisory Board

In 2008, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code. The changes to the Code ratified on June 6, 2008 were the object of in-depth discussions in a Supervisory Board meeting.

The Supervisory Board considers itself to consist of a suitable number of members who have no business or personal relationship with the company or members of the Executive Board which could form grounds for a conflict of interest. The Supervisory Board examined the knowledge and experience required of the Chairman of the Audit Committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP AG Auditing Committee fully complies with the requirements. The recommendations made by the Code with regard to the election of the company's Supervisory Board were complied with as regard to the Supervisory Board election in 2008. More specifically, this means that the Supervisory Board elections took the form of uninominal voting and that the nomination of the Chairman of the Supervisory Board was made known to the shareholders prior to the Annual General Meeting.

Transparency

Shareholdings of members of the Executive and Supervisory Boards as at the balance sheet date

As at December 31, 2008, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Supervisory Board member	Number of shares as at Dec 31, 2007	Number of shares as at Dec 31, 2008
Dr. h.c. Manfred Lautenschläger ¹	12,991,597	25,205,534
Dr. Peter Lütke-Bornefeld	30,000	30,000
Johannes Maret	-	-
Dr. Claus-Michael Dill	- ²	-
Maria Bähr	11,503	11,503
Norbert Kohler	1,094	1,094

¹ incl. additional voting rights in line with § 22 of the German Securities Trading Act (WpHG)

² not specified as only a member of the Supervisory Board since May 16, 2008

Executive Board member	Number of shares as at Dec 31, 2007	Number of shares as at Dec 31, 2008
Dr. Uwe Schroeder-Wildberg	-	-
Gerhard Frieg	181,463	181,463
Muhyddin Suleiman	-	-

Directors' Dealings

The expanded regulation of § 15a of the German Securities Trading Act (WpHG) on publishing and reporting transactions with shares of the issuer or financial instruments which relate thereto has been in force since October 30, 2004. This stipulates that persons who perform executive functions for share issuers are to report these transactions to the issuers and the Federal Financial Supervisory Authority (BaFin). This duty also applies to persons with a close relationship to such a person.

No transactions pursuant to § 15a of the German Securities Trading Act (WpHG) were reported to us in the financial year 2008.

Compliance

For us the principles of good company management also comprise compliance with all applicable laws and codes of conducts for the capital market. MLP has established a group-wide Compliance Organisation. In the interest of our clients, shareholders, employees and MLP, the Compliance Organisation supports the Executive Board in its task to ensure compliance with legal provisions and intra-company directives and to establish uniform standards for all Group companies. Executive Board and Supervisory Board are regularly informed about significant facts and events.

The MLP Group has a comprehensive volume of regulations on compliance which explains the legal regulations on insider law to members of the Executive Bodies and to employees alike, and gives a legal framework within which they can carry out their investment business. The guideline also ensures that sensitive information is handled responsibly at MLP. To prevent any impairment of client interests - in particular with regard to the securities business - we have defined policies regarding the avoidance and monitoring of conflicts of interest and the acceptance and granting of benefits. These policies are regularly reviewed and adapted to changing requirements.

Information

By law, the shareholders are involved in all fundamentally important decisions at MLP AG, such as decisions on amendments to the articles of association and the issue of new shares. In order

to help shareholders assert their rights, MLP AG offers them the option of having their voting rights exercised in writing by non-discretionary proxies appointed by the company. We report on the main content of the Annual General Meeting on our website at www.mlp-ag.de, where the Chairman's speech can also be accessed online.

In order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally, we use the Internet. Under "Investor Relations on our homepage www.mlp-ag.de" we have published both German and English versions of annual and quarterly reports, press releases, conference calls and presentations. Our financial calendar includes important events and dates for investors. Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on corporate governance of MLP AG. We provide access to our Declaration of Compliance on our homepage for at least five years.

Accounting and audit

The company's accounts are prepared in line with the regulations of the German Commercial Code (HGB). Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual General Meeting and has audited the 2008 financial statements. The Supervisory Board gave its assurance that the relations existing between the auditors and MLP AG or its governing bodies give no cause for doubting the independence of the auditor.

Remuneration report

Subject to the disclosure obligations pursuant to the German Commercial Law, the following remuneration report also forms part of the management report.

Remuneration of the members of the Executive Board

The members of the Group's Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-related) remuneration in accordance with the concluded contracts of employment. The basis of assessment for variable remuneration are the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The key figure is the earnings before tax (EBT) that would have

resulted without deduction of profit-sharing payments. If continuing operations/operations to be continued and discontinued operations/operations to be discontinued are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the continued operations/operations to be continued and discontinued operations/operations to be discontinued. No costs and income directly connected with the discontinuation/sale of business segments are included in the basis of assessment. The variable remuneration is calculated on the basis of a fixed percentage of the assessment basis. Should a contract of employment commence or terminate during the course of a financial year, the profit-sharing payment for this financial year is granted pro rata temporis as a matter of principle.

The members of the Executive Board are furthermore entitled to unrestricted use of a company car and payments from a whole life and disability insurance policy.

Individualised Executive Board remuneration for the financial year 2008

All figures in € '000	Fixed portion of remuneration	Variable portion of remuneration	Total
Dr. Uwe Schroeder-Wildberg	528	249	777
Gerhard Frieg	384	200	583
Muhyddin Suleiman	380	200	579
Total	1,291	648	1.939

Individualised Executive Board remuneration for the financial year 2007

All figures in € '000	Fixed portion of remuneration	Variable portion of remuneration	Total
Dr. Uwe Schroeder-Wildberg	524	568	1,092
Gerhard Frieg	312	375	687
Muhyddin Suleiman	102	125	227
Total	938	1,068	2,006

One retired member of the Executive Board has received € 122 thsd (previous year: € 1,215 thsd) in fixed remuneration and € 165 thsd (previous year: € 441 thsd) in variable remuneration. As at December 31, 2008, pension provisions for former members of the Executive Board amounted to € 6,677 thsd (previous year: € 6,451 thsd).

In addition there are long-term remuneration components. The members of the Executive Board participate in the Incentive Programme 2002 and the Long-Term Incentive Programmes 2005 to 2008. The structure of these programmes is described below.

Share options programme and share-based remuneration systems

The Annual General Meeting of MLP AG on May 28, 2002 conditionally increased the share capital of the company by up to € 1,700,000 by issuing a total of up to 1,700,000 new individual stocks in the name of the owner, each with a proportional value of the share capital of € 1. The conditional capital increase grants conversion rights to the owners of convertible debentures which are issued by the company on account of the authorisation resolution passed. The shares are issued to the owners of convertible debentures by the method for determining the conversion price defined in the authorisation resolution of the Annual General Meeting on May 28, 2002.

The same Annual General Meeting authorised the Executive Board, with the Supervisory Board's consent, to issue on one or more occasions a total of up to 1,700,000 non-interest-bearing convertible debentures with a nominal value of € 1 each up to a total nominal value of € 1,700,000 over the period up to May 28, 2007. These may be issued with a term of six years each to members of the Executive Board and company employees, as well as to members of the Management Board, sales representatives working as independent commercial agents and employees of companies associated with the company as defined by §§ 15 ff of the German Stock Corporation Act (AktG). They entitle the owners of convertible debentures to purchase new shares from the conditional capital of MLP AG in accordance with the convertible debenture conditions. If convertible debentures were issued to members of the company's Executive Board, only the Supervisory Board was authorised to issue these.

The convertible debentures were offered in allocated amounts in the years 2002 until 2005. Within the period from 2002 until 2005 a total of € 1,651,188 or units of convertible debentures were allocated. The size of each tranche was determined by the Executive Board with the approval of the Supervisory Board. The beneficiaries and the scope of the corresponding right to purchase the convertible debentures were determined by the Executive Board. If members of the Executive Board were affected, these factors were determined by the Supervisory Board.

Since the exercise hurdle (€ 39.28) for the allocation of the first tranche of convertible debentures from 2002 was not reached by August 19, 2005, the convertible debentures of the first tranche could no longer be converted. The nominal amount was refunded to the beneficiaries.

	Tranche 2003	Tranche 2004	Tranche 2005
Exercise period			
Start	Aug 5, 2006	Aug 17, 2007	Aug 16, 2008
End	Aug 4, 2009	Aug 16, 2010	Aug 15, 2011
Nominal amount (€)	1.00	1.00	1.00
Exercise prices (€)	7.02	12.40	13.01
Subscribed convertible debenture (€ or units)	281,040	677,042	577,806
Converted until Dec 31, 2006	140,632	-	-
Convertible debentures at Dec 31, 2006 (€ or units)	109,561	649,291	569,886
of which Executive Board (€ or units)	3,624	22,300	-
Converted in 2007	29,036	1,850	-
Refunded in 2007	1,930	64,847	16,868
Convertible debentures at Dec 31, 2007 (€ or units)	78,595	582,594	553,018
of which Executive Board (€ or units)	-	32,300	-
Converted in 2008	16,445	29,087	24,933
Refunded in 2008	4,320	42,619	37,538
Convertible debentures at Dec 31, 2008 (€ or units)	57,830	510,888	490,547
of which Executive Board (€ or units)	-	32,300	-

The exercise hurdle for the second tranche emitted in the financial year 2003 was reached in the financial year 2006. During the exercise period from August 5, 2006 to August 4, 2009, the bearers of the convertible debentures are entitled to exercise their right to conversion. By the

end of the financial year 2008, a total of 186,113 conversion rights had been exercised and converted into shares of MLP AG.

The exercise hurdle for the tranche 2004 issued in the financial year 2004 was reached in 2007. During the exercise period from August 17, 2007 until August 16, 2010, the bearers of convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2008, a total of 30,937 conversion rights had been exercised and converted into shares of MLP AG.

The exercise hurdle for the tranche 2005 issued in the financial year 2005 was reached in 2006. During the exercise period from August 16, 2008 until August 15, 2011, the bearers of convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2008, a total of 25,018 conversion rights had been exercised and converted into shares of MLP AG.

In 2005 a Long-Term Incentive Programme ("LTI") was launched for the first time. It is designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and the rise in share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. A payout in cash of phantom shares will only take place if the earnings before tax (EBT) of the MLP Group in the years 2005 to 2007 reach a certain amount (performance hurdle), which is established by Supervisory Board in accordance with MLP's strategic planning. On December 12, 2005, a further tranche was approved for the financial year 2006. In this instance, too, these phantom shares are only paid out in cash if the Group's earnings before tax (EBT) for 2006 to 2008 reach a sum established in advance by the Supervisory Board. Two additional tranches were approved in the financial years 2007 and 2008. Unlike previous tranches, the cash payout is determined on the basis of the triple earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle is reached will the beneficiaries be entitled to receive a cash payout.

An equity settlement is not planned. The fair value of the phantom shares is recalculated on each closing date on the basis of an appropriate valuation method.

If an employee or member leaves the company, the phantom shares granted expire. Of the total of 741,973 allocated performance shares, 114,067 expired by December 31, 2008.

	Tranche 2005	Tranche 2006	Tranche 2007	Tranche 2008
All figures in units	(paid out in 2008)			
Performance shares at time of allocation	144,728	135,300	233,120	228,825
of which Executive Board	89,592	78,173	117,899	122,983
of which others	55,136	57,127	115,221	105,842
Performance shares as at Dec 31, 2007	99,932	90,200	233,120	-
of which Executive Board	53,411	46,603	117,899	-
of which others	46,521	43,597	115,221	-
Performance shares expired in 2008	8,615	7,517	8,039	-
Performance shares paid out	91,317	-	-	-
Performance shares as at Dec 31, 2008	-	82,683	225,081	228,825
of which Executive Board	-	46,603	117,899	122,983
of which others	-	36,080	107,182	105,842

The payment for the 2005 tranche was made in the last financial year. The performance shares of the tranche 2006 will expire as the performance hurdle was not achieved. This is subject to verification by the Supervisory Board pending at the time of preparation of these financial statements.

Executive Board members active at December 31, 2008 hold convertible debentures issued by the company. See the table below for further details:

All figures in € '000 or units	Convertible	Convertible	Convertible
	debentures	debentures	debentures
	Tranche 2004 (value at grant date)	Total units as at Dec 31, 2008	Total units as at Dec 31, 2007
Dr. Uwe Schroeder-Wildberg	49	12,300	12,300
Gerhard Frieg	40	10,000	10,000
Muhyddin Suleiman	40	10,000	10,000
Total	130	32,300	32,300

Within the scope of the Long-Term Incentive Programme, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2008. The table below shows the number of units and values of phantom shares, excluding those paid out:

All figures in units	Tranche 2006	Tranche 2007	Tranche 2008
Fair value at grant date	€ 16.63	€ 9.33	€ 9.92
Dr. Uwe Schroeder-Wildberg	24,053	53,591	50,403
Gerhard Frieg	18,040	32,154	36,290
Muhyddin Suleiman	4.510	32,154	36,290
Total	46,603	117.899	122.983

As at December 31, 2008 the tranches 2006 to 2008 have a value of € 0 thsd.

Individual occupational benefit plans have been established for members of the Group Executive Board. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The amount of the agreed

benefit is 60% of the last fixed monthly salary received, or is fixed separately on the basis of amendments to the service contracts.

The service contracts of the members of the Group Executive Board comprise change-of-control clauses granting the right to dismissal in the following cases:

- a) If the share of voting rights in the company changes in accordance with §§ 21, 22 of the German Securities Trading Act and the buyer therefore reaches or exceeds a 50% share of the voting rights.
- b) In the case of a reorganisation of the company in line with the provisions of the German Reorganisation of Companies Act. This does not apply if the company changes its corporate form, outsourcings in line with § 123 (3) of the German Reorganisation of Companies Act or for mergers in accordance with the provisions of the Act, in which the company is the incorporating legal entity.

If a member of the Executive Board resigns on the basis of the aforementioned conditions, he is entitled to compensation amounting to four times a year's fixed salary, on the condition that the termination takes place more than two years before the end of contract. After that, the regulations apply on a pro rata temporis basis.

Remuneration of the members of the Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 30,000 in accordance with the articles of association. The Chairman of the Supervisory Board receives double and his deputy one and a half times this amount. An additional remuneration is granted for activities in a committee. This amounts to 0.3 times the basic remuneration as a Supervisory Board member for each committee. The Chairman of the committee receives 0.4 times the basic remuneration, his deputy 0.35 times this amount. If the Chairman of the Supervisory Board also holds the chair in one or more committees, he receives only the basic remuneration (0.3 times the fixed Supervisory Board remuneration) per committee in addition to his remuneration for the Supervisory Board. The fixed portion of remuneration is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based remuneration payments.

Individualised Supervisory Board remuneration

All figures in € '000	Fixed portion of remuneration 2008	Fixed portion of remuneration 2007
Dr. Peter Lütke-Bornefeld (Chairman ¹)	67	48
Dr. h.c. Manfred Lautenschläger (Vice Chairman ²)	86	78
Johannes Maret	57	48
Dr. Claus-Michael Dill ³	36	-
Norbert Kohler	30	30
Maria Bähr	30	30
Gerd Schmitz-Morkramer ⁴	27	63
Total	333	297

¹ Chairman since December 16, 2008

² Vice Chairman since December 16, 2008

³ Member of the Supervisory Board since May 16, 2008

⁴ Member of the Supervisory Board until May 16, 2008

In the financial year 2008 € 4 thsd (previous year: € 7 thsd) was paid as compensation for expenses.

Declaration of compliance

MLP AG complies strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version of June 6, 2008) with the exception only of sections 3.8 sentence 4, 4.2.3 (4) and (5), 5.1.2 sentence 6, 5.4.1 sentence 2 and 5.4.6 sentence 4.

A new Directors & Officers insurance policy (D&O insurance) with no excess is in place for the members of the Executive and Supervisory Boards. An excess is ill-suited to increasing the committee members' motivation and sense of responsibility.

The service contracts with the Executive Board members of MLP AG stipulate that, in the case of premature termination in the event of the dismissal of an Executive Board member, a payment is made corresponding to a maximum of four times a fixed annual salary. This is paid on a pro rata temporis basis should the contract be terminated within the last two years. This rule is also valid if a third party with a share in MLP of less than 10% at the time at which the contract was concluded acquires a share of at least 50% of voting rights and the member of the Executive Board exercises his right to terminate the contract. There is no entitlement to compensation in the case of termination of contract by mutual agreement. Compensation based on the total remuneration of the last financial year – as regulated by the German Corporate Governance Code – and which thus also includes a variable portion of remuneration, is in the view of the company, unsuitable as a basis of assessment relating to future contractual periods. Provisions for compensation in the case of contracts terminated by mutual agreement can only be a guideline, which the parties involved are free to deviate from at any time.

There is no age limit for the members of the Executive and Supervisory Boards of MLP AG. The appointment of members of the Executive and Supervisory Boards should be geared solely towards knowledge, skills and specialist experience. For this reason we will not implement this recommendation in 2009. This was also the case in 2008.

The members of the MLP AG Supervisory Board do not receive performance-related pay as no convincing plans in support of such remuneration structures have yet come to light. For this reason we will not implement this recommendation in 2009. This was also the case in 2008.

In December 2008, the Executive and Supervisory Boards issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. You can view the text of the Declaration of Compliance of December 11, 2008 at www.mlp-ag.de.

You can find further information on corporate governance at MLP on the internet at www.mlp-ag.de.

Financial statements / Notes

Financial statements / Notes.....	71
Profit & loss account for 2008.....	72
Balance sheet as at December 31, 2008.....	73
Notes to the financial statements of 2008.....	75
General information.....	75
Notes to the profit & loss account.....	78
Notes to the statement of changes in assets.....	81
Notes to the balance sheet.....	81
Notes on the cash flow statement.....	95
Miscellaneous information.....	97

Profit & loss account for 2008

all figures in €'000

	Notes	2008	2007
1. Other operating income	[1]	19.691	26.949
2. Personnel expenses			
a) Salaries and wages	[2]	-3.380	-5.872
b) Social security contributions and expenses for old-age provision and benefits of which for pensions: € 749,37 thsd (previous year: € 547, thsd)	[2]	-847	-802
3. Depreciation/amortisation			
Amortisation of intangible assets and tangible fixed assets	[3]	-4.898	-4.983
4. Other operating expenses	[4]	-17.795	-25.106
5. Income from investments			
of which from affiliated companies: € 10206, thsd (previous year: € 5318, thsd)	[5]	10.206	5.318
6. Income from profit and loss transfer agreements	[5]	46.750	87.481
7. Income from other securities and financial assets			
of which from affiliated companies: € 0, thsd (previous year: € 262, thsd)	[5]	74	280
8. Other interest and similar income			
of which from affiliated companies: € 987,14 thsd (previous year: € 320, thsd)	[5]	5.482	4.386
9. Amortisation of financial assets and securities held as current assets	[5]	-18.341	-36.697
10. Interest and similar expenses of which for affiliated companies: € 55,57 thsd (previous year: € 51, thsd)	[5]	-1.492	-1.716
11. Finance cost		42.679	59.051
12. Earnings before tax		35.450	49.236
13. Income tax expense	[6]	-15.865	-30.681
14. Other taxes		-125	-125
15. Net profit		19.460	18.430
16. Profit brought forward			
a) Unappropriated profit in the previous year		48.996	53.535
b) Dividend payout		-48.996	-39.967
17. Withdrawal from retained earnings	[15]		
a) from the reserve for treasury stock during the period		6.729	29.224
b) from the reserve for treasury stock from repayment		96.993	0
c) from other retained earnings		10.741	26.998
18. Income from capital decrease		10.821	0
19. Transfer to capital reserve		-10.821	0
20. Expenses of treasury stock's repayment		-96.993	0
21. Transfer to retained earnings	[15]		
a) to other retained earnings		-6.729	-29.224
b) to other retained earnings in accordance with the AGM resolution		0	-10.000
22. Unappropriated profit		30.201	48.996

Balance sheet as at December 31, 2008

Assets

All figures in €'000		Notes	2008	2007
A.	FIXED ASSETS	[7]		
I.	Intangible Assets			
	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets		29	42
II.	Fixed assets			
1.	Land, leasehold rights and buildings including buildings on third-party land		61.124	63.085
2.	Other fixtures, fittings and office equipment		9.759	11.064
3.	Payments on account and assets under construction		33	649
			70.916	74.798
III.	Financial investments			
1.	Shares in affiliated companies	[8]	147.812	147.812
2.	Other loans		0	66
			147.812	147.878
			218.757	222.718
B.	CURRENT ASSETS			
I.	Receivables and other assets			
1.	Receivables from affiliated companies	[9]	46.345	94.273
2.	Other assets of which € 4900,96 thsd with a remaining term of more than one year (previous year: € 4452, thsd)	[10]	32.594	18.638
			78.940	112.910
II.	Securities			
1.	Treasury stock	[11]	0	103.723
2.	Other securities	[12]	31.168	11.974
			31.168	115.697
III.	Cash on hand and on deposit at the Deutsche Bundesbank, bank deposits and cheques		124.524	15.453
			234.632	244.060
C.	PREPAID EXPENSES		61	58
			453.451	466.836

Liabilities and shareholder's equity

All figures in €'000		Notes	2008	2007
A. SHAREHOLDER'S EQUITY				
I.	Share capital	[13]	107.861	108.812
	Ordinary shares			
II.	Capital reserves	[14]	134.425	8.910
III.	Retained earnings	[15]		
1.	Statutory reserve		3.097	3.097
2.	Reserve for treasury stock		0	103.723
3.	Other retained earnings		152.003	156.015
			155.100	262.834
IV.	Unappropriated profit	[16]	30.201	48.996
			427.587	429.553
B. PROVISIONS				
1.	Provisions for pensions and similar obligations		8.533	7.903
2.	Tax reserves	[17]	0	19
3.	Other provisions	[17]	10.864	13.872
			19.398	21.794
C. LIABILITIES				
1.	Trade accounts payable		626	1.269
2.	Liabilities due to affiliated companies		1.552	1.312
3.	Other liabilities			
	of which € 70,76 thsd from taxes (previous year: € 345, thsd)	[18]	4.288	12.908
			6.466	15.489
			453.451	466.836

Notes to the financial statements of 2008

General information

General information on the company

The registered office of MLP AG is located at Alte Heerstr. 40, 69168 Wiesloch, Germany. It is entered in the Mannheim Commercial Register under the number HRB 332697.

Accounting policies, estimates and assumptions

In preparing the annual financial statements, it is necessary to make estimates and assumptions which may affect the carrying amounts of the assets, liabilities and financial liabilities as at the balance sheet date as well as income and expenses for the year under review.

General information

The present financial statements have been prepared in line with §§ 242 ff, 264 ff of the German Commercial Code (HGB) and the applicable regulations of the German Stock Corporation Act (AktG). The company is a large stock corporation pursuant to § 267 (3) of the German Commercial Code (HGB).

The balance sheet is prepared taking into account the partial appropriation of the net result for the year.

The same valuation methods were used as for the previous year.

On April 18, 2007 and in accordance with § 291 of the German Stock Corporation Act (AktG) a profit/loss transfer agreement was concluded between MLP AG and MLP Finanzdienstleistungen AG (formerly MLP Bank AG). The consent of the Annual General Meetings of MLP AG and MLP Bank AG was given on May 31, 2007 and May 2, 2007. The entry in the commercial register relevant for MLP Finanzdienstleistungen AG took place on June 13, 2007.

The balance sheet is prepared in accordance with the system of classification set forth in § 266 of the German Commercial Code (HGB).

The profit & loss account is prepared in accordance with the nature of expense method outlined under § 275 (2) of the German Commercial Code (HGB) and supplemented by § 277 (3) of the German Commercial Code (HGB) for the income from profit and loss transfer agreements and the development of the unappropriated profit.

Foreign currency assets and liabilities are valued at the rate of exchange in place on the day

they occur or the less favourable exchange rate on the balance sheet date.

The values entered in the tables are generally given in thousands of euros (€ '000). Any deviation from this style is noted directly in the relevant tables. Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when the individual values shown are added up.

Disclosure of the accounting policies for the individual balance sheet items

Intangible assets and tangible assets are stated at historical cost, less scheduled depreciation/amortisation charges.

In each instance, acquisition costs include the portion of sales tax incurred on additions and invoiced but not eligible for input tax deduction.

In line with the average useful lives established under tax regulations, assets are written down on a straight-line basis over the following periods:

Intangible assets	
Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	5 years
Fixed assets	
Land, land rights and buildings including buildings on third party land	
Administration buildings	25 - 33 years
Land improvements	15 - 25 years
Other fixtures, fittings and office equipment	
Furniture and fittings	10 - 25 years
IT hardware / IT cabling	3 - 13 years
Office equipment / office machines	8, 10 - 13 years
Cars	6 years
Works of art	0 or 15 years

The additions to the movable assets are depreciated pro rata temporis.

Movable tangible fixed assets with acquisition costs of between € 150 and € 1,000 net are amortised evenly over 5 years at 20% per year according to the new regulations specified in § 6 of the German Income Tax Act (EStG), altered in the course of the 2008 corporate tax reform, for immediate write off of low value items regardless of impairment losses, sale or withdrawal of assets. The low-value assets procured in connection with the furnishing and fitting of the administration building in Wiesloch in 2001 are depreciated over their expected useful life. The depreciation takes place pro rata temporis.

Financial assets are stated at acquisition costs or lower fair values.

Receivables and other assets are stated at face value or at the present value. Risk-carrying items are impaired where required.

The other securities carried under current assets are valued according to the principle of lower of cost or market pursuant to § 253 (3) of the German Commercial Code (HGB).

Cash and cash equivalents are stated at face value.

Pension provisions set aside to meet liabilities under the company pension scheme are calculated on the basis of the going-concern value as defined in § 6a of the German Income Tax Act (EStG), calculated using actuarial methods and an actuarial interest rate of 6 percent, and on the basis of the mortality chart 2005 G by Dr. Klaus Heubeck.

Other provisions take into account all uncertain liabilities and impending losses from open contracts. They are set at a level dictated by prudent business judgement.

The liabilities are stated at the settlement value.

Notes to the profit & loss account

[1] Other operating income

all figures in €'000

	2008	2007
Group allocations	1.945	1.920
Rent and incidentals	10.843	10.672
Revenue from the sale of shares in affiliated companies less disposals at book value/subsequent profit component	4.000	11.295
Income from the reversal of provisions	1.562	2.502
Other	1.340	560
	19.691	26.949

Revenues from the sale of shares in affiliated companies or from the subsequent profit component originates from contracts of Heidelberger Lebensversicherung AG brokered in the respective financial year. The item 'Other' contains income from capitalised receivables affecting the reinsurance of pension obligations for Executive Board members.

[2] Personnel expenses

all figures in €'000

	2008	2007
Salaries and wages	3.380	5.872
Social security contributions	98	255
Expenses for old-age provision	749	547
	4.228	6.675

The item 'Personnel expenses' included compensation for members of the Executive Bodies in the previous year.

The average number of full-time employees for the financial year 2008, determined according to § 267 (5) of the German Commercial Code (HGB), was 10 (previous year: 10).

[3] Depreciation/amortisation

all figures in €'000

	2008	2007
Intangible assets	13	19
Land, leasehold rights and buildings, including buildings on third-party land	3.214	3.201
Other fixtures, fittings and office equipment	1.671	1.763
	4.898	4.983

[4] Other operating expenses

all figures in €'000

	2008	2007
Cost of premises	2.284	2.565
Communication costs	498	584
Representation / entertainment expenses	1.342	1.375
IT costs	901	790
Consultancy costs and lawyers' fees	4.134	7.067
Company restaurant	401	436
Group allocations	2.014	2.073
Purchase price adjustment for MLP		
Lebensversicherung AG	0	6.330
Other	6.220	3.886
	17.795	25.106

The purchase price adjustment clause in the purchase contract signed between MLP AG and Clerical Medical International Holdings B.V., Maastricht, Netherlands, for the sale of MLP Lebensversicherung AG only provided for purchase price adjustments in the years 2005 to 2007.

Auditor's fees

The following expenses for fees in connection with the auditing firm Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, (auditor) were recorded in the following amounts in the financial year 2008 (including expenses and non-deductible statutory value added tax):

all figures in €'000

	2008	2007
Audit	166	401
Other audit-related or consulting services	44	61
Tax consultancy	25	0
Other services	16	69
	250	531

[5] Finance cost

Income from investments comprises profit distributions from Feri Finance AG for the financial year 2007. In the previous year, alongside the dividend payout of Feri Finance AG this item also included the dividend payout of the former MLP Bank AG. As a result of the profit/loss transfer agreement in place between MLP AG and MLP Finanzdienstleistungen AG, profits of € 46,750 thsd (previous year: € 87,481 thsd) had to be transferred in the last financial year.

Other interest and similar income for 2008 includes € 1,141 thsd (previous year: € 1,255 thsd) from the reversal of the reserve for interest rate swaps. The amounts included from affiliated companies come from the interest on clearing accounts as well as an overnight money asset at MLP Finanzdienstleistungen AG. The remaining increase in other interest and similar income can predominantly be attributed to the increase in interest income from bank balances and time deposits.

The depreciation/amortisation on marketable securities contains € 18,184 thsd (previous year: € 36,677 thsd) resulting from the write-down of treasury stock.

Interest and similar expenses essentially affect the payment obligations from the interest rate swaps. In the previous year, € 201 thsd in interest charges were disclosed due to a trade and corporation tax liability which resulted from a field tax audit in the years 1997 to 2001.

[6] Income tax expense

A consolidated tax group for both corporate income tax and trade tax purposes is in place between MLP AG (as the dominant enterprise) and MLP Finanzdienstleistungen AG, TPC THE PENSION CONSULTANCY GmbH and MLP Media GmbH. Tax expenses, insofar as they fall upon the consolidated tax group in the time period, are therefore only determined and disclosed at the level of the dominant enterprise.

Taxes that fall in time periods prior to the existence of the consolidated tax group are disclosed at the level of the respective company.

A routine tax field audit for the time period from 2002 to 2006 is currently taking place at

MLP AG. The findings of the field tax audit, which is still in progress, have not yet been finally discussed. Insofar as sufficiently well-founded tax effects result from these conclusions, these have already been taken into account as at December 31, 2008. In 2006, a corporation tax credit of € 5,020 thsd had to be capitalised due to legal requirements. The corporation tax credit was discounted using a no-risk interest rate suitable to the deadline. As at December 31, 2008, the discounted corporation tax credit following the proportional payment of 1/10 comes to € 4,507 thsd.

Notes to the statement of changes in assets

[7]

The development of the fixed assets and the depreciation in the financial year 2008 are shown under note 23.

Notes to the balance sheet

Fixed assets

[8] Shares in affiliated companies

In the financial year 2008 the TPC Group, consisting of TPC Group GmbH, TPC THE PENSION CONSULTANCY GmbH and TPC THE PRIVATE CONSULTANCY GmbH, was acquired by MLP Finanzdienstleistungen AG and merged with BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH ("BERAG"). In addition, BERAG Versicherungs-Makler GmbH was merged with BERAG and MLP BAV GmbH was merged with MLP Finanzdienstleistungen AG in the last financial year. BERAG was renamed TPC THE PENSION CONSULTANCY.

On October 1, 2008, MLP acquired all assets of Property Funds Research Ltd., Reading (UK) ("PFR") in an asset deal. PFR operates almost exclusively in the field of closed end funds ("CEF") research. The PFR products contain information on the funds, managers, investors and consultants of closed-end funds and are sold on a subscription basis with a predominantly annual commitment.

The two subsidiaries of MLP Finanzdienstleistungen AG - MLP Private Finance plc., London, Great Britain and MLP Private Finance Correduria de Seguros S.A., Madrid, Spain - are in receivership on the balance sheet date.

[9] Receivables from affiliated companies

The change in the item "Receivables from affiliated companies" exists in connection with the profit/loss transfer agreement in place between MLP AG and MLP Finanzdienstleistungen AG.

[10] Other assets

The other assets include income tax refund claims of € 25,193 thsd (previous year: € 8,178 thsd). These include the corporation tax credit of € 4,507 thsd (previous year: € 5,081 thsd), which had to be capitalised in 2006 due to legal regulations. The change is attributable to the repayment of the credit balance, which is spread evenly over 10 years and was started in 2008. The subsequent profit component from the sale of MLP Lebensversicherung AG to the tune of € 4,000 thsd (previous year: € 10,213 thsd) and the entitlements from the reinsurance of pension obligations for Executive Board members are also included here.

[11] Treasury stock

On November 11, 2005, following approval of the Supervisory Board granted on the same day, the Executive Board of MLP AG decided to acquire own shares in the period until December 2006. After buyback of 8.2% up to December 20, 2006, the Executive Board decided by resolution on October 11, 2007 to purchase more treasury stock. Authorisation for the buyback of own shares was granted by the Annual General Meetings held on June 21, 2005, May 31, 2006 and May 31, 2007. The resolution of May 31, 2007 was valid until November 29, 2008.

By the end of this period, it was possible to acquire a total of 10% (10,878,140 shares) of the share capital existing at the time of the resolution via the stock exchange or by means of a public offer to buy directed at all shareholders.

Should these shares be bought back via the stock exchange, the purchase price per share paid by MLP AG (excluding transaction costs) was not allowed to be more than 10% greater or less than the average closing price (arithmetic mean) of the MLP AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange over the three preceding trading days prior to the obligation to purchase. In the case of a public offer, the purchase price was not allowed to exceed or fall below the average closing price (arithmetic mean) of the MLP AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange by 10% over the three trading days preceding the day the offer was made public.

The buyback programme was implemented in line with the implementation regulations (Directive EC 2273/2003) enacted under Article 8 of the Directive 2003/6/EC. An investment bank was commissioned to set up the resolution in the form of a systematic buyback programme via the stock exchange. This investment bank decided on the time of the individual buybacks based on a systematic buyback model. MLP had no influence on this.

Acquisition of treasury stock in 2005

During the period between December 1, 2005 and December 31, 2005, a total of 614,509 shares were acquired by MLP AG at an overall value of € 10,505,048. This corresponds to 0.57% of the share capital at the time of the resolution. The acquired shares correspond to € 614,509 of the share capital.

Month	Amount	Value	Share capital	Proportion of the share capital
	Units	€	€	%
December	614.509	10.505.048	108.640.686	0,57
	614.509	10.505.048		

Acquisition of treasury stock in 2006

During the period between January 1, 2006 and December 20, 2006, a total of 8,248,600 shares were acquired by MLP AG at an overall value of € 137,847,996 (including incidental acquisition expenses). This corresponds to 7.58% of the share capital at the time of the resolution. The acquired shares correspond to € 8,248,600 of the share capital.

Month	Amount	Value	Share capital	Proportion of the share capital
	Units	€	€	%
January	556.000	10.323.093	108.640.686	0,51
February	617.000	12.100.821	108.640.686	0,57
March	755.000	14.112.187	108.640.686	0,69
April	511.000	10.203.675	108.640.686	0,47
May	602.000	11.478.153	108.640.686	0,55
June	893.600	14.278.273	108.640.686	0,82
July	932.000	14.094.062	108.640.686	0,86
August	1.132.000	15.962.065	108.731.776	1,04
September	623.000	9.328.758	108.757.037	0,57
October	705.000	11.394.037	108.765.928	0,65
November	773.000	11.570.085	108.775.120	0,71
December	149.000	2.304.526	108.781.403	0,14
	8.248.600	137.149.735		

Acquisition of treasury stock in 2007

During the period between November 15, 2007 and December 31, 2007, a total of 785,500 shares were acquired by MLP AG at an overall value of € 7,452,453. This corresponds to 0.72% of the share capital at the time of the resolution. The acquired shares correspond to € 785,500 of the share capital.

Month	Amount	Value	Share capital	Proportion of the share capital
	Units	€	€	%
November	440.000	3.766.848	108.811.775	0,40
December	345.500	3.685.605	108.812.289	0,32
	785.500	7.452.453		

Acquisition of treasury stock in 2008

During the period between January 7, 2008 and January 31, 2008, a total of 1,172,156 shares were acquired by MLP AG at an overall value of € 11,455,104. This corresponds to 1.08% of the share capital at the time of the resolution. The acquired shares correspond to € 1,172,156 of the share capital.

Month	Amount	Value	Share capital	Proportion of the share capital
	Units	€	€	%
January	1.172.156	11.455.104	108.812.289	1,08
	1.172.156	11.455.104		

Retiring treasury stock

A total of 10,820,765 own shares were acquired. These were retired in March 2008. The retired shares correspond to € 10,820,765 of the share capital. This corresponds to 9.95% of the share capital at the time of the resolution.

At the Annual General Meeting on May 16, 2008, the shareholders in MLP AG once again authorised the Executive Board to acquire own shares to the value of up to 10% of the share capital in place at the date of the resolution (i.e. 9,799,152 shares) by November 13, 2009. This replaced the authorisation given at the Annual General Meeting in 2007. No use has yet been made of this authorisation.

[12] Other securities

The item "Other securities" includes fixed income securities amounting to € 2,982 thsd (previous year: € 4,974 thsd), variable interest-bearing bonds of € 4,900 thsd (previous year: € 5,000 thsd) and investment funds of € 23,287 thsd (previous year: € 2,000 thsd). Depreciation/amortisation of € 156 thsd (previous year: € 20 thsd) were applied to this.

[13] Share capital

The share capital consists of 107,861,141 (December 31, 2007: 108.812.289) ordinary shares of MLP AG. The change is attributable to two factors. Firstly, the retirement of 10,820,765 own shares and secondly the resolution of the Executive Board, passed by the Supervisory Board on August 21, 2008, to issue 9,799,152 new ordinary shares for cash contributions of € 123,763,290 from authorised capital. The new shares were issued in an accelerated procedure under the exclusion of subscription rights. 70,465 new no-par-value shares were issued in the financial year 2008 up to December 31, 2008 by exercising conversion rights. 242,068 new no-par-value shares had previously been issued by exchanging convertible debentures.

Authorised capital

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by issuing new ordinary bearer shares on one or more occasions by up to € 21,000,000 in exchange for cash or non-cash contributions until May 30, 2011. Due to the increase in share capital of € 9,799,152 passed by the Executive Board on August 21, 2008 and approved by the Supervisory Board on the same day and also due to the amendment resolution of the Supervisory Board again dated August 21, 2008, authorised capital now totals € 11,200,848.

Conditional capital

The Annual General Meeting of MLP AG on May 28, 2002 conditionally increased the share capital of the company by up to € 1,700,000 by issuing a total of up to 1,700,000 new ordinary bearer shares, each with a proportional value of the share capital of € 1 per share. The conditional capital increase grants conversion rights to the owners of convertible debentures which are issued by the company on account of the authorisation resolution passed. The shares are issued to the owners of convertible debentures by the method for determining the conversion price defined in the authorisation resolution of the Annual General Meeting on May 28, 2002.

The conditional capital increase will only be carried out insofar as the owners of convertible debentures, issued by the company on account of the authorisation granted to the Executive Board by the resolution of the Annual General Meeting on May 28, 2002 exercise their right to conversion.

Within the scope of the MLP Incentive Programme 2002, the company issued non-interest-bearing convertible debentures within in the years 2002 until 2005. They incorporate the right to purchase MLP AG shares and were issued to members of the Executive Board, members of the management and the staff of MLP AG, as well as for MLP consultants acting as self-employed commercial agents and employees of affiliated companies pursuant to § 15 ff of the German Stock Corporation Act (AktG).

The convertible debentures rank *pari passu* with the partial debentures to bearer with a face value of € 1 each and have a maximum maturity of six years (of which three years is a qualifying period and three years an exercise period).

The conversion right may only be exercised if, at any time during the qualifying period, the closing price of the MLP AG shares in the XETRA trade (or a comparable successor system replacing the XETRA system at the Frankfurt/Main Stock Exchange) amounts to 130% of the

basis price (exercise hurdle). The basic price corresponds to the arithmetic mean of the closing price of the MLP AG shares in the Xetra trade over the last five trading days preceding the MLP AG Executive Board's resolution concerning exercising the authority to issue convertible debentures to qualifying persons.

The bearers of the convertible debentures are entitled to exercise their right to conversion during the respective exercise period. When the right is exercised, each partial debenture with a face value of € 1 is exchanged for a new ordinary share of MLP AG after payment of the conversion price (see also note 14).

From 2002 to 2005 a total of € 1,651,188 or units of convertible debentures were allocated. Since the exercise hurdle (€ 39.28) for the allocation of the first tranche of convertible debentures from 2002 was not reached by August 19, 2005, the convertible debentures of the first tranche could no longer be converted. The nominal amount was refunded to the beneficiaries.

Of the subscribed convertible debentures, € 1,059 thsd (previous year: € 1,214 thsd) were outstanding on the balance sheet date. Convertible debentures to the tune of € 84 thsd (previous year: € 84 thsd) were repaid during 2008. The exercising of conversion rights led to an increase in share capital of € 70,465 as at December 31, 2008.

By the end of the financial year 2008, a total of 242,068 conversion rights had been exercised. As a result, conditional capital decreased to € 1,457,932 (previous year: € 1,528,397).

The following table shows details of the programme:

	tranche				total
	2002	2003	2004	2005	
Exercise period					
Start	20.08.2005	05.08.2006	17.08.2007	16.08.2008	
End	19.08.2008	04.08.2009	16.08.2010	15.08.2011	
Exercise prices (€)	(not reached)				
	30,22	7,02	12,40	13,01	
Subscribed convertible debentures	115.300	281.040	677.042	577.806	1.651.188
Exercising of conversion rights: (€ or units)					
total		186.113	30.937	25.018	242.068
* thereof in 2008		16.445	29.087	24.933	70.465
Paid back (€ or units)					
total	115.300	37.097	135.217	62.241	349.855
* thereof in 2008		4.320	42.619	37.538	84.477
convertible debentures at Dec 31, 2008 (€ or units)	0	57.830	510.888	490.547	1.059.265

[14] Capital reserves

all figures in €'000

	2008	2007
	As at Jan 1	8.910
Allocation	125.515	196
As at Dec 31	134.425	8.910

Capital reserves had to be increased by € 10,820,765 in line with the retirement of own shares and by € 113,964,138 in the course of the increase in capital stock. In addition, due to the convertible debentures exercised in 2008, capital reserves increased by € 730,036 (previous year: € 195,887). The addition is the difference between the basic price (see note 13) and the nominal amount of the second tranche (€ 7.02 – € 1), third tranche (€ 12.40 – € 1) and fourth tranche (€ 13.01 – € 1) of conversion rights.

[15] Retained earnings

Reserve for treasury stock

In the financial year 2008, the reserve for treasury stock of € 96,993 thsd was cleared in full due to the retirement of treasury stock.

all figures in €'000

	2008	2007
	As at Jan 1	103.723
Allocation from purchase / withdrawal for depreciation treasury stock	-6.729	-29.224
Compensation due to capital decrease	-96.993	0
As at Dec 31	0	103.723

Other retained earnings

Other retained earnings have changed as follows:

all figures in €'000

	2008	2007
	As at Jan 1	156.015
Transfer/withdrawal treasury stock	6.729	29.224
withdrawal for dividend payout	-10.741	-26.998
Transfer from net profit	0	10.000
As at Dec 31	152.003	156.015

[16] Unappropriated profit

Due to the amounts allocated to and withdrawn from other retained earnings and net profit for 2008, unappropriated profit changed as follows:

all figures in €'000

	2008	2007
	Unappropriated profit as at Jan 1	48.996
Dividend payout	-48.996	-39.967
Withdrawal from retained earnings	17.471	26.998
Transfer to retained earnings	-6.729	-10.000
Net profit	19.460	18.430
Unappropriated profit as at Dec 31	30.201	48.996

[17] Provisions

Tax reserves in the last financial year came to € 0 thsd (previous year: € 19 thsd). Previous year provisions were exhausted through payments.

Other provisions consist mainly of those for impending losses from open contracts amounting to € 3,442 thsd (previous year: € 4,583 thsd), liabilities in connection with the sale of the two insurance subsidiaries of € 5,040 thsd (previous year: € 4,940 thsd) and provisions for outstanding invoices of € 112 thsd (previous year: € 407 thsd).

The impending losses from open contracts are the result of interest rate swaps. MLP AG holds two payer swaps, set up in August 1999 to secure financing of individual construction phases of the Wiesloch building project. Following the complete repayment of the loan in 2005 and the hedge accounting associated with this, to eliminate the interest risk caused, two reverse swaps with identical amounts and terms were concluded (see also note 21).

A Long Term Incentive Programme (LTI) was implemented for the first time in the financial year 2005. The programme was opened both to members of the Executive Board of the reporting company and to Executive Board members and managerial staff of subsidiaries of MLP AG. The structure of the programme is outlined in the management report. The payment for the 2005 tranche was made in the last financial year. The performance shares of the tranche 2006 will be forfeited as the performance hurdle was not achieved. This is subject to verification by the Supervisory Board pending at the time of preparation of these financial statements. As at December 31, 2008, the tranches 2006 to 2008 have a value of € 0 thsd. The provisions (previous year: € 961 thsd) were to be reversed or have already been used up.

[18] Other liabilities

Alongside bonus payments for current and former members of the Executive Board, the item "Other liabilities" also includes interest deferrals resulting from the interest rate swaps. In addition it includes convertible debentures of € 1,059 thsd (previous year: € 1,214 thsd). The structure of the programme is explained under note 13.

Other liabilities in the previous year also included liabilities from the purchase price adjustment in connection with the sale of MLP Leben amounting to € 7,517 thsd.

Statement of liabilities as at Dec 31, 2008

all figures in €'000

Liability type		With a remaining term of		
		up to 1 year	1 to 5 years	more than 5 years
Trade accounts payable ¹⁾	626	626	0	0
Liabilities due to affiliated companies ²⁾	1.552	1.552	0	0
Other liabilities	4.288	4.288	0	0
	6.466	6.466	0	0

¹⁾ The standard retentions of title clauses have been asserted.

²⁾ Receivable from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities.

Statement of liabilities as at Dec 31, 2007

all figures in €'000

Liability type		With a remaining term of		
		up to 1 year	1 to 5 years	more than 5 years
Trade accounts payable ¹⁾	1.269	1.269	0	0
Liabilities due to affiliated companies ²⁾	1.312	1.312	0	0
Other liabilities	12.908	12.908	0	0
	15.489	15.489	0	0

¹⁾ The standard retentions of title clauses have been asserted.

²⁾ Receivable from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities.

[19] Other financial liabilities not recognised in the balance sheet

On the balance sheet date, other financial commitments were as follows:

all figures in €'000

	2009	2010	> 2010	Total
Purchase commitments	189	0	0	189
Car leasing	91	57	43	191
Maintenance and licence contracts	5	5	11	21
	286	62	53	401

As the purchaser of 56.586% of the shares in Feri Finance AG, MLP AG was granted the right (call option) to purchase the remaining stake of 43.414% in Feri Finance AG. MLP exercised the call option on October 29, 2007. The purchase price (fixed purchase price component) to be paid by MLP AG for the remaining 43.414% stake is € 47.8 million and is due on the date of the actual transfer of the shares in April 2011.

Depending on the future economic development of Feri Finance AG and the development of funds under management at MLP, the fixed purchase price component may rise due to a variable purchase price component of up to € 98.0 million. MLP amended the valuation of this variable component of the purchase price to € 5,000 thsd on December 31, 2008. The variable purchase price component is due at the earliest on the date of actual transfer of the shares in April 2011.

There were no other financial liabilities than those disclosed above.

[20] Guarantees and other commitments

The purchase contract signed between MLP AG and Gothaer Allgemeine Versicherung AG, Cologne on the sale of MLP Versicherung AG contains a purchase price adjustment clause which, in the worst case, allows for a maximum reduction in the purchase price of € 7.25 million in 2010. Given the current situation, we do not expect any repayment.

As at the balance sheet date, MLP AG and MLP Finanzdienstleistungen AG were jointly and severally liable for the € 50,000 thsd line of credit granted to both companies by several financial institutions. However, as at December 31, 2008, this line of credit had not yet been drawn on.

Lease agreements have been and are being concluded between HP Finanz Service GmbH and the various individual companies of the MLP Group as lessees. In accordance with the declaration of liability of August 2, 2006 between MLP AG and HP Finanz Service GmbH, Böblingen,

MLP AG is liable for all of the lessees' obligations arising from the lease agreements (assumption of joint cumulative liability for debt). MLP AG is liable irrespective of whether the individual companies of the MLP Group and other holdings subject to applicable corporate law continue to exist.

MLP AG is jointly and severally liable for the obligations arising from the purchase contract agreed between MLP Private Finance Limited and Towry Law. Under the current conditions, the maximum risk amounts to GBP 1 million.

MLP AG is not liable in any situation other than those outlined above.

[21] Reporting for derivative financial instruments in accordance with § 285 No. 18 of the German Commercial Code (HGB)

Due to the lack of a commercial-law definition of the term "financial instrument", International Financial Reporting Standards (IFRS) were applied *mutatis mutandis*.

According to IAS 32.11 (2008), a financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. According to IAS 39.9 (2008), a derivative financial instrument is a financial instrument whose value changes in response to the change in a given interest rate, security price, commodity price, exchange rate, price or interest rate index, credit rating or credit index, or similar variable (also termed "underlying") that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors and that is settled at a future date.

The key data of the derivative financial instruments as at December 31, 2008 is as follows:

	1st contract	2nd contract
Date of transaction	12.08.1999	12.08.1999
Start of term	15.01.2001	16.07.2001
End of term	17.01.2011	17.01.2011
Face amount (€)	30.000.000	20.000.000
Fixed rate payer	MLP AG	MLP AG
Fixed interest	5,90%	6,00%
Variable rate	EURIBOR - 6 months	EURIBOR - 6 months
Settlement	Half-yearly	Half-yearly

	3rd contract	4th contract
Date of transaction	18.01.2005	18.01.2005
Start of term	20.01.2005	20.01.2005
End of term	17.01.2011	15.01.2011
Face amount (€)	20.000.000	30.000.000
Variable rate payer	MLP AG	MLP AG
Fixed interest	3,11%	3,13%
Variable rate	EURIBOR - 6 months	EURIBOR - 6 months
Settlement	Half-yearly	Half-yearly

Accounting treatment and measurement

Derivative financial instruments are measured at cost on initial recognition. They are subsequently measured at the lower of cost or fair value. Fair value (market value) is calculated using the present value method on the basis of the current swap rates.

Recognition

In accordance with the principles of commercial law, swaps are recognised in the balance sheet under "Other provisions" if the fair value is negative.

Gains or losses from measurement at fair value are recorded under the finance cost. The fair value of the interest rate swaps amounts to € -3,442 thsd on the balance sheet date (previous year: € -4,583 thsd).

Notes on the cash flow statement

[22]

The following cash flow statement, which discloses net financial assets as cash and cash equivalents, is intended to help readers understand the company's financial position. It is prepared in accordance with the provisions of DRS 2 (German Accounting Standards).

Income tax payments amounted to € 30,613 thsd in the financial year (previous year: € 27,086 thsd). Interest paid amounted to € 1,417 thsd in the financial year (previous year: € 1,610 thsd).

Cash holdings include cash and cash equivalents with a remaining term of no more than three months. This contains amounts totalling € 17 thsd which are subject to a restraint. The cash holdings were reduced accordingly by this amount. Capital expenditure on financial assets concerns fixed-term deposits with a term of more than three months. As they can be released prematurely at any time, these are disclosed in the balance sheet under liquid funds.

Cash flow statement

all figures in €'000

	2008	2007
Changes in net financial assets from operating activities		
Net profit	19.460	18.430
Plus (minus) expenses (income), which do not decrease (increase) net financial assets		
Amortisation of intangible assets	13	19
Write-ups/downs of financial assets	0	-45
Depreciation of marketable securities	156	20
Depreciation of tangible fixed assets	4.885	4.964
Write-down of treasury stock	18.184	36.677
Allocation to pension provisions (net)	630	409
Gains from the disposal of non-current assets	0	0
Losses from the disposal of non-current assets	0	293
Gains from the disposal of marketable securities	-94	0
Losses from the disposal of marketable securities	727	0
Losses from the disposal of shares in affiliated companies	0	36
	24.502	42.372
Plus (minus) decreases (increases) in short-term assets excluding cash holdings		
Receivable from affiliated companies	47.928	-69.173
Other assets	-13.955	9.951
Prepaid expenses	-3	461
	33.969	-58.760
Plus (minus) increases (decreases) in short-term liabilities		
Tax reserves	-19	-5.791
Other provisions	-3.007	-3.437
Trade accounts payable	-643	-2.705
Liabilities due to affiliated companies	240	145
Other liabilities	-8.396	7.172
	-11.825	-4.615
Cash flow from operating activities	66.106	-2.574
Changes in net financial assets from investing activities		
Capital expenditure on intangible assets	0	-21
Capital expenditure on tangible fixed assets	-1.003	-1.525
Capital expenditure on financial assets	-105.000	-28
Proceeds from the disposal of tangible fixed assets	0	27
Proceeds from the disposal of financial assets	64	5.668
Expenditure on the purchase of shares in affiliated companies	0	0
Proceeds from cash investments made in managing financial investments (marketable securities)	2.364	2.045
Expenditure on cash investments made in managing financial investments (marketable securities)	-22.348	-36
Cash flow from investing activities	-125.923	6.130
Changes in net financial assets from financing activities		
Dividend payout	-48.996	-39.967
Proceeds from transfer to equity	124.493	196
Payments for the acquisition of treasury stock	-11.455	-7.452
Repayment of loans	0	0
Payments received and repayments from convertible debentures	-155	-115
Change in capital reserve from discounting of convertible bonds	0	0
Cash flow from financing activities	63.888	-47.338
Increase/decrease in net financial assets	4.071	-43.783
Cash and cash equivalents at the end of the financial year	19.507	15.436
Cash and cash equivalents at the beginning of the financial year	15.436	59.219
	4.071	-43.783

Miscellaneous information

[23] Changes in assets in the financial year 2008

Procurement and manufacturing costs

all figures in €'000

	01.01.2008	Addition	Cross entry	Disposals	31.12.2008
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and assets, incl. licenses on such rights and assets	170	0	0	0	170
	170	0	0	0	170
II. Tangible assets					
1. Land, leasehold rights and buildings, incl. buildings on third-party land	88.138	604	649	0	89.392
2. Other fixtures, fittings and office equipment	21.702	366	0	0	22.067
3. Payments on account and assets under construction	649	33	-649	0	33
	110.489	1.003	0	0	111.492
III. Financial investments					
1. Shares in affiliated companies	149.801	0	0	0	149.801
2. Other loans	66	0	-2	64	0
	149.866	0	-2	64	149.801
	260.525	1.003	-2	65	261.462

Accumulated depreciation/amortisation

all figures in €'000

	01.01.2008	Addition	Disposals	Appreciation	31.12.2008
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and assets, incl. licenses on such rights and assets	127	13	0	0	140
	127	13	0	0	140
II. Tangible assets					
1. Land, leasehold rights and buildings, incl. buildings on third-party land	25.053	3.214	0	0	28.268
2. Other fixtures, fittings and office equipment	10.637	1.671	0	0	12.308
3. Payments on account and assets under construction	0	0	0	0	0
	35.691	4.885	0	0	40.575
III. Financial investments					
1. Shares in affiliated companies	1.989	0	0	0	1.989
2. Other loans	0	0	0	0	0
	1.989	0	0	0	1.989
	37.807	4.898	0	0	42.705

Carrying amounts

all figures in €'000

	31.12.2008	31.12.2007
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets, incl. licenses on such rights and assets	29	42
	29	42
II. Tangible assets		
1. Land, leasehold rights and buildings, incl. buildings on third-party land	61.124	63.085
2. Other fixtures, fittings and office equipment	9.759	11.064
3. Payments on account and assets under construction	33	649
	70.916	74.798
III. Financial investments		
1. Shares in affiliated companies	147.812	147.812
2. Other loans	0	66
	147.812	147.878
	218.757	222.718

[24] Executive bodies of MLP AG

Executive Board

	Mandates in statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman		
responsible for		
- planning and strategy, human resources	- Feri Finance AG, Bad Homburg v.d.H. (Chairman)	- MLP Finanzdienstleistungen AG, Vienna (Chairman of the Supervisory Board)
- communication, legal affairs, audit, IT	- Reutax AG, Heidelberg	
provisional responsible for		
- controlling, accounting, taxes		
- treasury and general administration		
Gerhard Frieg, Heidelberg		
responsible for	- Feri Finance AG, Bad Homburg v.d.H.	- BERAG Gesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen (until July 25, 2008)
- product management and purchasing		- MLP Hyp GmbH, Schwetzingen
Muhyddin Suleiman		
responsible for	- Feri Finance AG, Bad Homburg v.d.H.	
- sales and marketing		

Supervisory Board

	Mandates in statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel, Chairman of the Board Kölnische Rückversicherungs- Gesellschaft AG Chairman since Dec 16, 2008 Vice Chairman from May 16, 2008 until Dec 15, 2008	<ul style="list-style-type: none"> - VPV Lebensversicherungs-AG, Stuttgart - Delvag Rückversicherungs-AG, Cologne 	<i>Group Companies:</i> <ul style="list-style-type: none"> - General Reinsurance Corporation (Holding), Stamford, USA - General Re Life Corporation, Stamford, USA - GeneralCologne Re Capital GmbH, Cologne <i>Others:</i> <ul style="list-style-type: none"> - Faraday Holdings Ltd, London, Great Britain
Dr. h. c. Manfred Lautenschläger, Gaiberg Vice Chairman since Dec 16, 2008 Chairman until Dec 15, 2008	<ul style="list-style-type: none"> - MLP Finanzdienstleistungen AG, Wiesloch (Chairman) 	<ul style="list-style-type: none"> - Heidelberg University Clinic, Heidelberg (Supervisory Board)
Gerd Schmitz-Morkramer, Munich until May 16, 2008 Vice Chairman until May 16, 2008	<ul style="list-style-type: none"> - Merck Finck Treuhand AG, Frankfurt am Main (Chairman) - bmp AG, Berlin (Chairman) - YOC! AG, Berlin (Chairman) 	<ul style="list-style-type: none"> - Ernst Max von Grunelius Stiftung, Frankfurt (Chairman) - Taurus Investment Holding, Boston, USA (Chairman of the Advisory Board)
Dr. Claus-Michael Dill, Berlin, Chairman of the Board of Damp Holding since May 16, 2008	<ul style="list-style-type: none"> - Kölnische Rückversicherungs-Gesellschaft AG, Cologne (Chairman) - TÜV Rheinland Holding AG, Cologne (Chairman) 	<ul style="list-style-type: none"> - TÜV Rheinland Berlin Brandenburg Pfalz e. V., Cologne (Administrative Board) - Deutsche Bank AG, Frankfurt (Regional Advisory Board East) - WestLB, Düsseldorf (Commercial Advisory Board) - HUK Coburg AG, Coburg (Group Advisory Board) - Gothaer Versicherungen AG, Cologne (Advisory Board)
Johannes Maret, Burgbrohl, Entrepreneur until May 8, 2008	<ul style="list-style-type: none"> - DAB Bank AG, Munich 	<ul style="list-style-type: none"> - Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) - The Triton Fund, Jersey, USA (Investment Committee Member) - Xchanging Ltd., London (Non Executive Director) - Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) - BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board) - CET Beteiligungs GmbH, Vienna (Chairman of the Supervisory Board)
Maria Bähr, Sandhausen, Employees' representative, Departmental head at MLP Finanzdienstleistungen AG	<ul style="list-style-type: none"> - MLP Finanzdienstleistungen AG, Wiesloch until April 30, 2008 	
Norbert Kohler, Oftersheim, Employees' representative, Team leader at MLP Finanzdienstleistungen AG	<ul style="list-style-type: none"> - MLP Finanzdienstleistungen AG, Wiesloch until April 30, 2008 	

[25] Emoluments paid to members of the Supervisory Board and Executive Board

For the detailed structuring of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the "Corporate Governance" chapter. The remuneration report is part of the management report.

Executive Board

The total remuneration for members of the Executive Board amounted to € 1,939 thsd (previous year: € 2,006 thsd). € 1,291 thsd (previous year: € 938 thsd) of this makes up the fixed portion of remuneration and € 648 thsd is the variable portion of remuneration (previous year: € 1,068 thsd).

A former member of the Executive Board received € 122 thsd (previous year: € 1,215 thsd) fixed and € 165 thsd (previous year: € 441 thsd) variable remuneration in the reporting year. As at December 31, 2008, pension provisions totalling € 6,677 thsd (previous year: € 6,451 thsd) were in place for former members of the Executive Board.

Supervisory Board

The members of the Supervisory Board received non-performance-related remuneration of € 333 thsd (previous year: € 297 thsd) for their work in 2008. In addition, € 4 thsd (previous year: € 7 thsd) was used as compensation for expenses.

Executive Board members active at December 31, 2008 hold convertible debentures issued by the company. See the following table for the number of units and values of convertible debentures:

all figures in €'000

	Convertible debentures		
	Tranche 2004 Value at grant date	Units	
		as at Dec 31, 2008	as at Dec 31, 2007
Dr. Uwe Schroeder-Wildberg	49	12.300	12.300
Gerhard Frieg	40	10.000	10.000
Muhyddin Suleiman	40	10.000	10.000
Total	130	32.300	32.300

Within the scope of the Long-Term Incentive Programme, the members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2008. See the following table for the number of units and values of the phantom shares, insofar as these have not been paid out:

all figures in €'000

	tranche 2006	tranche 2007	tranche 2008
Fair value at grant date	16,63 €	9,33 €	9,92 €
Dr. Uwe Schroeder-Wildberg	24.053	53.591	50.403
Gerhard Frieg	18.040	32.154	36.290
Muhyddin Suleiman	4.510	32.154	36.290
Total	46.603	117.899	122.983

As at December 31, 2008, the tranches 2006 to 2008 have a value of € 0 thsd.

[26] Shareholders on the balance sheet date

	Ordinary shares		Proportion of the share capital	
	2008	2007	2008	2007
	No. of shares	No. of shares	%	%
Dr. h. c. Manfred Lautenschläger	25.205.534	12.991.597	23,37	11,94
Other members of the Supervisory Board ^{*)}	42.597	52.532	0,04	0,05
Executive Board	181.463	181.463	0,17	0,17
MLP AG (treasury stock)	0	9.648.609	0,00	8,87
Other shareholders	82.431.547	85.938.088	76,42	78,98
	107.861.141	108.812.289	100,00	100,00

*) in 2007 including shares of a Member of the Supervisory Board retired in 2008

[27] Declaration of compliance with the German Corporate Governance Code

The Executive and Supervisory Boards issued a Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, www.mlp-ag.de.

[28] Disclosures pursuant to §§ 21 (1), 22 German Securities Trading Act (WpHG)

Manfred Lautenschläger, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on August 22, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 25% and totalled 23.38% (corresponding to 25,205,534 voting rights). Of these, 20.98% (22,618,932 voting rights) of Angelika

Lautenschläger Beteiligungen Verwaltungs GmbH are attributable to him in accordance with Article 22, Section 1, Sentence 1, No.1 WpHG.

Manfred Lautenschläger, Germany, has notified us in accordance with Article 21, Section 1, WpHG that on April 21, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 15%, 20% and 25%, and on this date amounted to 25.72% (25,205,534 voting rights). Of these, 23.08% (22,618,932 voting rights) of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH are attributable to him in accordance with Article 22, Section 1, Subsection 1, No. 1 WpHG.

Manfred Lautenschläger Beteiligungen GmbH, Gaiberg, Germany, has notified us in accordance with Article 21, Section 1, WpHG that on April 21, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the thresholds of 10%, 5% and 3% due to a merger with Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, and on this date amounted to 0% (0 voting rights).

Manfred Lautenschläger Beteiligungen GmbH, Gaiberg, Germany, notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on March 31, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 10.61% (corresponding to 10,404,995 voting rights).

Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg, Germany, has notified us in accordance with Article 21, Section 1, WpHG that on April 21, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 15% and 20%, and on this date amounted to 23.08% (22,618,932 voting rights).

M.L. Stiftung gGmbH, Gaiberg, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3% on December 7, 2007, and amounted to 4.14% (4,500,000 votes) on this day. This share comprises 4.14% (4,500,000 votes) of Manfred Lautenschläger Stiftung gGmbH attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Mrs Angelika Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that her share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% on December 7, 2007, and amounted to 5.97% (6,500,000 votes) on this day. This share comprises 4.14% (4,500,000 votes) of M.L. Stiftung gGmbH attributable to her in line with §§ 22 (1) 1 sentence 1 no. 1, and 22 (1) sentence 2 of the German Securities Trading Act (WpHG). 4.14% (4,500,000 votes) of the shares held by Manfred Lautenschläger Stiftung gGmbH are attributable to M.L. Stiftung gGmbH in line with § 22 (1)

sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Landesbank Berlin Holding AG, Berlin, Germany has informed us in accordance with Article 21, Section 1 of WpHG that on May 8, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3% and on this date amounted to 2.23% (2,183,499 voting rights).

Landesbank Berlin Holding AG, Berlin, Germany also informed us that of these voting rights, 2.23% (2,183,499 voting rights) are attributable to itself in accordance with Article 22, Section 1, Subsection 1, No. 1 of WpHG. These voting rights, attributable to the Landesbank Berlin Holding AG, are held through the following company which it controls, whose holding of voting rights in MLP AG directly amounts to 2.23%: Landesbank Berlin AG, Berlin, Germany.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany, has notified us that Landesbank Berlin Holding AG is their daughter company in accordance with Article 22, Section 1, Sentence 1, No.1 of the German Securities Trading Act (WpHG) and that the voting rights of this company in MLP AG are attributable to Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG. The voting rights of Landesbank Berlin Holding AG in MLP AG, Wiesloch, Germany, fell below the threshold of 3% and amounted to 2.23% (2,183,499 voting rights) on May 8, 2008.

Furthermore, Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG has notified us that these 2.23% (2,183,499 voting rights) are attributable to itself in accordance with Article 22, Section 1, Sentence 1, No. 1. of the German Securities Trading Act (WpHG). These voting rights attributable to Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany, are held through the following companies: Landesbank Berlin Holding AG and Landesbank Berlin AG, Berlin, Germany. These companies are subsidiaries of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG and their direct or indirect holding of voting rights in MLP AG, Wiesloch, Germany, amounted to 2.23%.

Regionalverbandsgesellschaft mbH, Berlin, Germany, has notified us that Landesbank Berlin Holding AG is a daughter company of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG in accordance with Article 22, Section 1, Sentence 1, No. 1. of the German Securities Trading Act (WpHG) and that the voting rights of this company in MLP AG are attributable to Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG. The voting rights of Landesbank Berlin Holding AG in MLP AG, Wiesloch, Germany, fell below the threshold of 3% and amounted to 2.23% (2,183,499 voting rights) on May 8, 2008.

Furthermore, Regionalverbandsgesellschaft mbH, Berlin, Germany, has notified us that these 2.23% (2,183,499 voting rights) are attributable to itself in accordance with Article 22, Section 1, Sentence 1, No. 1. of the German Securities Trading Act (WpHG). These voting rights

attributable to Regionalverbandsgesellschaft mbH, Berlin, Germany, are held through the following companies: Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Landesbank Berlin Holding AG and Landesbank Berlin AG, Berlin, Germany. These companies are subsidiaries of Regionalverbandsgesellschaft mbH and their direct or indirect holding of voting rights in MLP AG, Wiesloch, Germany, amounted to 2.23%.

Landesbank Berlin Holding AG, Berlin, Germany has informed us in accordance with Article 21, Section 1 of WpHG that on May 2, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5% and on this date amounted to 4.71% (4,614,480 voting rights).

Landesbank Berlin Holding AG, Berlin, Germany also informed us that of these voting rights, 4.71% (4,614,480 voting rights) are attributable to itself in accordance with Article 22, Section 1, Subsection 1, No. 1 of WpHG. These voting rights attributable to the Landesbank Berlin Holding AG are held through the following company which it controls, whose holding of voting rights in MLP AG directly amounts to 4.71%: Landesbank Berlin AG, Berlin, Germany.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on May 2, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5% and now totals 4.71% (4,614,480 voting rights).

Furthermore, Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG also notified us that of these voting rights 4.71% (4,614,480 voting rights) are attributable to itself in accordance with Article 22, Section 1, Sentence 1, No. 1 of the German Securities Trading Act (WpHG).

These voting rights attributable to Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG are held through the following companies: Landesbank Berlin Holding AG and Landesbank Berlin AG, Berlin, Germany. These companies are subsidiaries of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG and their direct or indirect holding of voting rights in MLP AG, Wiesloch, Germany, amounted to 4.71%.

Regionalverbandsgesellschaft mbH, Berlin, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on May 2, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5% and now totals 4.71% (4,614,480 voting rights).

Furthermore, Regionalverbandsgesellschaft mbH, Berlin, Germany, also notified us that of these voting rights, 4.71% (4,614,480 voting rights) are attributable to itself in accordance with Article 22, Section 1, Sentence 1, No. 1 of the German Securities Trading Act (WpHG).

These voting rights attributable to Regionalverbandsgesellschaft mbH, Berlin, Germany, are held

through the following companies: Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Landesbank Berlin Holding AG and Landesbank Berlin AG, Berlin, Germany. These companies are subsidiaries of Regionalverbandsgesellschaft mbH and their direct or indirect holding of voting rights in MLP AG, Wiesloch, Germany, amounted to 4.71%.

Mr. Carsten Maschmeyer, Germany, notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on November 20, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 10%, 15% and 20% and totalled 24.30% (corresponding to 26,212,890 voting rights).

Moreover, Mr. Carsten Maschmeyer, Germany, notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on November 20, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany, fell below the thresholds of 20%, 15%, 10%, 5% and 3% and totalled 0% (corresponding to 0 voting rights).

Mr. Carsten Maschmeyer, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on August 22, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 10% and now totals 9.94% (corresponding to 10,712,890 voting rights).

Mr. Carsten Maschmeyer, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on August 20, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 10.93% (corresponding to 10,712,890 voting rights).

Mr. Carsten Maschmeyer, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on August 12, 2008 his holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 3% and 5% and now totals 5.93% (corresponding to 5,813,000 voting rights).

Swiss Life Beteiligungs GmbH, Munich, Germany, notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on November 20, 2008 their holding of voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3%, 5%, 10%, 15% and 20% and totalled 24.30% (corresponding to 26,212,890 voting rights).

Swiss Life Holding AG, Zurich, Switzerland, notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on November 20, 2008 their holding of voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3%, 5%, 10%, 15% and 20% and totalled 24.30% (corresponding to 26,212,890 voting rights). These voting rights are attributable to Swiss Life Holding AG in accordance with Article 22, Section 1, Sentence 1, number 1 of the German Securities Trading Act (WpHG).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on November 20, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 15% and 10% and now totals 5.01% (corresponding to 5,406,900 voting rights).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on August 12, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 15% and now totals 15.82% (corresponding to 15,506,000 voting rights).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on July 11, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 10.16% (corresponding to 9,961,283 voting rights).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on May 29, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 3% and 5% and now totals 5.15% (corresponding to 5,050,300 voting rights).

AXA S.A., Paris, France has informed us in accordance with Article 21, Section 1 of WpHG that on August 22, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5% and totalled 4.72% (corresponding to 5,090,989 voting rights). Of these, 4.18% (4,503,693 voting rights) are attributable to AXA S.A. in accordance with Article 22, Section 1, Sentence 1, No.1 WpHG and further 587,296 (0.54%) voting rights in accordance with Article 22, Section 1, Sentence 1, No.6 in conjunction with Sentence 2 of WpHG.

AXA S.A., Paris, France has also informed us that the attributed voting rights are controlled via the following group structure: AXA S.A., Paris, France is the parent company and controls Vinci B.V., Utrecht, Netherlands; this company controls AXA Konzern AG, Cologne, Germany which, in turn, controls AXA Lebensversicherung AG, Cologne, Germany.

AXA S.A., Paris, France has informed us in accordance with Article 21, Section 1 of WpHG of the following:

On August 21, 2008, the proportion of voting rights held by AXA Lebensversicherung AG, Cologne, Germany in MLP AG, Wiesloch, Germany exceeded the threshold of 3% and now amounts to 4.60% (4,503,693 voting rights).

On August 21, 2008, the proportion of voting rights held by AXA Konzern AG, Cologne, Germany in MLP AG, Wiesloch, Germany exceeded the threshold of 3% and now amounts to 4.60% (4,503,693 voting rights). The voting rights are attributable to AXA Konzern AG in accordance

with Article 22, Section 1, Sentence 1, No. 1 of WpHG.

On August 21, 2008, the proportion of voting rights held by Vinci B.V., Utrecht, Netherlands in MLP AG, Wiesloch, Germany exceeded the threshold of 3% and now amounts to 4.60% (4,503,693 voting rights). The voting rights are attributable to Vinci B.V. in accordance with Article 22, Section 1, Sentence 1, No. 1 of WpHG.

On August 21, 2008, the proportion of voting rights held by AXA S.A., Paris, France in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% and now totals 5.17% (corresponding to 5,063,489 voting rights). Of these, 4,503,693 (4.60%) voting rights are attributable to AXA S.A. in accordance with Article 22, Section 1, Sentence 1, No.1 WpHG and a further 559,796 (0.57%) voting rights in accordance with Article 22, Section 1, Sentence 1, No. 6 in conjunction with Sentence 2 of WpHG.

AXA S.A., Paris, France has also informed us that the attributed voting rights are controlled via the following group structure: AXA S.A., Paris, France is the parent company and controls Vinci B.V., Utrecht, Netherlands; this company controls AXA Konzern AG, Cologne, Germany which, in turn, controls AXA Lebensversicherung AG, Cologne, Germany.

Allianz SE, Munich, Germany has informed us in accordance with Article 21, Section 1 of WpHG that on August 22, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% and amounted to 6.27% (6,761,893 voting rights). The voting rights are attributable to Allianz SE in accordance with Article 22, Section 1, Sentence 1, No.1 of WpHG.

The voting rights attributed to Allianz SE in this respect, were held via the following companies which it controls, whose holding of voting rights in MLP AG in each case amounts to 3% or more: Allianz Deutschland AG, Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

At the same time Allianz SE has also informed us in accordance with Article 21, Section 1 in conjunction with Article 24 of WpHG, of the following:

On August 22, 2008, the proportion of voting rights held by Allianz Deutschland AG, Munich, Germany in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% and amounted to 6.27% (6,761,893 voting rights). These voting rights were attributed to Allianz Deutschland AG in accordance with Article 22, Section 1, Sentence 1, No.1 of WpHG.

The voting rights attributed to Allianz Deutschland AG in this respect were held via the following companies which it controls, whose holding of voting rights in MLP AG in each case amounts to 3% or more: Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

On August 22, 2008, the proportion of voting rights held by Jota Vermögensverwaltungsgesellschaft mbH, Munich, Germany in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% and amounted to 6.27% (6,761,893 voting rights). These voting rights were attributed to Jota Vermögensverwaltungsgesellschaft mbH in accordance with Article 22, Section 1, Sentence 1, No.1 of WpHG.

The voting rights attributed to Jota Vermögensverwaltungsgesellschaft mbH in this respect were held via the following companies which it controls, whose holding of voting rights in MLP AG in each case amounts to 3% or more: Allianz Lebensversicherung AG.

On August 22, 2008, the proportion of voting rights held by Allianz Lebensversicherung AG, Stuttgart, Germany in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% and amounted to 6.27% (6,761,893 voting rights).

Harris Associates L.P., Chicago, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on October 30, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3% and totalled on that date 2.95% (corresponding to 3,176,740 shares) of the voting rights. These voting rights are attributable to Harris Associates L.P. in accordance with Article 22, Section 1, Sentence 1, No. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on October 30, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3% and totalled on that date 2.95% (corresponding to 3,176,740 shares) of the voting rights. These voting rights are attributable to Harris Associates Inc. in accordance with Article 22, Section 1, Sentence 1, No. 6 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on September 30, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5% and totalled on that date 4.37% (corresponding to 4,714,266 shares) of the voting rights. These voting rights are attributable to Harris Associates L.P. in accordance with Article 22, Section 1, Sentence 1, No. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on September 30, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5% and totalled on that date 4.37% (corresponding to 4,714,266 shares) of the voting rights. These voting rights are attributable to Harris Associates Inc. in accordance with Article 22, Section 1, Sentence 1, No. 6 of the German

Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, Illinois 60602, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on May 19, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 9.84% (corresponding to 9,646,572 voting rights). The voting rights are attributable to Harris Associates Inc. in accordance with Article 22, Section 1, Sentence 1, No. 6 in conjunction with Article 22, Section 1, Sentence 2 of the German Securities Trading Act (WpHG).

Furthermore, Harris Associates L.P., Chicago, Illinois 60602, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on May 19, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 9.84% (corresponding to 9,646,572 voting rights). The voting rights are attributable to Harris Associates L.P. in accordance with Article 22, Section 1, Sentence 1, No. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, Illinois 60602, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on March 31, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 10.73% (corresponding to 10,516,572 voting rights). The voting rights are attributable to Harris Associates Inc. in accordance with Article 22, Section 1, Sentence 1, No. 6 in conjunction with Article 22, Section 1, Sentence 2 of the German Securities Trading Act (WpHG).

Furthermore, Harris Associates L.P., Chicago, Illinois 60602, USA notified us in accordance with Article 21, Section 1 of the German Securities Trading Act (WpHG) that on March 31, 2008 its holding of voting rights in MLP AG, Wiesloch, Germany surpassed the threshold of 10% and now totals 10.73% (corresponding to 10,516,572 voting rights). The voting rights are attributable to Harris Associates L.P. in accordance with Article 22, Section 1, Sentence 1, No. 6 of the German Securities Trading Act (WpHG).

MLP AG, based in Wiesloch, Germany, hereby gives notice in accordance with Article 26 (1) Sentence 2 of WpHG that on March 25, 2008 its holding in its own shares fell below the thresholds of 5% and 3% of the voting rights and amounted to 1.96% (1,957,656 voting rights) on March 25, 2008.

[29] Investments in affiliated companies

The company's shareholdings are as follows as at December 31, 2008:

Direct holdings

Name, registered office	Carrying amount 01.01.2008	Carrying amount 31.12.2008	Share	Shareholders' equity as at 31.12.2008	Net profit/ loss
	€	€	%	€	€
MLP Finanzdienstleistungen Aktiengesellschaft, Wiesloch ²⁾	79.004.832,92	79.004.832,92	100	83.274.692,87	- ¹⁾
MLP Consult GmbH, Wiesloch	1.344.959,00	1.344.959,00	100	1.871.406,20	118.906,34
Feri Finance AG, Bad Homburg	67.462.073,77	67.462.073,77	56,59	25.285.057,39	5.470.389,58
	147.811.865,69	147.811.865,69			

¹⁾ There is a profit and loss transfer agreement in place.

²⁾ MLP BAV GmbH, Wiesloch merged with MLP Finanzdienstleistungen AG, Wiesloch in 2008.

Indirect holdings

Name	Registered office	Share	Shareholders' equity as at 31.12.2008	Net profit/ loss
	€	%	€	€
MLP Media GmbH (100% subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100,00	25.788,72	- ¹⁾
MLP Finanzdienstleistungen AG, (100% subsidiary of MLP Finanzdienstleistungen AG)	Vienna, Austria	100,00	778.872,68	-4.450.897,73
TPC THE PENSION CONSULTANCY GmbH (100% subsidiary of MLP Finanzdienstleistungen AG) ³⁾	Hamburg	100,00	248.420,44	- ¹⁾
MLP Hyp GmbH ⁴⁾	Schwetzingen	49,80	4.353.952,39	1.548.370,71
Feri Family Trust GmbH (100% subsidiary of Feri Finance AG) ⁵⁾	Bad Homburg v. d. H	56,59	2.943.831,43	- ²⁾
Feri Institutional Advisors GmbH (100% subsidiary of Feri Finance AG)	Bad Homburg v. d. H	56,59	1.914.092,15	- ²⁾
Feri EuroRating Service AG (100% subsidiary of Feri Finance AG) ⁶⁾	Bad Homburg v. d. H	56,59	957.969,49	- ²⁾

¹⁾ There is a profit and loss transfer agreement in place with MLP Finanzdienstleistungen AG.

²⁾ There is a profit and loss transfer agreement in place with Feri Finance AG.

³⁾ In the financial statement 2007 the company signed with the company's name of BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH. On January 1, 2008 MLP Finanzdienstleistungen AG acquired the remaining 49% of the company. With effect from January 1, 2008, MLP Finanzdienstleistungen acquired TPC Group GmbH. Based on a resolution passed on July 25, 2008, the company was merged with BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH. At the same time the company was renamed to TPC THE PENSION CONSULTANCY GmbH.

⁴⁾ MLP Finanzdienstleistungen AG holds 49.8% of shares .

⁵⁾ In the financial statement 2007 the company signed with the firm name Feri Wealth Management GmbH.

⁶⁾ In the financial statement 2007 the company signed with the firm name Feri Rating & Research GmbH.

As at December 31, 2008, neither MLP AG nor the companies shown here possessed any other holdings requiring disclosure under the provisions of § 285 no. 11 of the German Commercial Code (HGB). The voting right granted under § 286 (3) sentence 1 no. 1 of the German Commercial Code (HGB) was exercised.

[30] Proposal for the appropriation of MLP AG's unappropriated profit

Pursuant to § 170 (2) of the German Stock Corporation Act, the Executive Board proposes that the unappropriated profit of € 30,201,119.48 stated in the annual financial statements for the year ending December 31, 2008 be used as follows:

	Dec 31, 2008
	€
Payout to shareholders	30.201.119,48
Transfer to revenue reserves	0
Profit brought forward	0
Unappropriated profit	30.201.119,48

Wiesloch, March 11, 2009

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Ralf Schmid

Audit opinion

We have audited the annual financial statements - consisting of balance sheet, income statement and notes - together with the bookkeeping system, and the management report of MLP AG, Wiesloch, for the fiscal year from January 1, to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB "Handelsgesetzbuch" (German Commercial Code) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer IDW (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. On the whole, the management report provides a suitable understanding of the company's position and suitably presents the risks to future development.

Stuttgart, March 12, 2009

Ernst & Young AG

Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft

Prof. Dr. Pfitzer

Skirk

Auditor

Auditor

Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and the management report gives a fair view of the performance of the business including business results and the overall position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company in the remainder of the financial year."

Wiesloch, March 11, 2009

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Ralf Schmid

Financial calendar 2009

May 13, 2009

Results for the 1st quarter 2009

Mai 26, 2009

Equinet European Small and Midcap Conference, London

June 16, 2009

Annual General Meeting 2009, Mannheim, Germany

August 12, 2009

Results for the 2nd quarter 2009

September 22 - 24, 2009

HVB UniCredit German Conference, Munich, Germany

November 11, 2009

Results for the 3rd quarter 2009

Imprint

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