

Corporate Governance report

Every year, the Executive Board and Supervisory Board report on the company's corporate governance in the Annual Report as required by the German Corporate Governance Code. Furthermore, the following statements and details are provided as a Declaration of Corporate Governance in the sense of § 289a of the German Commercial Code (HGB).

TEXT OF THE DECLARATION OF COMPLIANCE PURSUANT TO § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Declaration of Compliance of MLP AG pursuant to § 161 of the German Stock Corporation Act (AktG) (version dated December 10, 2009)

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP AG hereby declare that the company has complied with the recommendations of the "German Corporate Governance Code" government commission (version dated June 18, 2009) since the last Declaration of Compliance was issued. However, the recommendations specified in section 3.8 sentence 4 and 5, section 4.2.3 (4) and (5), section 5.1.2 sentence 6, section 5.4.1 sentence 2 and section 5.4.6 sentence 4 were not complied with.

The reasons for these deviations from the recommendations are as follows:

Section 3.8 sentence 4 and sentence 5 (D & O insurance with excess)

Based on the recommendations of the German Corporate Governance Code (section 3.8 sentence 4 of the version dated June 6, 2008), the company should agree an appropriate excess for members of the Executive Board and Supervisory Board when concluding a D & O insurance. Initially, the company did not comply with this recommendation.

However, with introduction of the Appropriateness of Management Board Remuneration Act (VorStAG), members of the Executive Board must now agree to an excess. This excess must be at least 10 % of the loss up to at least an amount representing one and a half times the annual remuneration of the respective Executive Board member. A corresponding insurance excess is also to be agreed as per section 3.8 sentence 5 of the German Corporate Governance Code in a D & O insurance for the Supervisory Board.

MLP initially deviated from these recommendations in 2009. In the meantime, however, MLP has modified the existing D & O insurance in such a way as to provide excesses for the members of the Executive Board and Supervisory Board in the coming financial year and thereby comply with the regulations and recommendations of the German Corporate Governance Code. As such, MLP will now comply with this recommendation in 2010, unlike in 2009.

Section 4.2.3 (4) and (5) (compensation cap)

As per the recommendations of the German Corporate Governance Code, attention must be paid when concluding Executive Board contracts to ensure that any payments to members of the Executive Board do not exceed the value of two years remuneration including perks (compensation cap) of these Executive Board members, should their position be terminated prematurely without an important reason. Calculation of the compensation cap should be based on the total remuneration of the last financial year and, if available and appropriate, also the total anticipated remuneration of the current financial year. In the event of premature termination of Executive Board membership due to a change of control, any commitment for payments should not exceed 150 % of the compensation cap.

MLP deviates from this. The service contracts with the Executive Board members stipulate that, in the event of premature termination due to either dismissal or termination of appointment of an Executive Board member without an important reason, compensation corresponding to a maximum of four times the fixed annual salary of said Executive Board member is to be

paid. This is paid on a pro-rata-temporis basis should the respective Executive Board member's contract be terminated within the last two years prior to its expiration. This stipulation still applies, even if members of the Executive Board make use of the extraordinary right to termination granted to them in their respective contracts. This applies in certain cases where the company changes its corporate form as per the Reorganisation of Companies Act (UmwG) or if a third party who had a shareholding of less than 10 % in MLP AG when signing the contract then acquires at least a 50 % share of the voting rights.

There is no entitlement to compensation in the case of termination of contract by mutual agreement. In the company's view, compensation based on the total remuneration of the last financial year, which thereby also includes a variable portion of remuneration, is not suitable for use as a basis of assessment relating to future contractual periods. For contractual reasons, provisions regulating compensation arrangements concerning the termination of contracts by mutual agreement can in any case only be seen as a guideline. And the parties involved are free to deviate from these provisions at any time with mutual consent. For this reason, any provisions of this nature would be no more than a formality. As was also the case in 2009, MLP has therefore once again elected not to comply with this recommendation in 2010.

Section 5.1.2 sentence 7 (age limit for members of the Executive Board)

Based on the recommendations of the German Corporate Governance Code, an age limit should be set for members of the Executive Board.

MLP did not follow this recommendation in 2009. No age limit is set for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. As was also the case in 2009, MLP has therefore once again elected not to follow this recommendation in 2010.

Section 5.4.1 sentence 2 (age limit for members of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, a definable age limit should be considered when proposing candidates for the election of Supervisory Board members.

MLP did not follow this recommendation in 2009. No age limit is set for members of the Supervisory Board at MLP. In light of the knowledge, skills and specialist experience stipulated in section 5.4.1 sentence 1 of the Code, it makes little sense to specify an age limit. As was also the case in 2009, MLP has therefore once again elected not to follow this recommendation in 2010.

Section 5.4.6 sentence 4 (performance-related remuneration of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, the members of the Supervisory Board are to receive performance-related remuneration alongside their fixed remuneration.

MLP did not follow this recommendation in 2009. The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing concepts in support of such remuneration structures have yet come to light. As was also the case in 2009, MLP has therefore once again elected not to comply with this recommendation in 2010.

Wiesloch, December 2009

MLP AG

The Executive Board

The Supervisory Board

You can also find further information on the topic of Corporate Governance at MLP on the internet at www.mlp-ag.com.



More information at
www.mlp-ag.com,
Corporate Governance

CORPORATE GOVERNANCE

Responsible and value
adding management

By complying with the stipulations of the German Corporate Governance Code of June 18, 2009, MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared towards long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Executive Board

As the management body of an "Aktiengesellschaft" (public limited company), the Executive Board runs the business and is tied to the interests and business principles of the company within the scope of corporation law. The responsibilities and duties of the Executive Board are laid down in the German Stock Corporation Act (AktG), in MLP AG's articles of association, as well as in the Executive Board's rules and procedures and schedule of responsibilities.

The members of the Executive Board together hold responsibility for the entire management. Decisions of the Executive Board are made in Executive Board meetings, which take place regularly and are convened by the Chairman of the Executive Board. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (Chairman), Mr. Gerhard Frieg, Mr. Ralf Schmid and Mr. Muhyddin Suleiman.

Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP AG's articles of association and a set of rules and procedures for the Supervisory Board.

Resolutions of the Supervisory Board are passed in meetings, which are generally convened by the Chairman of the Supervisory Board. The Supervisory Board convenes for both regular and extraordinary meetings, which are generally attended by all members of the Supervisory Board in person. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. The resolutions of the Supervisory Board require a majority of votes cast to be passed. In the event of an equal number of votes, the Chairman's vote is decisive. A transcript of the meetings is drafted.

Members of the
Supervisory Board

The Supervisory Board currently consists of six members. These are four shareholder representatives, elected by the Annual General Meeting, and two employees' representatives, elected by employees. The Supervisory Board is currently made up of Dr. Peter Lütke-Bornefeld, Dr. h. c. Manfred Lautenschläger, Dr. Claus-Michael Dill, Mr. Hans Maret, Mr. Norbert Kohler and Mrs. Maria Bähr.

Efficiency of the
Supervisory Board

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2009. 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.

Supervisory Board
committees

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning the Executive Board members with the company. The Audit Committee is responsible for audit-

ing the accounting processes, risk management issues and the auditing system itself, as well as ensuring 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. Dr. Peter Lütke-Bornefeld, Dr. h. c. Manfred Lautenschläger, Dr. Claus-Michael Dill and Mr. Hans Maret are members of the three aforementioned committees.

In 2009, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The changes to the Code passed on June 18, 2009, and in particular the changes caused by Germany's Appropriateness of Management Remuneration Act (VorstAG) and Accounting Law Reform Act (BilMoG) enforced in 2009, were a topic of intensive discussion in the Supervisory Board. The changes were analysed and corresponding adjustments made to the internal regulations and procedures followed by the Supervisory Board.

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 regarding 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. These requirements are also to be observed for future appointments to the Supervisory Board.

Further disclosures on the Supervisory Board's activities can be found in the Report by the Supervisory Board on page 6 et seq.

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 the strategic development with the Executive Board.

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. 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 (page 6 et seq.).

Corporate Governance
in the Supervisory Board

No conflict of interest
in the Supervisory Board

Co-operation between
Executive Board
and Supervisory Board

[Table 36]

Shareholdings of members of the Supervisory Board

Supervisory Board member	Number of shares as at Dec 31, 2008	Number of shares as at Dec 31, 2009
Dr. h. c. Manfred Lautenschläger ¹	25,205,534	25,205,534
Dr. Peter Lütke-Bornefeld	30,000	30,000
Johannes Maret	–	–
Dr. Claus-Michael Dill	–	–
Maria Bähr	11,503	11,503
Norbert Kohler	1,094	94

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

[Table 37]

Shareholdings of members of the Executive Board

Executive Board member	Number of shares as at Dec 31, 2008	Number of shares as at Dec 31, 2009
Dr. Uwe Schroeder-Wildberg	–	–
Gerhard Frieg	181,463	181,463
Muhyddin Suleiman	–	–
Ralf Schmid	– ²	–

² No details, as only member of the Executive Board at MLP AG since March 1, 2009

TRANSPARENCY

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

As at December 31, 2009, the shares held by the members of the company's Executive and Supervisory Boards were distributed as shown in [Table 36] and [Table 37].

Directors' Dealings

Directors' Dealings

The expanded regulation of § 15 a 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.

Pursuant to § 15 a of the German Securities Trading Act (WpHG) one transaction was reported to us in the financial year 2009. This can also be viewed on our website www.mlp-ag.com.



More information at www.mlp-ag.com,
Corporate Governance,
Directors' Dealings

Compliance

Section 4.1.3 of the German Corporate Governance Code defines the tasks of the Executive Board within the scope of Compliance as follows: The Executive Board must ensure compliance with the legal provisions and the internal company guidelines, and also work towards their observance by the Group companies. For us, the principles of good company management also comprise compliance with all applicable laws and codes of conducts for the capital market. This is an integral part of our corporate culture.

Compliance guidelines

MLP has established a group-wide Compliance Organisation. In the interest of our clients, shareholders, employees and MLP, the Compliance Organisation supports and advises the Executive Board in its task to ensure compliance with legal obligations 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 compliance 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 on corporate governance practices

MLP redefined its core values in 2009, a process in which a large number of employees and consultants were involved. “Performance” and “Trust” were identified as values that portray MLP particularly authentically. Building on this, MLP’s existing corporate mission was then revised. This can be found on the front cover page of the Annual Report. In a third step, the following management principles were then derived from this for MLP:

Core values redefined

MLP managers:

- are committed to the interests of MLP clients
- live out the core values of “Performance” and “Trust”
- implement agreed targets and decisions consistently
- are proactive in shaping the future
- work together openly as team players
- ensure systematic development of managers and staff

As a contribution to the discussion on the quality of financial advice in Germany, MLP presented a consulting code in the form of guidelines for client consulting in 2009. This code does not contain any new concepts, but rather summarises MLP’s consulting and client support standards, many of which have already been in use at the company for several years. The aim is to increase transparency for clients, interested parties and the general public. All guidelines are based on MLP’s company values, which shape the relationship between employees and consultants, as well as all stakeholders. The guidelines can also be found on page 126 of this Annual Report.

A description of the business strategy, risk strategy and risk management system can be found on pages 32 et seq. and 67 et seq. of this Annual Report.



More information at
www.mlp-ag.com,
Investor Relations,
Annual General Meeting

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 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.com, where the Chairman's speech can also be accessed online.

Information of
all target groups

We place great emphasis on keeping both the capital market and interested public up-to-date with regular, prompt and comprehensive information on the economic situation and results in our Group. Reporting is provided within the specified deadlines in the form of the Annual Report, the semi-annual financial report and the interim financial reports on quarterly results. We also provide information on current events and new developments in press releases or, where legally stipulated, in ad-hoc statements. All messages and statements are available on the Internet. Our financial calendar provides information on dates and deadlines relevant for the capital market, such as our Annual General Meeting and publication of our Annual Report and interim financial reports.

Under "Investor Relations" on our homepage at www.mlp-ag.com, you can not only access both German and English versions of the aforementioned information instruments, but also conference calls and presentations.



More information at
www.mlp-ag.com,
Corporate Governance

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 at MLP. We provide access to our Declaration of Compliance on our homepage for at least five years.

Accounting and audit

Group accounting is performed in line with International Financial Reporting Standards (IFRS). This offers a high degree of transparency and simplifies comparability with our competition. Ernst & Young AG GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual General Meeting. This company audited the 2009 (Group) financial statements and reviewed both the condensed financial statements and the interim management report in 2009 (pursuant to §§ 37 w (5), 37 y No. 2 of the German Securities Trading Act (WpHG). The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor. MLP AG's Supervisory Board not only discusses the annual and Group financial statements, but also examines the semi-annual and quarterly financial reports together with the Executive Board prior to their publication.

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

In the course of introduction of the Appropriateness of Management Remuneration Act (VorstAG), the responsibility for laying down Executive Board remuneration was transferred from the Personnel Committee of the Supervisory Board to the plenary meeting of the Supervisory Board. In future, the Personnel Committee will no longer be responsible for the resolution on Executive Board remuneration, but instead will only prepare this.

With the Appropriateness of Management Remuneration Act (VorstAG), which came into force on August 5, 2009, the legislator in Germany has also created new requirements with regard to the terms of Executive Board remuneration. The legislator's goal here is to align Executive Board remuneration with sustainable company development. This goal is covered in principle by MLP's Executive Board remuneration system. In its meeting on December 10, 2009, the Personnel Committee of the Supervisory Board examined the new legislation, in particular also with a view to alignment of Executive Board remuneration with sustainable corporate management. Based on the assessment of experts, the present system of Executive Board remuneration is already largely aligned with the objectives of the new legislation. Yet despite this, the Supervisory Board will still examine the further development of the Executive Board remuneration system at MLP in the financial year 2010.

The members of the Group's Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration in accordance with the contracts of employment currently in place [Table 38] [Table 39]. 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 and discontinued operations 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 operations to be continued and discontinued respectively. 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.

Resolution on Executive Board remuneration in the plenary meeting of the Supervisory Board

Principles of Executive Board remuneration

[Table 38]

Individualised Executive Board remuneration for the financial year 2009

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration	Total
Dr. Uwe Schroeder-Wildberg	527	206	734
Gerhard Frieg	383	165	548
Ralf Schmid*	317	138	455
Muhyddin Suleiman	378	165	543
Total	1,606	674	2,280

* Executive Board member since March 1, 2009

[Table 39]

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

As at December 31, 2009, pension provisions for former members of the Executive Board amounted to € 8,923 thsd (previous year: € 8,718 thsd).

In addition there are long-term remuneration components. The members of the Executive Board participate in the Incentive Programme 2004 and the Long-Term Incentive Programmes 2007 to 2009. The structure of these programmes is described below.

Share options programme
and share-based
remuneration systems

The Annual General Meeting of MLP AG held on May 28, 2002 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 et seq. of the German Stock Corporation Act (AktG). Convertible debentures entitle the owner 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.

[Table 40]

Convertible debentures

		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	in €	1.00	1.00	1.00
Exercise prices	in €	7.02	12.40	13.01
Subscribed convertible debenture	€ or units	281,040	677,042	577,806
Converted until Dec 31, 2007	€ or units	169,668	1,850	85
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	€ or units	16,445	29,087	24,933
Refunded in 2008	€ or units	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	–
Converted in 2009	€ or units	16,573	24	–
Refunded in 2009	€ or units	41,257	20,281	23,993
Convertible debentures at Dec 31, 2009	€ or units	0	490,583	466,554
of which Executive Board	€ or units	–	32,300	–

[Table 41]

Convertible debentures – Executive Board members

All figures in €'000 or units	Convertible debentures Tranche 2004 (value at grant date)	Convertible debentures Total units as at Dec 31, 2009	Convertible debentures Total units as at Dec 31, 2008
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

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 [Table 40].

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 convertible debentures were entitled to exercise their right to conversion. By the end of the financial year 2009, a total of 202,686 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 2009, a total of 30,961 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 2009, a total of 25,018 conversion rights had been exercised and converted into shares of MLP AG.

Executive Board members active at December 31, 2009 hold convertible debentures issued by the company. See [Table 41] for further details.

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 net profit before tax (EBT) over several years and the development of the share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche expired in 2009. For the tranches approved in the financial years from 2007 to 2009, 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.

[Table 42]

Long-Term Incentive Programme

All figures in units	Tranche 2007	Tranche 2008	Tranche 2009
Performance shares at time of allocation	233,120	228,825	296,440
of which Executive Board	117,899	122,983	177,866
of which others	115,221	105,842	118,574
Performance shares as at Dec 31, 2008	225,081	228,825	–
of which Executive Board	117,899	122,983	–
of which others	107,182	105,842	–
Performance shares expired in 2009	–	–	–
Performance shares paid out	–	–	–
Performance shares as at Dec 31, 2009	225,081	228,825	296,440
of which Executive Board	117,899	122,983	177,866
of which others	107,182	105,842	118,574

[Table 43]

Long-Term Incentive Programme – Executive Board members

	Tranche 2007	Tranche 2008	Tranche 2009
Fair value at grant date	€ 9.33	€ 9.92	€ 7.59
All figures in units			
Dr. Uwe Schroeder-Wildberg	53,591	50,403	65,876
Gerhard Frieg	32,154	36,290	39,526
Ralf Schmid (member of the Executive Board since March 1, 2009)	–	–	32,938
Muhyddin Suleiman	32,154	36,290	39,526
Total	117,899	122,983	177,866

If an employee or member leaves the company, the phantom shares granted expire. Of the total of 758,385 allocated performance shares, 8,039 expired by December 31, 2009 [Table 42].

Within the scope of the Long-Term Incentive Programme, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2009. Refer to [Table 43] for the number and values of the phantom shares, insofar as these have not been paid out or have expired.

The costs included in the income statement arising from the Long-Term Incentive Programme for Executive Board members during the financial year 2009 are € 328 thsd (previous year: € 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.

[Table 44]

Individualised Supervisory Board remuneration

All figures in €'000	Fixed portion of remuneration 2009	Fixed portion of remuneration 2008
Dr. Peter Lütke-Bornefeld (Chairman)	87	67
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	72	86
Johannes Maret	57	57
Dr. Claus Michael Dill	57	36
Norbert Kohler	30	30
Maria Bähr	30	30
Gerd Schmitz-Morkramer*	–	27
Total	333	333

* Member of the Supervisory Board until May 16, 2008

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Gerhard Frieg, Muhyddin Suleiman and Ralf Schmid 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. 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. Dr. Schroeder-Wildberg's and Mr. Ralf Schmid's contract of employment are each set to run until December 31, 2012, while Mr Frieg's contract is set to run until May 18, 2012 and Mr Suleiman's contract until September 3, 2012. In the case of a termination of contract within two years of the scheduled termination, the severance payment shall be paid pro rata temporis.

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 [Table 44].

In the financial year 2009, € 21 thsd (previous year: € 4 thsd) was paid as compensation for expenses.