# Individuality requires partnership

## Annual Report 2008

MLP

# Individuality requires partnership

At MLP, individuality is the guiding principle for financial advice – and thereby the basis for success. MLP is not simply the only independent consulting company with a target group focus that supports academics in all questions of retirement and financial planning. Our consultants build up an individual relationship with each of their clients – a trusting partnership allowing us to master new challenges as they occur, and a partnership which is made to last a lifetime.

MLP offers “financial advice as individual as you”.

# MLP Group

| All figures in € million | 2008 | 2007[1] | 2006 | 2005[2] | 2004[3] |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Total revenues | 597.7 | 629.8 | 588.5 | 563.9 | 622.8 |
| Revenues | 554.8 | 588.2 | 554.2 | 522.2 | 592.2 |
| Other revenues | 42.9 | 41.6 | 34.4 | 41.7 | 30.6 |
| Earnings before interest and taxes (EBIT) | 56.6 | 113.9 | 95.1 | 71.8 | 88.3 |
| EBIT margin (%) | 9.5 % | 18.1 % | 16.2 % | 12.7 % | 14.2 % |
| Earnings from continuing operations | 31.1 | 77.5 | 76.5 | 42.5 | 43.0 |
| Earnings per share (diluted) in € | 0.30 | 0.77 | 0.73 | 0.39 | 0.39 |
| | | | | | |
| **MLP Group** | | | | | |
| | | | | | |
| Net profit (total) | 24.8 | 62.1 | 71.8 | 199.7 | 50.3 |
| Earnings per share (diluted) in € | 0.24 | 0.62 | 0.69[7] | 1.84[7] | 0.46[7] |
| Dividend per share in € | 0.28[4] | 0.50 | 0.40 | 0.30[5] | 0.22 |
| | | | | | |
| Capital expenditure | 12.2 | 16.2 | 20.0 | 16.7 | 25.3 |
| Shareholders' equity | 429.1 | 339.7 | 324.9 | 455.2 | 289.6 |
| Equity ratio | 28.0 % | 23.9 % | 25.6 % | 38.5 % | 9.4 % |
| Balance sheet total | 1,534.4 | 1,424.2 | 1,270.2 | 1,182.0 | 3,086.2 |
| | | | | | |
| Clients[6] | 730,000 | 703,000 | 668,000 | 635,000 | 593,000 |
| Consultants[6] | 2,428 | 2,549 | 2,494 | 2,358 | 2,376 |
| Branch Offices[6] | 243 | 253 | 247 | 266 | 275 |
| Employees[6] | 1,986 | 1,819 | 1,558 | 1,417 | 1,386 |
| | | | | | |
| **Arranged new business** | | | | | |
| Old-age provisions (premium sum in € billion)[6] | 6.6 | 6.8 | 6.8 | 6.3 | 10.9 |
| Health insurance (annual premium)[6] | 49.0 | 50.0 | 68.2 | 55.1 | 59.0 |
| Loans and mortgages[6] | 919 | 1,162 | 1,195 | 997 | 777 |
| Funds under management in € billion[6] | 11.4 | 11.4 | 10.8 | 8.3 | 2.6[8] |

[1] Adjustment of previous year's figures, see note 3
[2] The values for 2005 were adjusted compared to the values disclosed in the previous year due to the sale of the subsidiary MLP Private Finance AG, Switzerland
[3] Adjusted in 2005 due to the sale of the subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG
[4] Subject to the approval of the Annual General Meeting on June 16, 2009
[5] Plus an extra dividend of € 0.30 per share
[6] Continuing operations
[7] Basic
[8] MLP without Feri

# Profile

## MLP – the consulting company for academics and other discerning clients

MLP is the leading independent financial and investment adviser for academics and other discerning clients. The company integrates a multitude of products and services of various banks, insurance and investment companies to offer a financial concept that is tailored to the requirements of each individual client. MLP clients benefit from a holistic advisory approach covering all economic aspects that is guided by their particular requirements at their respective stages in life.

MLP has around 240 branches in Germany, where around 2,400 consultants support and advise 730,000 clients.

MLP holds a full banking licence and together with the MLP Group company Feri Finance AG, manages assets of around € 11 billion – making the company the leading independent asset-gatherer in Germany. The training provided at the MLP Corporate University is regarded as the benchmark in the financial consultancy industry. This is demonstrated by the fact that the MLP Corporate University holds the coveted seal of approval granted by the European Foundation for Management Development (EFMD) and thus belongs to a small circle of twelve renowned corporate universities which can claim this status accolade.

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# The Executive Board

Gerhard Frieg

Member of the Executive Board MLP AG,
product management and purchasing,
appointed until May 18, 2012

Dr. Uwe Schroeder-Wildberg
Chairman and CEO MLP AG,
planning and strategy, human resources, communication, legal affairs, audit and IT, controlling, accounting, tax, treasury and general administration,
appointed until December 31, 2012

Muhyddin Suleiman
Member of the Executive Board MLP AG,
sales and marketing,
appointed until September 3, 2012

# LETTER TO OUR SHAREHOLDERS

Dear shareholders,

There are years in which major events come thick and fast. 2008 was such a year.

Alongside the international financial crisis, a topic that dominated world news, there was one event that shaped our business development more than any other in last year. 2008 will go down in our company history as the year in which we successfully defended our independence.

In mid-August the life insurance company Swiss Life acquired an equity stake of just under 27 % in our company – a stake acquired without consulting us or gaining our approval.

MLP has always defended its independence as its most important company commodity and the basis of its business model – a maxim we will continue to adhere to in future. Any product partner investing this much in our company represents a serious threat to our independence, as MLP consultants select products for their clients based on just two criteria: quality and the client's individual requirements. This means that all clients receive only those products that are ideally tailored to their needs at the respective stage in their life and current financial situation within the scope of a holistic and long-term old-age provision and investment planning. Which vendor provides the product and whether this vendor has an interest in MLP cannot and must not play any part in the actual selection and consulting process.

The Executive Board and Supervisory Board therefore made it unequivocally clear from the very start that MLP has no interest in intensifying its cooperation with the Swiss insurance provider.

This message clearly got through, as Swiss Life was very quick to announce that it would not attempt to acquire any further shares in MLP without prior consultation. The increase in capital stock that took place on August 21, 2008, and whose primary goal was to strengthen our capital basis for further improving our position in actively pursuing industry consolidation, also helped us permanently secure our business model as an independent consulting firm. The increase in capital stock was borne by three of our most important product partners. These partners share our belief that the most important asset in giving financial advice is independence and that our clients can continue to rely on this in future. To eliminate even the slightest critical doubt in terms of our current ownership situation, in November we also decided to discontinue active brokering of old-age provision products from the Swiss Life Group.

**Unconditional support from many sides**

In these turbulent times, one thing has proven true again and again: the certainty that employees, clients and consultants all pull together at MLP. Many people have again assured us of their unconditional support this year – and expressed their solidarity, respect and approval for our strategic approach. For me personally this is the best possible evidence that we as a company are seated on such solid foundations that even extraordinary events of this nature cannot shake us.

This stability, coupled with transparency and a holistic, individual approach to consulting will continue to form the basis of our success. MLP is ready for the challenges of the future in an ever more complex market, in which the competition does not sleep and clients are developing an increasingly strong desire for information. Not just the further improvements in legal framework conditions that we saw in 2008 in terms of consumer protection, but also the growing scepticism caused by bad experiences in the course of the financial crisis have increased clients' quality consciousness – which is of course their right.

**In good times and bad: clients are in safe hands at MLP**

Our clients should know that they are in good hands at MLP. This may sound like an elementary requirement, but it is one that became even more important in 2008 than ever before, as the second most important topic of the year not only caused us, our clients and our employees, but rather the entire global market to hold its breath. In the course of the year, the US real estate bubble increasingly developed into a global economic and financial crisis with severe consequences for companies, consumers and capital markets. The hardest hit were banks that had relied heavily on high-risk investments over the last few years or whose investment banking divisions had been involved in such transactions. Neither of these scenarios was the case at MLP. Our equity capital backing and liquidity is excellent, not least due to the increase in capital stock performed in August. We were therefore able to achieve strength in the crisis that many of our competitors envy. This strength also gives us an excellent opportunity to come out of the crisis a winner among our competitors.

Of course, the heavy losses suffered in virtually all asset classes in the course of the crisis were and still are painful for our clients.

Yet the last few months have made one thing very clear to investors: Investors who maintain diversity and spread the risk of their investments strategically are more likely to overcome a crisis of this nature than those who rely solely on a single asset class.

Yet even with all the stability that we as a company have demonstrated in this year of crisis, it is of course impossible even for us to shield ourselves completely from the developments in the financial markets. The reluctance among our clients to make long-term investment decisions in the fields of old-age provision and wealth management in the second half of 2008 had a negative impact on our business development. This uncertainty could be clearly felt among both private and institutional clients, and both new business and recurring fees saw a downward trend at MLP and the subsidiary Feri Finance AG.

### Uncertainty and fears of recession are putting pressure on the operating result

When the whole world is speaking of an impending recession, few people think of making long-term investments. Our clients displayed the greatest uncertainty in the fourth quarter, a time that is otherwise typically marked by a high level of investment. This had a direct, negative effect on our operating result. Although with total revenues of € 598 million, we are only 5 % below the previous year's figure, the margins are lower than in the previous year due to the economic environment and several one-off items. Yet compared with the market as a whole and in light of the tense situation in the financial markets, we can and must be satisfied with this result.

Although the situation remains tense, we are sticking to our medium and long-term goals of continued growth and winning market shares in our core business. In order to achieve our goals, we will focus on three central strategies in 2009: we will fully exploit our revenue potential, for example in the business segment of occupational pension provision or in the client group of young academics. Secondly, industry consolidation offers chances for external growth. And thirdly, we have embarked on a cost discipline programme, which should allow us to reduce our existing cost base by around € 34 million by the end of 2010.

### Competence and experience with a strong partner in wealth management

The wealth management business segment will certainly continue to contribute a significant proportion of our growth in future. MLP today generates some 16 % of commission revenues here. As such, this already represents our second most important business segment after old-age provision. We already paved the way for this approach in 2006 with the acquisition of Feri Finance AG.

Feri has decades of experience in analysing international capital markets. With this strong partner at their side, MLP clients now have access to wealth management concepts that previously were the sole domain of wealthy private clients and institutional investors. These concepts have been further developed by MLP and Feri and have been available since 2008 as modular and individual investment concepts. To ensure their effectiveness, Feri selects the best managers for each market.

Although our new wealth management concepts were certainly not launched under the best of conditions in light of the general market situation, we remain convinced that this business segment will be a key pillar of our consulting approach in future. We believe that the only way to achieve long-term, individual and lasting success in investments is with professional analysis, coupled to flexible management concepts. Today more than ever, investors need to be able to rely on their investment managers to react professionally in all stock market situations.

The financial year 2008 was not easy. Yet in light of the market environment, we can be satisfied with the development our company has seen. And we will also pay our shareholders a dividend this year. The Executive Board and Supervisory Board will suggest a dividend of € 0.28 per share to the Annual General Meeting on June 16, 2009.

**Still the highest cross-selling quota**

We are proud of still maintaining the highest cross-selling quota in the European financial industry. Each of our clients signed an average of over seven agreements at MLP. For us, this is not only proof of the close client-consultant relationship built on many years of trust, it also gives us stimulus for the future. The need for high-grade financial consulting remains high.

Only when client relations turn into real partnerships can individual and holistic financial advising work effectively. As the target group specialist for academics and the only independent consulting company, MLP is in an excellent position here. We are delighted that we were again able to increase the number of our clients in 2008. With growth of around 4 %, we now look after approximately 730,000 clients on all issues in and around the topics of insurance, provision, investment, healthcare and financing.

**Continuity, holism and individuality**

We learned one thing in 2008: continuity and sustainability are company values that are vital, particularly in difficult times. Even in the wake of the financial crisis and an unsuccessful takeover attempt, MLP's holistic consulting approach and lifelong individual client support remain at the heart of everything we do. And the motto of our new advertising campaign, "strategy of your life", fits in perfectly with this. We have a high degree of client focus and develop tailor-made concepts for the most diverse phases in our clients' lives. Or, as our new claim in 2008 says, MLP offers "financial advice as individual as you".

With this in mind and following such an eventful year, I would like to take this opportunity to once again say a very special thank you to everyone who continues to support our company, ensuring that the MLP success story will continue even in times of economic turbulence.

Yours sincerely,

Dr. Uwe Schroeder-Wildberg

# 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.

Supervisory Board members:
Dr. Peter Lütke-Bornefeld
(Chairman)
Dr. h.c. Manfred Lautenschläger
(Vice Chairman)
Dr. Claus-Michael Dill
Johannes Maret
Maria Bähr
(Employees' Representative)
Norbert Kohler
(Employees' Representative)

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.

### Supervisory Board meetings and important resolutions

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.

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.

The following members of the Supervisory Board are also members of the Audit, Personnel and Nomination Committee:
Dr. Peter Lütke-Bornefeld (Chairman)
Dr. h.c. Manfred Lautenschläger (Vice Chairman)
Dr. Claus-Michael Dill
Johannes Maret

### 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 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 auditor's 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 longstanding 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

# Individuality requires partnership

MLP consultants accompany their clients throughout all phases of their lives, and are always ready to adapt again and again to new situations. This is crucial, as each MLP client is unique. From chief physician to football coach, from star chef to HR director, from violinist to state prosecutor – the following pages give you an indication of how our clients live out their very personal individuality and how MLP, as a strong partner at their side, helps them to achieve this.

**Strategy and psychology**
Dr. Julia Sundmacher, public prosecutor
MLP client since 2003

Consultant:
Felix Glaser, Heidelberg

**Elephant love**
Filipe von Gilsa, head elephant keeper, Wuppertal Zoo
MLP client since 2003

Consultant:
Florian Winter, Essen

**A down-to-earth pleasure**
Jens Bomke, star chef
MLP client since 1996

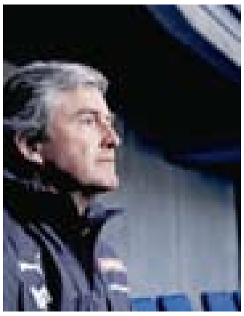
Consultant:
Christian Schmeckmann, Paderborn

**Late vocation**
Lisa Barry, violinist
MLP client since 1994

Consultant:
Bernhard Feil, Stuttgart

**Buildings as large sculptures**
Alexander E. Fischer, architect
MLP client since 1992

Consultant:
Volker Kötter, Cologne



**Management game**
Bernhard Peters, director of sport and
young talent support at TSG 1899 Hoffenheim
MLP client since 1998

Consultant:
Matthias Jung, Wuppertal

**Operations for a good cause**
Dr. Hans-Georg Zechel,
MLP client since 2004

Consultant:
Günter Schulz, Bremen

**Responsibility through provision**
Dr. Michael Theim
HR manager
Accor Hotellerie Deutschland GmbH
MLP client since 2007

Consultant:
Thomas Klug, Allershausen

**Lisa Barry, 37**
**Violinist**

Lisa was born in America to an Australian father and her family originally descended from Ireland. She got a taste for the big wide world early on – although she only discovered her love for music relatively late. And she had to show great discipline and staying power to turn her calling into a career. She received her first violin lesson at the tender age of nine and then attended conservatory at 25, having previously learned about the high-end hotel business and studied cultural education. This was certainly not the traditional path to becoming a musician, but one which paid off. The keen marathon runner today works as a freelance musician with commitments in chamber and symphony orchestras, teaches in her own music school and coaches the strings in an university orchestra.

*I have been fortunate enough to make my career very diverse and this is what makes me happy. It is a real luxury and gives me great pleasure to be able to make a living doing what I love, making music*

"Even as a child, my life revolved around elephants. I didn't want a slot racing set from my parents at Christmas, but rather an annual ticket for the zoo."


**Filipe von Gilsa, 34**
**head elephant keeper,**
**Wuppertal Zoo**

Maybe it was the physical closeness that inspired Filipe von Gilsa from an early age: he grew up in the Cologne suburb of Riehl, just a stone's throw from the zoo. The elephants there were his favourite animals right from the start, and he visited them more often than any others. When he was twelve, he was allowed to help out in the elephant enclosure, and from then on he spent almost every spare moment with his tusked friends. Today, the 34 year-old father of three is the head elephant keeper at Wuppertal Zoo and is responsible for a total of nine African elephants. Surprisingly enough, four of these were born at the zoo. Filipe von Gilsa now says, he has seven children. Three of his own, who enjoy paying him regular visits at his workplace – and four little elephants.

**Bernhard Peters, 49,
Director of sport and young talent support at TSG 1899 Hoffenheim**

He advocates emotional management in sport and in the economy, brings new ideas to football and since 2006 has played a key part in the success story of the sensational climber TSG 1899 Hoffenheim. Bernhard Peters coaches his boys by granting each player his individual attention. "I need to approach each player in the team differently. This is the only way to really discover all strengths and weaknesses of a team and promote the players individually." This is a proven team building approach which Peters also used to win two men's hockey world championships as national trainer several years ago – he writes more on this in his book "Führungsspiel" or "Management game". Yet at home, his wife Britta is the coach. She brings everything together, manages his appointments, looks after their 4 children aged between 7 and 16 and also takes care of their personal finances. Once a year the Peters get together with their MLP consultant, Matthias Jung – "always in an atmosphere that is both creative and sincere," comments Jung.

"The best team is not necessarily made up of the best individual players, but rather the players which perform the best together. Getting the right mix is the key here – the players must complement each other, not just in terms of the game but also in their own motives and character."

*Strategic action and psychological intuition are equally important when it comes to differentiating true from false.*

**Dr. Julia Sundmacher, 29**
**Public prosecutor**

Her job requires her to analyse the facts and remain impartial – a skill that Dr. Julia Sundmacher adopted as her own during her law degree. The 29 year-old wrote her final dissertation on medical malpractice law, and criminal law has now become her career as public prosecutor – a career with just the kind of variety she loves. “Every case is different and brings new challenges.” Julia plays a lot of sport to balance out the mental stresses of her job. And at weekends she is known to turn her living room into an impromptu jazz club with her saxophone. The young solicitor has always dreamt of owning a small cabriolet – a dream she finally intends to make a reality this summer.

I CONSIDER IT IMPORTANT TO KEEP MY FEET ON THE GROUND AND MAINTAIN A DOWN-TO-EARTH ATTITUDE, AS I HAVE A LOT OF RESPECT FOR TRADITIONAL VALUES. THIS APPLIES BOTH TO HOW I APPROACH PEOPLE AND ALSO IN MY KITCHEN. SIMPLY WORKING AT THE STOVE IS NOT ENOUGH FOR ME. I LOVE ENTREPRENEURIAL THINKING AND ACTION AS A GASTRONOME.

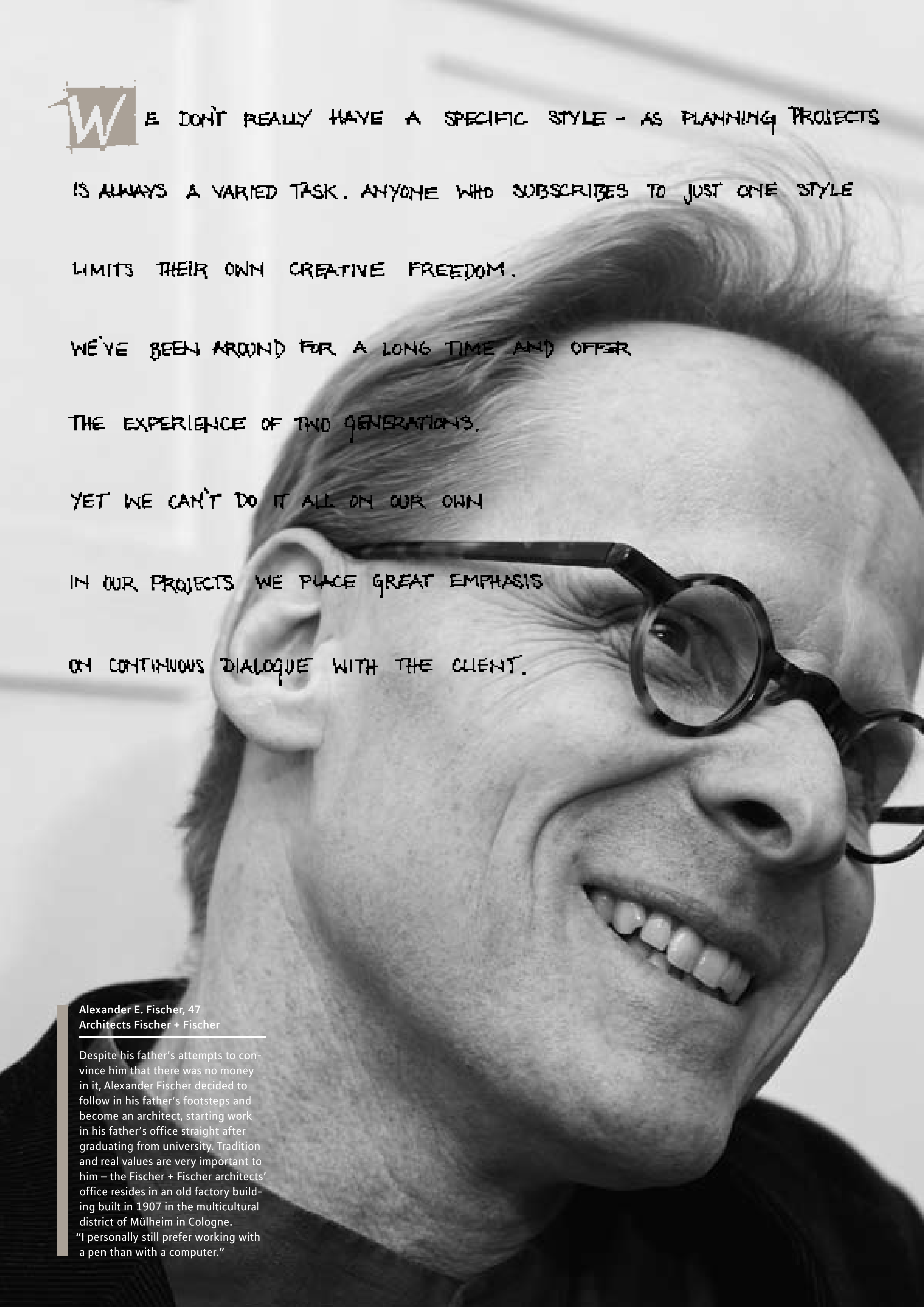
**Jens Bomke, 46**
**Star chef**

He is among the 100 best chefs in Germany and unites regional tradition with international creativity in his kitchen. Jens Bomke is not only a passionate Westphalian, he is also a gastronome in his heart and soul. Following his training and having held positions at the best restaurants in Germany, he decided to continue the tradition of his parents' home, "Hotel Bomke", in the Münsterland village of Wadersloh and was awarded a Michelin star in 1993. Being self-employed, Bomke has to manage with financial issues very carefully and is happy to have MLP consultant Christian Schmeckmann at his side. "He's not just my consultant, he has been my best friend since our school days, so there is a great deal of trust between us."


**Dr. Hans-Georg Zechel, 64**
**Orthopaedist**

Since 1998, Dr. Hans-Georg Zechel has been spending his annual leave at an operations camp in North-East India. Every year, the director of the Stenum orthopaedic clinic and his team fly out to operate on children with abnormalities within the scope of the JOHAR aid project, which was set up by his wife and is financed through donations. In his last trip, Zechel and his team managed to perform 60 orthopaedic surgical interventions in just 9 days. Strength of purpose and stamina are typical qualities of the former competitive athlete. In rain or snow, Zechel makes the 25 kilometre trip from his home to the clinic on his bike every day. “This gives me an undiluted view of nature’s beauty.” The 64 year-old has been an MLP client since 2004 – and despite initial scepticism, he was convinced by the concept after his very first meeting. “I have neither the time nor the desire to deal intensively with my finances. I much prefer to leave this to a professional, just like my patients expect me to be a professional.”

“Operating is like a map exercise. Every intervention is individual and therefore has to be planned and thought through in detail beforehand. We always tell our patients that in our minds we have already operated on them in every single detail before they even enter the operating theatre.”



WE DON'T REALLY HAVE A SPECIFIC STYLE – AS PLANNING PROJECTS IS ALWAYS A VARIED TASK. ANYONE WHO SUBSCRIBES TO JUST ONE STYLE LIMITS THEIR OWN CREATIVE FREEDOM.

WE'VE BEEN AROUND FOR A LONG TIME AND OFFER THE EXPERIENCE OF TWO GENERATIONS.

YET WE CAN'T DO IT ALL ON OUR OWN

IN OUR PROJECTS WE PLACE GREAT EMPHASIS ON CONTINUOUS DIALOGUE WITH THE CLIENT.

**Alexander E. Fischer, 47**
**Architects Fischer + Fischer**

Despite his father's attempts to convince him that there was no money in it, Alexander Fischer decided to follow in his father's footsteps and become an architect, starting work in his father's office straight after graduating from university. Tradition and real values are very important to him – the Fischer + Fischer architects' office resides in an old factory building built in 1907 in the multicultural district of Mülheim in Cologne. "I personally still prefer working with a pen than with a computer."

> “In the service industry, the work of people for people is particularly important. A hotel can have perfect fixtures and fittings, but without a smile from our staff no guest will ever be 100% happy.”

**Dr. Michael Theim, 54**
**HR Manager**
**ACCOR Hotellerie Deutschland GmbH**

Dr. Michael Theim is the central contact for around 9,000 employees in the Accor hotel group in Germany. Whether it’s a manager or a trainee, he is always willing to listen to his staff’s issues. Together with the specialist for the occupational pension provision business segment at MLP, the doctor of law introduced a dedicated company pension model for the Accor group in 2007. Many of the employees now save for their old age in the form of deferred compensation via a provident fund or a direct insurance. Accor also rewards the commitment of its employees with a so-called matching plan, whereby the company additionally contributes the same amount that employees themselves pay in. A survey throughout the group indicated that many employees do not pay enough attention to their pension situation, especially young staff. “We are grateful for MLP’s support, which is helping us establish the importance of this topic in the minds of our staff.” Another result from this internal employee survey makes Dr. Michael Theim particularly proud, as 86% of all Accor employees rate their general job satisfaction as positive.

# EVEN THE HARDEST OF WINTERS IS FOLLOWED BY SPRING

Essay:

**Wolfgang Gerke, professor of economics and expert in banking and stock exchanges, on the lessons of the financial crisis.**

We are currently experiencing the most severe financial crisis since the Second World War and are in the midst of a global recession. So it comes as no surprise that apocalyptical scenarios are in fashion. Yet before we buy into the negativity being predicted by doomsayers for the next ten years, it is important to question the long-term forecasts they themselves submitted at the start of 2007. Even after the onset of the financial crisis, many economic research institutes were still convinced that the problems of the banking industry would not affect the product and employment markets. It seems even economic forecasts are subject to herd instincts, often predicting continuation of existing trends in a linear or even exponential progression and ending up at dramatic positive or negative extremes. This trend illusion was supported more than two centuries ago by the British social researcher Malthus, according to whom humanity should have long since died of starvation. And the scientists and industrialists of the Club of Rome also underestimated in their investigation into the limits of growth in 1972 the ability of mankind to correct errors and break through damaging trends using innovation.

As repeatedly shown in times of crisis, we fail again and again in our attempts to prevent the worst from happening. In light of the disaster caused, we then draw lessons from the crisis as a way of preventing similar developments in the future. Alongside their destructive force, crises therefore also facilitate structural improvements, changes in behaviour and innovation. Unfortunately, however, this does not prevent new mistakes from being made or excess indulgence, because we as humans have regained courage, converted this into overconfidence and invested in innovations that themselves sow the seeds of the next crisis.

Almost all laws of the financial market are based on lessons learned from financial market crises. The Stock Market Act, Insurance Supervision Act, German Banking Act and Investment Act are to a large extent reactions to investment fraud, insider trading, bank insolvencies, market manipulation and accumulation of risk. They remind us of spectacular speculations and cases of fraud. Indeed, there has been no shortage of escapades on the financial markets, with some key events including the collapse of "Darmstädter und Nationalbank" in 1931, the silver speculations of the Hunt brothers in 1980, the interest rate speculation of the finance broker Münemann in 1970 and the IOS scandal caused by Bernie Cornfeld in 1970. A few years from now, Lehman Brothers, the Kaupthing Bank, IKB and Hypo Real Estate will all be included in the portrait gallery of unsuccessful financial market gamblers. The Argentinian Baring crisis of 1890, the Dutch tulip crisis in 1639, the bad speculations of Long-Term Capital Management in 1998, the bursting of the Internet bubble and the collapse of the New Economy at the start of the 3rd millennium all shook the world's financial systems. They destroyed companies and punished both guilty and innocent alike. The protagonists, followers and outsiders in the financial markets all suffered the same fate. Yet even the hardest of winters is followed by spring. So with this in mind it is still worth sowing seeds, even in difficult times.

Swimming against the current in the middle of a recession and addressing clients driven by panic requires great courage. Some have been so hard hit by the financial crisis that they simply lack the means to do this effectively. And many are still licking their wounds from the collapse of the New Economy and the plummeting price of the Deutsche Telekom share. Yet who would have thought in 2003 when the DAX was at a level of just over 2,000 points that this would increase to 8,000 points in just five years? Private investors only started finding renewed interest in the stock markets when these were set to hit record highs.

So should we already be comparing 2009 with the low of 2003? No scientists or analysts can answer this question with any degree of certainty. And anyone investing now may share the fate of those entering the market early in 2002. Yet with a long-term view of investment, acceptable rewards are certainly achievable. It is always a good idea to follow the generally accepted principle among investors of spreading risks across asset classes, but in the midst of a crisis investors would also be wise to diversify over time. Choosing the optimum time to invest, of course, remains a matter of luck, so spreading investments over several years seems prudent.

Greedy investment bankers are certainly not the only cause of the financial market crisis. The main culprits are the US government and the US central bank. They used cheap money to flood the state, its companies and citizens with a massive wave of indebtedness. Interest rates that sometimes fell below the inflation rate fuelled subprime credit and capital expenditure. In 2009, efforts to combat the crisis continue to rely on low interest rates and ever greater national debt. In the short term, there seems to be no other alternative in order to prevent the collapse. But national debt will not be paid back in the mid-term. The deflationary trend that automatically accompanies recession will therefore be followed by high rates of inflation. Through indirect tax progression and demonetisation, the state will then rely on the financial illusions of its citizens in its debt management. This should be warning enough for everyone involved to prepare themselves and the investments they wish to make as early as possible. What today looks like devalued real estate and worthless holdings in companies can enjoy something of a renaissance in times of high inflation.

**Prof. Dr. Wolfgang Gerke,**
(born in 1944) is President of the Bavarian Finance Centre in Munich and an Honorary Professor and Senior Lecturer at the Department of Finance at the European Business School. After studying in Saarbrücken and doing his doctorate and postdoctorate at the University of Frankfurt, among other positions Gerke had the Chair of Banking and Stock Exchange Studies at the Universities of Passau, Mannheim and Erlangen-Nuremberg and was Academic Director of the Frankfurt School of Finance & Management. Gerke focussed his research and publication activities mainly on the fields of monetary systems, banking and stock exchanges and is a member of the Stock Exchange Experts Commission and the Exchange Council of the Frankfurt Stock Exchange.

# Review of 2008

## Corporate strategy and Investor Relations

### MLP's independence remains unshakeable

The summer of 2008 saw some eventful weeks for MLP. In mid-August the Swiss insurance company Swiss Life acquired an equity stake of just under 27 % in MLP – against the company's will and without consultation. To maintain independence as a key part of the company's unique business model, the Executive Board and Supervisory Board at MLP made it clear directly after the investment that no further expansion in cooperation with Swiss Life would take place. A few days later, the Executive Board concluded a capital increase to the tune of just under ten percent of the share capital acquired from three of the most important product partners – Allianz Lebensversicherung AG, AXA Lebensversicherung AG and Uberior Ena Ltd., a company of the British HBOS Group. MLP also suspended its product partnership with Swiss Life to avoid any potential conflicts of interest. Swiss Life announced that it would not attempt to further increase its number of shares without the approval of MLP. As such, MLP's unique business model was secured for the long term – and product selection continues to be made solely based on qualitative criteria.


"Our independent advice is one of MLP's key factors for success."

DR. H.C. MANFRED LAUTENSCHLÄGER, FOUNDER AND VICE CHAIRMAN OF THE MLP AG SUPERVISORY BOARD, AUGUST 2008

### Acquisition of TPC

HARALD HUHN, HEAD OF OCCUPATIONAL PENSION PROVISION, MLP

MLP AG is strengthening its occupational pension provision business segment and acquired TPC, Germany's leading provider of industry solutions for occupational pension schemes, on February 29, 2008. Alongside numerous provision solutions for leading trade associations, the Hamburg-based TPC-Group also offers consulting to larger medium-sized companies as well as implementation of innovative concepts such as lifetime working accounts. "TPC is the ideal partner for MLP," comments Dr. Harald Huhn, Head of Occupational Pension Provision at MLP. "Following the extremely successful development of our business segment in the last few years, with this partnership we are significantly increasing the number of attractive association and corporate clients and also opening up significant common potential."

### MLP plans ZSH acquisition

To achieve targeted expansion of its strong market position among medics, MLP has announced the acquisition of the financial services provider ZSH. The Heidelberg-based company operates as an independent broker, advising wealthy private clients, doctors and dentists in all questions of retirement and financial planning. ZSH was founded in 1973 and has around 80 consultants who look after some 50,000 clients throughout Germany. "Like MLP, ZSH excels through its independent consulting approach and a clear focus on its clients. This matches our business model perfectly," says MLP Chairman and CEO, Dr. Uwe Schroeder-Wildberg.

### Increased dividends

At the Annual General Meeting in May of last year, the shareholders in MLP AG approved an increase in dividends of one quarter to the level of € 0.50 (€ 0.40) per share with 99.98 % of votes in favour. The total dividend payout therefore increases to a level of € 49 million (2006: € 40 million). More than 1,000 shareholders took part in the Annual General Meeting at the Rosengarten in Mannheim.

## Consulting and products

### MLP Service Award 2008

In June, the MLP Service Award 2008 was presented to product partners in the old-age provision, health insurance and non-life insurance sectors for the third time. The award is based on a survey of MLP consultants. In the field of old-age provision, Allianz, Standard Life and Alte Leipziger all shared first place. In the field of health insurance, Barmenia was once again crowned the winner, followed by uniVersa and Nürnberger. The award in the non-life insurance arena went to the Concordia Insurance Group ahead of Zurich and Janitos. "A high level of service quality on the part of our product partners creates key foundations for the satisfaction of our clients," explains MLP Executive Board member Gerhard Frieg.

### Innovative concept for those on statutory insurance

A new MLP concept brings together the services of statutory and private healthcare insurance for the first time. CLEVER CARE, is a cooperation between MÜNCHENER VEREIN and IKK-Direkt and is predominantly aimed at young people on statutory insurance who, among other things, wish to have the extra security of private medical treatment in the event of a serious illness. The optional tariff CLEVER CARE allows those on statutory insurance to switch to private health insurance after exceeding the annual earnings threshold three times without having to undergo another health check. The concept consists of private supplementary insurance for optional in-patient treatment, travel health insurance and a "dread disease" module.

HORST SCHNEIDER, HEAD OF MLP WEALTH MANAGEMENT

### The best asset managers

With "X of the best," MLP offers a new investment concept that brings together the expertise of twelve of the best asset managers. For this, Feri EuroRating Services relies on stock market experts who have demonstrated their abilities over many years. "With 'X of the best' our clients can invest – even with small contributions," says Horst Schneider, Head of Wealth Management at MLP.

## University and career

### Education symposium at the Corporate University

"Lifelong learning" as a challenge for universities, companies, politics, administration and the economy – this was the key topic at the education symposium, an event held by "Stifterverband für die Deutsche Wissenschaft" together with MLP in November 2008 at the Corporate University. The basis was a survey highlighting the need for academic further education in companies. "The first nation-wide platform addressing the topic of quaternary education showed that universities today have some excellent offers," explains Marc-Philipp Unger, Group representative at MLP for relations with universities. "We will continue to set further impulses in the important area of professional education, as both the universities and many of our clients can benefit from this."

### 4th MLP University Day

Over 130 leading figures from the fields of politics and science discussed the topic "Cooperation or competition? – Current challenges in the age of internationalisation of research and teaching" at the 4th MLP University Day in Berlin. Guest speakers included Prof. Margret Wintermantel (President of the HRK German Rectors' Conference).

### Strong women's network

It was some 5 years ago that MLP consultant Walentina Sommer and female colleagues founded the first Women's Business Club (wbc) in Munich. In the anniversary year 2008, the network has grown to 12 sites – with successful women from various sectors regularly attending specialist lectures or exchanging experiences.
www.mlpwbc.de

## Personal profiles and portraits


### MLP founder Dr. h.c. Manfred Lautenschläger celebrates

With more than 400 guests in attendance, MLP founder Dr. h.c. Manfred Lautenschläger celebrated his 70th birthday on December 15, 2008, in the Heidelberg guild hall. Baden-Württemberg's premier, Günther H. Oettinger, praised him as a key entrepreneurial figure that has "won much respect and created many workplaces as cofounder of MLP".

Dr. h.c. Manfred Lautenschläger co-founded "Marschollek, Lautenschläger und Partner" (MLP) in 1971 as an independent finance broker for the target group of academics. Thanks to this business idea, which remains unique to this day, MLP has grown over the decades to become the largest independent financial consultant and today supports more than 730,000 clients with around 2,400 consultants. As already announced, on the occasion of his 70th birthday Dr. h.c. Manfred Lautenschläger passes chairmanship of the MLP Supervisory Board to Dr. Peter Lütke-Bornefeld, Chairman of the Board at Kölnische Rückversicherungs-Gesellschaft (see personal profile). However, Lautenschläger will continue to hold a position in the committee.

Alongside his corporate contributions, Dr. h.c. Manfred Lautenschläger has also engaged in a great deal of social work. In 1999 he founded the Manfred Lautenschläger Foundation to promote research and science alongside cultural and social goals. The foundation ranks among the largest private foundations in Germany and supports numerous projects, predominantly in the Rhine-Neckar region. The University of Heidelberg this year awarded Dr. h.c. Lautenschläger an honorary doctorate. "As a company founder and patron, Manfred Lautenschläger has played a key role in helping shape the metropolitan region," comments Professor Dr. Claus E. Heinrich, Chairman of the Board at the "Verein Zukunft Metropolregion Rhein-Neckar" and Board Member at SAP AG. Professor Paul Kirchhof, Federal Constitutional Court Justice, goes on to add: "In times of economic uncertainty, we look for entrepreneurs that have put down roots and created a stable base in their company and their culture. Manfred Lautenschläger personifies this like no other entrepreneur. He is an anchor shareholder for his company – a company he himself founded and built up."

### New Chairman of the Supervisory Board: Dr. Peter Lütke-Bornefeld

The Supervisory Board at MLP AG unanimously voted in Dr. Peter Lütke-Bornefeld, Chairman of the Board at Kölnische Rückversicherungs-Gesellschaft, as its new Chairman. He therefore becomes Dr. h.c. Manfred Lautenschläger's successor, taking office on December 16. "Mr. Lütke-Bornefeld has played a key role in encouraging and shaping trusting cooperation in the Supervisory Board for many years," comments Dr. h.c. Manfred Lautenschläger, "I am delighted that the committee decided on him as my successor." Dr. Peter Lütke-Bornefeld (62) has been a member of the MLP Supervisory Board since May 28, 2002. The doctor of social science began his career at KKB Bank in Dusseldorf, where he was a board member from 1986 to 1989. At the start of 1990 he then moved to the Executive Board at Kölnische Rückversicherungs-Gesellschaft, in which he assumed the role of Chairman in 1993.

## Communication and service

### Pioneer in client relations

Following a development and test phase of just two years, one of the largest IT projects in the history of MLP was launched in June 2008. MLP is one of the first companies in the financial sector to introduce a comprehensive Customer Relationship Management (CRM) system. The CRM system guarantees the consistency of all data and a smooth flow of information with partner companies. With the CRM system, MLP greatly exceeds the legal documentation requirements prescribed for financial consultants based on legislation such as the EU Insurance Mediation Directive and the German Insurance Act. An example of one significant innovation in the new software is the electronic client file, in which all relevant information pertaining to the client, such as e-mails, documents or appointments, can be linked.

> "With the new CRM, MLP is once again a pioneer in the financial sector."
>
> RALF SCHMID,
> CHIEF OPERATING OFFICER MLP

### MLP Health Report 2008 reveals worsening care

More than half of all German citizens and doctors are complaining about a drop in the quality of healthcare. At the same time, trust in the future of the healthcare system is also receding in both groups. This is one of the core results of the 3rd MLP Health Report, which was commissioned by MLP and drawn up by the Allensbach Institute with the support of the German Medical Association. In 2008, doctors were also surveyed for the first time alongside patients. Almost half of all doctors complained about the increasing cost pressure, which is preventing them from being able to dedicate enough time to their patients. Those surveyed were also critical of the new German Health Fund. Of those with statutory health insurance, almost half (47 %) expect to see a drop in the level of services and 56 % of citizens doubt whether the reform will be able to secure healthcare provision financially in the long term. Almost one in three doctors (31 %) believes that healthcare provision is more likely to get worse with the introduction of the Health Fund.


PROF. DR. JÖRG-DIETRICH HOPPE, GERMAN MEDICAL ASSOCIATION, PROF. RENATE KÖCHER, ALLENSBACH INSTITUTE, DR. UWE SCHROEDER-WILDBERG, MLP CHAIRMAN AND CEO

### New media campaign

In May 2008, MLP introduced a new corporate slogan entitled "Financial advice as individual as you" – a motto developed together with the brand specialist Professor Christoph Burmann from the University of Bremen. To accompany this, MLP launched a brand campaign in the second half of the year with the claim "The strategy of your life", positioned both in high-quality print media and on television.

# Management Report

## Overall economic situation

### Framework conditions

General economic factors that affect business development

Since MLP generates over 98 % of its total revenues in the German market, specifically in the consumer 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 climate

Global economy caught in the maelstrom of the financial market crisis

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 revenues 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 "Forecast").

Recession arrives in Germany's real economy

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 %.

**Economic growth in Germany (in %)**


Source: International Monetary Fund (IMF)

The target client group at MLP 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.

Savings rate continues to increase in Germany

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 "Wealth management" sector development).

Future expectations as the main influential factor

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 revenues, 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 statement on the effects of national economic development

Overall it is fair to say that the important economic indicators for our business development 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 our 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 total revenues.

**National economic influencing factors on MLP's business development**

| | Influence on the business development of MLP in 2008 |
|---|---|
| Expectations about economic situation in the future (financial and economic crisis) | – – |
| Lower rate of unemployment | + |
| Savings rate increase | + |

## Industry situation and competitive environment

Leading provider of independent financial and investment advice

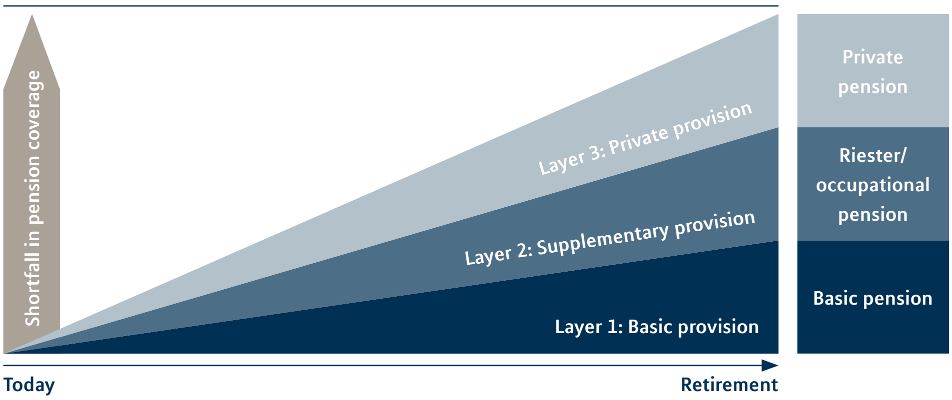
MLP is the leading independent financial and investment adviser for academics and other discerning clients. We develop holistic financial plans for our clients that are tailored both to the respective phase of their life and their individual goals, integrating the best solutions from the vast portfolio of products from a large number of banks, insurance companies and investment companies. The future prospects of our company 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

Inter-generation contract no longer sustainable

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:

**Three-layer model of old-age provision in Germany**




Source: German Federal Ministry of Labour and Social Affairs

- 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

Riester pension successful

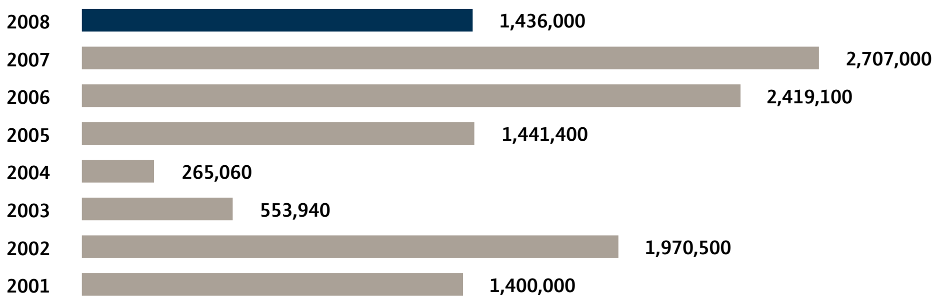
The Riester pension has seen the greatest acceptance among the new state-supported private supplementary pension provision. Since the final stage of the Riester concept was introduced last year, the basic allowance for Riester contracts has increased from € 114 to € 154. In addition to this, children's 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, funds saving plans and pension insurance policies.

By the end of 2008, the total number of Riester contracts in place reached a level of 12.2 million, although 2008 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.

"Wohn-Riester" brings residential pension

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.

**Concluded new Riester contracts – comparison 2001 – 2008 (in units)**




Source: German Federal Ministry of Labour and Social Affairs

Rürup pension will make up ground

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.

Safety first

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 – increasingly popular among medium-sized businesses

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.

Clear advantages for everyone

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, MLP finds the solution that best meets the requirements and interests of everyone involved.

Summary: general willingness for old-age provision saving

Overall it strikes us as 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 our consulting offers 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 today enjoy.

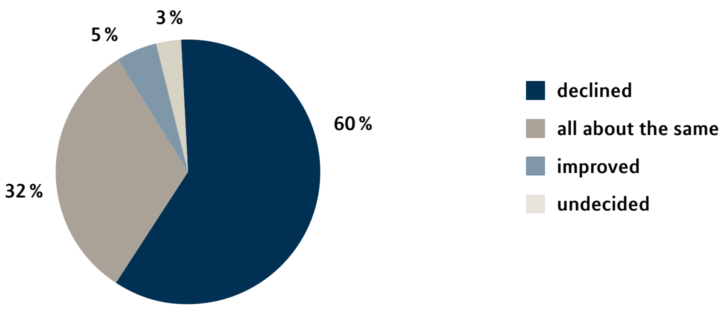
This discrepancy between supply and demand is also reflected in our business development last year. Together with the negative effects of the financial market crisis in terms of the demand for long-term old-age provision concepts, this led to a more moderate business development in the field of old-age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

## Health provision

Waiting for the healthcare fund

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.

**The quality of healthcare provision in the last two, three years has/is ...**




Basis: Federal Republic of Germany, population over 16 years
Source: MLP-Health Report 2008

Bar for private health insurance has been raised

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.

Private supplementary insurance in demand

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 we placed particular emphasis on informing our clients of option tariffs in our 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.

Summary: legal environment slowing down healthcare provision business

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 the health insurance segment was at a lower level in 2008.

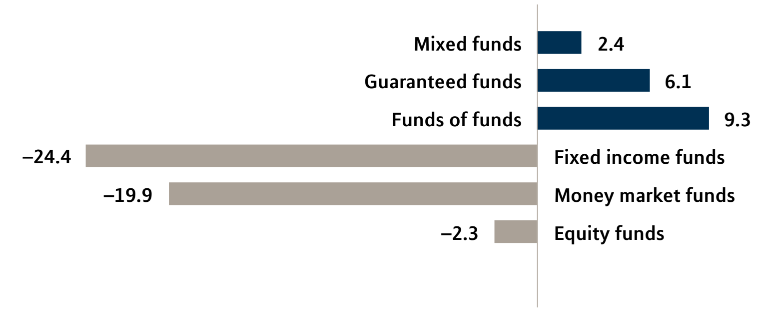
**Wealth management**

Financial assets influenced by financial crisis

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, some 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 Investment and Asset Management) 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.

**Inflow in/outflow from mutual funds in Germany 2008 (in € billion)**




Source: German Federal Association of Investment and Asset Management e.V.

Investment behaviour largely unaffected by withholding tax

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 US$ 1 million (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 US$ 40.7 trillion. 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.

Summary: wealth management with long-term prospects

MLP is well positioned in the wealth management business segment, not least due to its 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 "Deutsche 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.

Real estate market cooled off

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. 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.

Summary: financing suffered from crisis

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 MLP was not able to elude this market trend. Our commission income in the financing segment dropped by around 30 %.

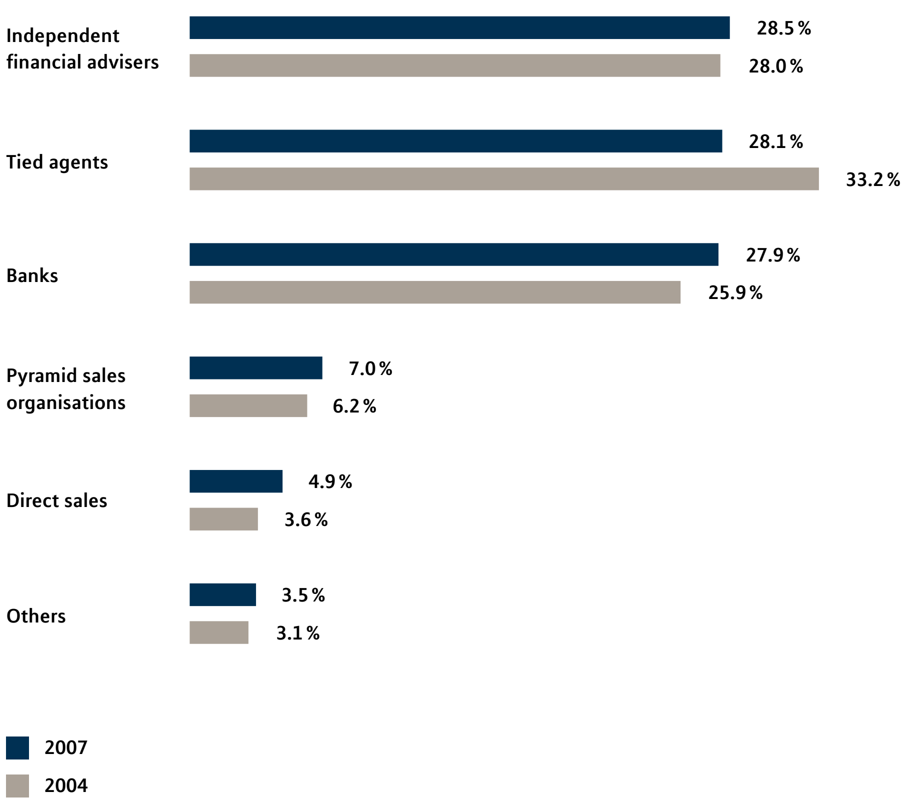
### Competition

Consolidation in the market

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 Contract Law 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 MLP is the largest independent financial adviser in the German market.

**Market shares of the different sales channels for life insurance products in Germany**




Source: Tillinghast Sales Channel Survey 2008

General statement on the competition and industry situation

MLP 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 MLP still have good prerequisites to win future market shares in the severe cut-throat competition of the German financial services landscape. MLP, 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, specialists in occupational pension provision concepts in Germany. And we have further expanded our sales force in our core market of Germany with the acquisition of the independent finance broker ZSH 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, MLP is very well positioned against both the competition and the industry in general, laying the foundations for further growth.

**Industry-specific factors impacting on MLP's business development**

| | Influence on business development in the industry in 2008 | Influence on MLP's business development in 2008 |
|---|---|---|
| Regulatory framework for old-age provision | + | + |
| Regulatory framework for health insurance | – | – |
| Trends towards saving old-age provision | + | + |
| Introduction of withholding tax as of January 1, 2009 | 0 | + |
| Increased intensity of competition between sales channel for financial services | 0 | + |
| Changes in regulatory framework conditions (VVR, MiFID, VVG) | – – | – |

## Business model and strategy

### Business model: independent financial and investment consulting

Trust as the basis of client consulting

Independent, comprehensive consulting and support of the target client group, i.e. academics and other discerning clients, sits at the heart of MLP's business model. MLP 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. MLP's 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 consultant of their trust 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. MLP consultants 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 MLP consultants.

MLP'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 their friends and colleagues.

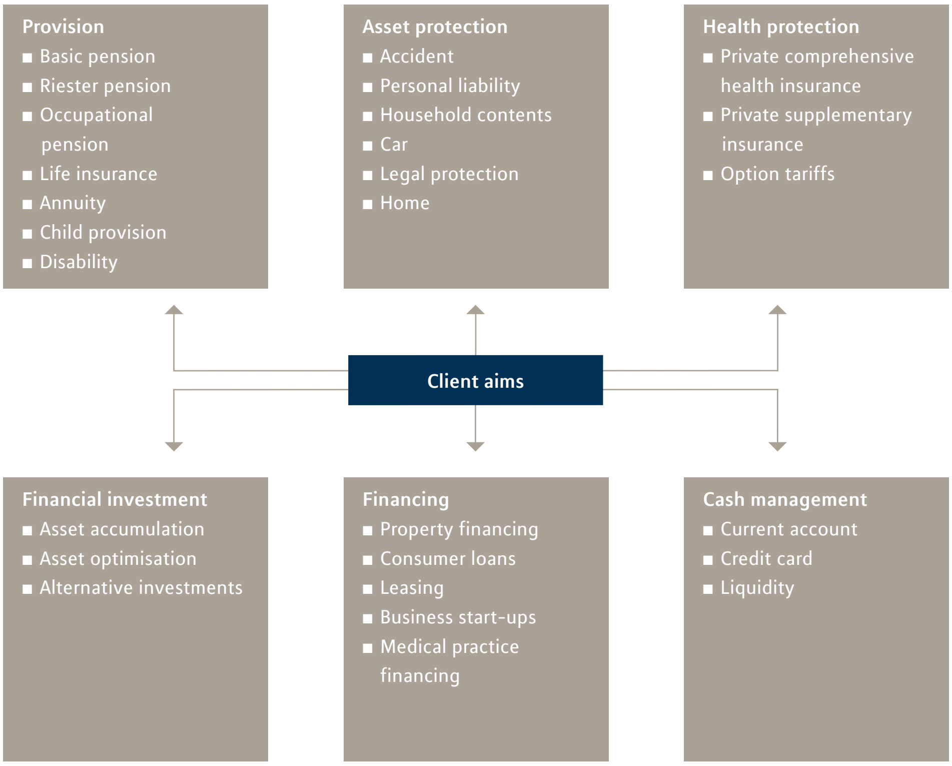
At the end of 2008, MLP looked after 730,000 clients. Compared to the previous year, we were able to increase our client base by 4 %.

### Strategy

Independence is at the heart of our brand promise

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.

### Holistic consulting spectrum




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

Acquisitions strengthen core competencies and sales force

To strengthen our sales force in the German market, in October 2008 we announced our acquisition of the independent finance broker ZSH, an acquisition which 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 revenues of between € 14 and € 16 million. MLP paid the purchase price of around € 11.3 million 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.

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

Within the scope of our focus on growth markets, in future we will concentrate our consumer business on our core market of Germany. For this reason, we have been looking for new owners to take over the entity in Austria since the fourth quarter of 2008, and in the Netherlands since the beginning of 2009.

Capital increase to strengthen our position for active participation in industry consolidation

With approval of the Supervisory Board on August 21, 2008, the MLP 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 MLP and key product partners, we will also permanently secure our business model as an independent consulting firm.

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

Sound wealth management with Feri

To get closer to our growth goal in the field of wealth management, over the last few years we have expanded our competence in investment consulting in a targeted manner. Wealth management is today a core competency of MLP. 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 our clients access to professional wealth management services in the MLP Group. Together with the wealth management specialist we developed tailor-made products for MLP clients in 2007 and have been offering these throughout the whole of Germany since last year. As such, we have created considerable added value for our clients and for our company in the field of wealth management and significantly improved our market position.

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 for their clients in the field of investment consulting as the basis for reaching investment decisions.

MLP is the leading independent investment adviser in Germany

The proportion of wealthy clients in MLP's client base is growing. In 2008 around 40 % of MLP clients were in the 40+ age group. MLP has grown with its clients. Many of the academics that our consultants won as clients 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. MLP 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.

Feri 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 MLP the leading independent investment adviser in Germany.

The growth market of occupational pension provision

Occupational pension provision is a long-term growth driver in MLP's 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, MLP 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. As a nationwide German specialist in innovative concepts of occupational pension provision, MLP 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.

### Legal corporate structure

MLP's company organisation follows a holding structure. MLP AG held the subsidiaries MLP Finanzdienstleistungen AG and Feri Finance AG on the reporting date December 31, 2008. MLP Finanzdienstleistungen AG has its own full banking licence. This is an important USP within the Group.

Feri Finance AG, Bad Homburg v. d. Höhe and its range of subsidiaries are the ratings and research specialists in the MLP Group, which develop investment concepts and look after wealthy private and institutional investors under their own mandate. MLP holds 56.6 % of the shares in Feri and will also acquire the remaining shares in the company in 2011.

To strengthen our occupational pension provision business segment, in 2008, MLP Finanzdienstleistungen AG acquired a 100 % share of the voting rights in TPC-Group GmbH, Hamburg, which it later merged with BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung GmbH. We then renamed this company TPC THE PENSION CONSULTANCY GmbH.

MLP Finanzdienstleistungen AG operates the joint venture "MLP Hyp GmbH" in Schwetzingen together with the mortgage broker Interhyp. MLP Finanzdienstleistungen AG's share in this company is 49.8 %.

### Organisation and administration

Nationwide network of branches

MLP generates 98 % of its revenues in Germany and is based in Wiesloch in the south of Germany. It is a public limited company operating under German law in the economically prosperous German state of Baden-Württemberg. The Executive Board was made up of three members in the reporting year. The monitoring of the Executive Board required by German law is performed by the Supervisory Board. The company has a flat organisational structure, ensuring fast and professional management.

With 243 branches and 2,428 consultants, MLP is represented throughout the whole of Germany at all important university locations and in all urban centres. The number of branches has fallen by 10 compared to the previous year. We have concentrated our branch network to provide our clients with an even more efficient local service. Within the scope of our local sales model, client support is predominantly ensured by free commercial agents that work solely for MLP and therefore actively represent our holistic and independent consulting philosophy. This approach to independent and holistic client consulting is a key factor that makes our sales teams so effective.

MLP consultants are highly productive and achieve a high cross-selling quota. Revenues per consultant were € 214,000 last year – a top value in comparison with the sector as a whole. MLP consultants are paid on commission.

**MLP locations in Germany**


## Disclosures pursuant to §§ 120 (3) of the German Stock Corporation Act (AktG) in connection with 289 (4), 315 (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), 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.

Provisions regarding the Executive Board in the articles of association

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.

Authorised capital

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.

Authorisation to purchase own shares

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 with 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 reorganization of the company in line with the German Reorganization 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.

## Company objectives and corporate management

### Company objectives

Proactively managing value

The objectives of our business activities are profitable growth and to sustainably increase the company value. To achieve this, we pursue a comprehensive management approach which takes account of the interests of all stakeholders in the company and also the values that are not only financial in nature. Our aim is to let our shareholders, our clients and also our employees participate in the long-term increase in the value of our business. To achieve this we are concentrating on expanding our strategic competitive advantage and systematically consolidating the success factors of our business model. In this way, the MLP brand – the most important intangible asset of our business – can continue to thrive best.

In MLP's value creation process, the branch offices – the core units of service provision within the company – assume an important position. To a large extent they are responsible for how MLP's business success and brand value develop. Our client consulting and support is located in the independently run top-performing branch offices. These are responsible for making our holistic, independent and quality-orientated consulting philosophy a reality in every consultation with a client. One of the key tasks of our branch offices is to constantly realise MLP's claim to be the leading independent financial and investment adviser for academics and other discerning clients: We achieve this with top services for our clients and business activities always focused on profitable growth and winning market share.

Social responsibility? Yes!

MLP acknowledges its responsibility to each individual client as well as to society: Our client consulting, our values and our vision are based on the knowledge that we fulfil an essential social function in our role as independent financial and investment adviser with our consulting for financial provision in old age and health. Financial insurance cover for people when they are old and ill is a major pillar of every sustainable social system. Our consultants embrace this responsibility and are committed to a comprehensive service of the highest quality (see also "Corporate responsibility report").

Quality leadership in all areas

Brand recognition of MLP as a premium brand in the German financial services market is based not least on the diverse quality leadership of our business: MLP aims to support its clients independently and holistically in the best possible way, offer the best consultant jobs in the industry and employ the best managers in the branch offices. MLP monitors the extent to which it achieves its goals using various KPIs: the cross-selling quota (number of products brokered per client) provides an indication of the holism of the consulting, the quality of the consulting and the client satisfaction; the productivity ratio (revenues per consultant) gives information about how much time consultants devote to their clients.

### Corporate controlling

Value reporting

Our equity market communication aims to provide value reporting to help our investors determine the company value. We try to satisfy this requirement by giving detailed information in our Group management report and consolidated financial statements. In addition, there are detailed interim financial reports. MLP's central planning and management system supports our aim of increasing company value sustainably. We have developed comprehensive finely structured instruments coordinated with the requirements of a sales organisation to cover all stages of the wealth-creation chain. In 2008, the focus of all the control instruments was the segment financial services. Last year 91 % of MLP's total revenues were generated here.

Corporate management is divided into strategic and operational levels. Operational controlling relates to a planning horizon of three to five years and positions corporate strategy in relation to specific targets. In each case it is about a sustainable increase in customer value with the corresponding evaluation and controlling of business segments, products, projects and investments. We aim to guarantee the best possible allocation of resources as a basis for medium- to long-term corporate development, whereby this allocation must accommodate both the requirements of the capital market and also internal plans.

Focus on sales controlling

Operational controlling at MLP is essentially sales controlling. This starts logically at the lowest level of the value-creation process with sales controlling at the point-of-sale in the branch offices: In the first process stage the new contracts concluded on a daily basis are recorded at the branch offices and consolidated into weekly and monthly reports. The weekly and monthly reports provide the Executive Board with information on current business and they constitute an early-warning system when accumulated over a long period of time. The weekly and monthly reports on business acquired create a solid basis for a comparison of target and actual values between planned business development and that which has actually been realised. Building on this comparison of business development, the management can undertake timely analyses of the reasons for the development and quickly take countermeasures in the case of unwanted developments.

Consistent cost controlling

The income is offset by the business costs which are continuously recorded and monitored. All business outpayments are collected and the controlling department processes them centrally into weekly and monthly reports for those responsible for costs. Each department has a person responsible for costs who reports directly to the Executive Board. MLP gives the department heads and those responsible for costs a lot of responsibility, relying on their entrepreneurship. It is the obligation of those with cost responsibility to plan the costs for their departments and systematically monitor ongoing cost development. They need to coordinate their individual planning with the responsible member of the Executive Board and present an investment and finance plan for the current period. Hence, those responsible for the costs are at the centre of a rolling cost controlling. Every quarter they compile a new forecast for the coming 15 months based on the particular cost development. This ensures that if there is any deviation from the target and actual values, measures can immediately be taken, either through stopping expenditure or by adjusting the budget in consultation with the member of the Executive Board responsible.

### Key performance indicators and early indicators used by corporate controlling

Our most important target and controlling figures are the total revenues and the EBIT (earnings before interest and tax). These figures result directly from the Group income statement. Our business model is less capital intensive and we do not use borrowed capital to finance the business. Therefore, we believe that the company value will rise if we achieve profitable growth in the medium to long term or the EBIT margin increases.

The development of total revenues is influenced by a number of business KPIs: MLP monitors the number of consultants, their productivity and their fluctuation. In addition, the number of clients and penetration of the client base, measured as revenues per family client, is classified as a value driver in the business model.

As an early indicator for the development of business over a given financial year, we primarily use the parameter of production in the various segments, and here in particular in our important segments of old-age and health provision and wealth management. For the purposes of this analysis, we take production to mean the brokered new business in the segments old-age and health provision. The commission that we receive when we act as intermediaries in the sale of such products is fundamentally calculated as a percentage of the new business that has been brokered. For MLP, these commissions constitute the commission revenues. Thus, production serves as an early indicator for the development of business, since it is possible to derive estimates for revenues from them. In particular, in our most important segment old-age provision, we can determine production with a time delay of just 24 hours. In the segment old-age provision, we generated new business worth € 6.6 billion in the last financial year. In the health insurance segment this value was € 49.0 million.

**Selected key controlling figures: fulfilment of objectives in 2008 and medium-term target figures**

| | 2007 | Target for 2008 | Actual figure achieved in 2008 | Growth in % | Medium-term target |
|---|---|---|---|---|---|
| Total revenues | 629.8 | Previous year's level | 597.7 | –5.1 % | Profitable growth |
| EBIT (continuing operations) | 113.9 | No explicit objective set | 56.6 | –50.3 % | Profitable growth |
| Number of consultants | 2,549 | No explicit objective set | 2,428 | –4.7 % | Increase |
| Productivity (income per consultant in €) | 215,000 | No explicit objective set | 214,000 | –0.5 % | Increase |
| Number of clients | 703,000 | No explicit objective set | 730,000 | +4 % | Further increase |
| Cross-selling ratio | 6.9 | No explicit objective set | 7.3 | +6 % | No explicit objective set |
| Brokered new business old-age provision | 6.8 | Further increase | 6.6 | –3 % | Increase |

**Comparison of the actual and forecast development of business**

At the beginning of the financial year 2008 – when the dramatic effects of the financial crisis had not been foreseen – we still assumed that we would succeed in moderately increasing the total revenues. Primarily due to new regulatory requirements which we implemented in the reporting year, our planning showed slightly overproportionately increasing costs, with the result that we would no longer achieve the high EBIT margin of 18.1 % achieved in 2007. As a result of the financial crisis and its effects on the investment behaviour of our clients, we had to revise this forecast at the end of the third quarter of 2008. Despite the very challenging environment due to the financial crisis as of the third quarter of 2008, we continued to assume that total revenues could almost reach the level of the previous year. This was almost the case with total revenues of € 597.7 million (€ 629.8 million).

Our most important expenditures were according to plan. Commission expenses fell by 5.2 % from € 216.0 million to € 204.7 million almost proportionally to commission income. As a result of an acquisition and a moderate increase in personnel, the personnel expenses also increased as planned by 5.4 % to € 110.6 million. The other operating expenses have increased as planned due to the adjustments to the new regulatory environment and additional extension phases of our IT infrastructure by 15.1 % to € 182.1 million.

The combination of an increasing cost base and slightly declining total revenues due to the financial crisis meant it was not possible to achieve our EBIT margin forecast at the beginning of 2008 of some 16 %. We had already revised this target at the end of the third quarter. In the reporting year we achieved an EBIT margin of 9.5 %. When adjusted for one-off effects, the operative EBIT margin is 11.5 % (see also “Earnings position”).

## 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.

## Earnings position

### Significant events that affect business

Effects of the financial and economic crisis

The global financial and economic crisis left its mark on our business in 2008, in particular in the second half of the year. The turbulence in the capital markets and the uncertainty among clients regarding future economic development caused many investors and corporate clients to think twice before making long-term investment decisions. At MLP this led to significant drops in revenues and thereby also earnings, in particular in the areas of old-age provision, wealth management and financing. In these areas, our revenues dropped by a total of € 30.8 million, which had a negative influence on earnings (EBIT) of approximately € 19 million. In the field of occupational pension provision, we also had to absorb an unexpected loss of € 3.3 million at our subsidiary TPC-Group. This was due to corporate clients unexpectedly postponing occupational pension provision projects on account of the financial and economic crisis.

The financial and economic crisis, which became more acute quite dramatically in the third quarter of 2008, was the main reason for the fact that we had to revise the forecast made at the start of 2008 after the third quarter. We had originally assumed that we would be able to increase total revenues moderately and at least achieve an EBIT margin of 16 %.

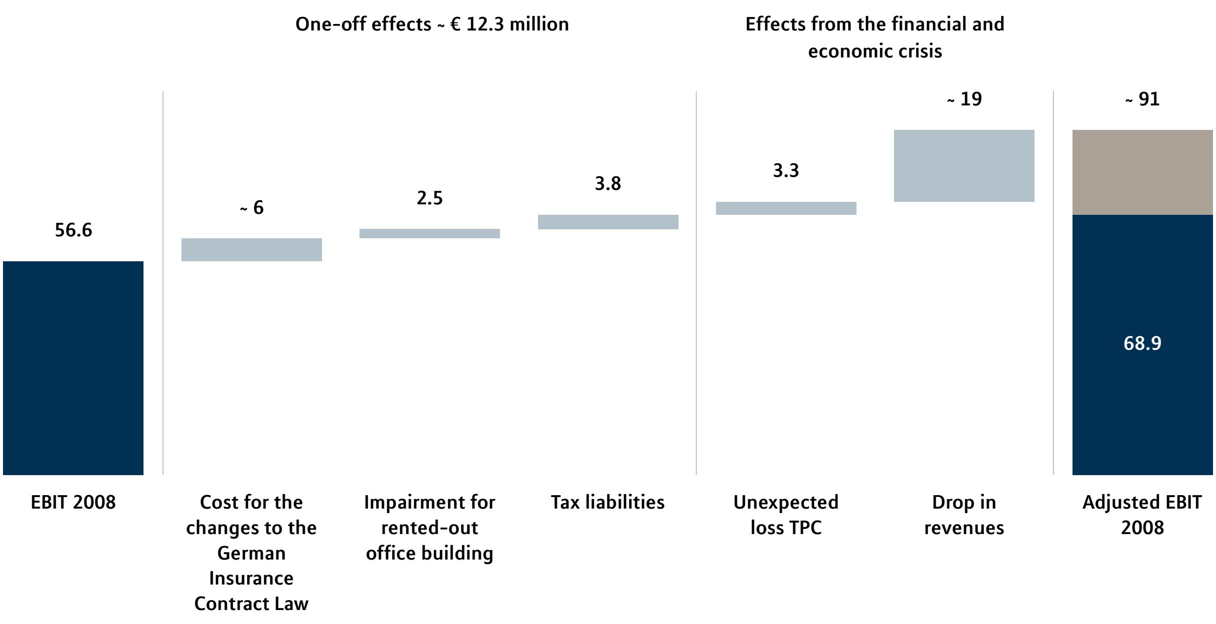
Alongside this dramatic change in the economic framework conditions, the regulatory environment in our sector also saw significant change in the last financial year. One aspect of the changes to the German Insurance Contract Law which came into effect in 2008 was improved client rights, which we, of course, welcome. However, the increased requirements for disclosing information and the additional transparency requirements led to one-off conversion costs and required us to make investments, particularly in our IT infrastructure. One-off expenses to implement the new rules were around € 6 million.

Changes in the legal framework conditions

Two further special factors had a significant influence on our earnings last year. Due to the poor situation in the commercial property market, we had to record an impairment loss of € 2.5 million on a let office and administration building. We also had to form a liability for potential back taxes of € 3.8 million, as the legal situation changed to our disadvantage.

Special factors impair earnings

**Special factors impair EBIT**




Due to the fourth and final phase of the tax-privileged increase in premiums of the "Riester" pension, our business saw an extraordinary seasonal upturn in 2008. The increase in premiums was set up by clients in the first quarter of 2008, which had a positive effect on our old-age provision business.

At the end of 2007, one of our competitors was taken over by an insurance group. As such, MLP is now the only remaining independent financial adviser with a nationwide presence in Germany. This USP strengthens our competitive position.

## General statement on business

Due to the unanticipated severity of the financial and economic crisis, business was somewhat unfavourable in 2008. Both our total revenues and our earnings showed a downward trend. Yet despite this, we are satisfied with the development of the company in light of the general conditions.

Strong competitive position

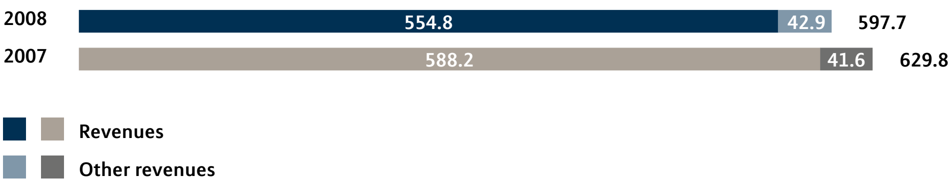
Based on our evaluation, we have a strong position in our core markets of old-age and health provision as well as wealth management in Germany. Our independent consulting approach and our focus on target groups put us in a very good competitive position. We also have a sound equity base and good liquidity – strength that is particularly important in times of crisis to further improve our market position.

## Analysis of the result of operations (continuing operations)

Total revenues virtually at previous year's level

Despite the severe financial market crisis, total revenues only dropped from € 629.8 million to € 597.7 million in the last financial year. And other revenues even saw a slight 3.1 % increase to a level of € 42.9 million. This is essentially due to the increase in revenues from investments and the receipt of receivables already written down. The increase in the remaining other revenues was down to accounting the asset values of reinsured pension obligations (€ 3.8 million), revenues from our MLP partner forum (€ 1.4 million) and income from adjusting the interest rate of the variable purchase price liability for Feri Finance AG (€ 3.0 million). Other revenues also contain a subsequent profit component from the sale of MLP Lebensversicherung AG in 2005 amounting to € 4.0 million (€ 11.3 million). This profit component was granted for the last time in the last financial year.

**Total revenues in continuing operations (in € million)**



Revenues from commissions and fees and interest income, on the other hand, dropped from € 588.2 million to € 554.8 million.

Old-age provision, wealth management and financing affected by the financial market and economic crisis

The drops in revenues from commissions and fees in the areas of old-age provision, wealth management and financing can essentially be attributed to the financial market crisis and the reservation of our clients to make long-term investment decisions that resulted from this. In the field of health insurance, on the other hand, the drop is due to a special factor in the financial year 2007. Revenues from contracts concluded in the fourth quarter of 2006, offering clients the chance to withdraw from the contract due to an unclear legal situation in the runup to the healthcare reform launched on April 1, 2007, were only recognised as revenues in the first quarter of 2007. Without this item of € 11.3 million, revenues in this area would have been at around the same level as the previous year.

Interest income increased significantly by 19.6 % to € 40.8 million. The increased level of client funds available for investment (liabilities due to clients from the banking business) and inflow of funds from the rise in capital stock in August 2008 made this increase possible.

**Breakdown of revenues from commissions and fees and interest income from continuing operations (in € million)**

| in € million | 2008 | 2007 | Change in % |
|---|---|---|---|
| Old-age pension provision | 346.4 | 359.3 | –3.6 % |
| Wealth management | 82.2 | 94.9 | –13.4 % |
| Health insurance | 45.9 | 56.3 | –18.5 % |
| Non-life insurance | 23.2 | 22.0 | 5.5 % |
| Loans and mortgages | 12.4 | 17.6 | –29.5 % |
| Other commissions and fees | 4.0 | 3.9 | 2.6 % |
| **Revenues from commissions and fees** | **514.0** | **554.1** | **–7.2 %** |
| **Interest income** | **40.8** | **34.1** | **19.6 %** |
| **Total** | **554.8** | **588.2** | **–5.7 %** |

Downward trend in commission result

The commission expenses are the largest single item in expenses. The performance-linked commission payments to our sales force are recorded here. These payments dropped from € 216.0 million to € 204.7 million. However, since revenues from commissions and fees dropped by 7.2 %, our commission result also dropped from € 338.1 million to € 309.4 million.

The interest expenses increased from € 17.3 million to € 23.5 million. Alongside higher levels of client deposits, increased interest rates were also responsible for this. With this, we were able to increase our net interest income in the reporting period to € 17.3 million (€ 16.8 million).

Personnel expenses increased by 5.4 % to a total of € 110.6 million (€ 104.9 million). This was primarily due to the first-time inclusion of the employees in the TPC-Group, the expansion of personnel in areas working closely with sales and general salary increases.

Depreciation/amortisation and impairment increased by € 1.7 million to € 21.0 million. This figure includes an impairment loss of € 2.5 million for a let office and administration building held as a financial investment.

New regulatory stipulations and one-off effects cause expenditures to go up

Other operating expenses were € 182.1 million (€ 158.2 million). The 15.1 % rise is predominantly attributable to higher IT costs, insurance expenses and an increase in sundry other operating expenses. In the course of implementing new legal requirements, we have significantly expanded and improved our consulting support through our IT systems. Insurance expenses increased due to premium payments for reinsurance of pension obligations. Other operating expenses also include a liability of € 3.8 million for potential back taxes.

Total expenses only increased by 5.1 % to € 541.9 million in the reporting period.

MLP Hyp with positive result

Earnings from shares accounted for using the equity method consist of the earnings of MLP Hyp GmbH. This company took up operative business operations in the fourth quarter of 2007. We use this company, in which we have a 49.8 % holding, to process the mortgage business operated together with Interhyp AG. In the first full year of business operations, we were able to record positive profit contribution of € 0.7 million.

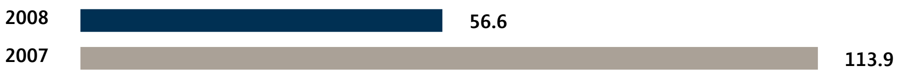
## Expense structure

| in € million | 2008 | in % of total expenses | 2007 | in % of total expenses | Change in % |
|---|---|---|---|---|---|
| Commission expenses | 204.7 | 37.8 % | 216.0 | 41.9 % | –5.2 % |
| Interest expenses | 23.5 | 4.3 % | 17.3 | 3.4 % | 35.8 % |
| Personnel expenses | 110.6 | 20.4 % | 104.9 | 20.3 % | 5.4 % |
| Depreciation and amortisation | 21.0 | 3.9 % | 19.3 | 3.7 % | 8.8 % |
| Other operating expenses | 182.1 | 33.6 % | 158.2 | 30.7 % | 15.1 % |
| **Total** | **541.9** | **100.0 %** | **515.7** | **100.0 %** | **5.1 %** |

EBIT of € 56.6 million achieved

Overall, we generated earnings before interest and tax (EBIT) in the last financial year of € 56.6 million (€ 113.9 million).

**EBIT from continuing operations (in € million)**




At € –9.5 million (€ –3.9 million), the finance cost is significantly worse than in the previous year. Our subsidiary Feri Finance AG sold one of its subsidiaries in 2007. For this reason, at € 7.8 million (€ 2.2 million) the dividend payment to the remaining minority shareholders in Feri Finance AG was significantly higher in the reporting year. Taking this into account, earnings before tax (EBT) are € 47.1 million, compared to the figure of € 110.1 million in the same period of the previous year.

The tax rate increased slightly from 29.6 % to 34.0 %. Income tax expenditure in the reporting year is € 16.0 million (€ 32.6 million).

Earnings from continuing operations comes to € 31.1 million (€ 77.5 million). As such, earnings per share (diluted) dropped by € 0.77 to € 0.30.

**Earnings from continuing operations**

| in € million | 2008 | 2007 | Change |
|---|---|---|---|
| Total revenues | 597.7 | 629.8 | –5.1 % |
| EBIT | 56.6 | 113.9 | –50.3 % |
| EBIT margin | 9.5 % | 18.1 % | – |
| Finance costs | –9.5 | –3.9 | >100 % |
| EBT | 47.1 | 110.1 | –57.2 % |
| EBT margin | 7.9 % | 17.5 % | – |
| Income tax | –16.0 | –32.6 | –50.9 % |
| Net profit | 31.1 | 77.5 | –59.9 % |
| **Net margin** | **5.2 %** | **12.3 %** | – |

## Discontinued operations

Discontinued operations include MLP Lebensversicherung AG and MLP Versicherung AG, both of which were sold in 2005, as well as the cessation of business activities at our subsidiaries in Switzerland, Great Britain and Spain in 2006 and 2007. In the reporting year 2008 we also decided to focus our activities in the private client business on our core market of Germany. We are therefore looking for new owners to take over our business activities in Austria and are now also recording these under discontinued operations.

Earnings from discontinued operations sees improvement

After recording a loss of € 15.3 million in these sectors in the previous year, earnings in the last financial year improved to € –6.3 million.

### Group

Overall we were able to achieve a Group net profit of € 24.8 million (€ 62.1 million) in the reporting period.

As such, basic earnings per share are € 0.24 (€ 0.62). Earnings per share (diluted) dropped as well from € 0.62 to € 0.24.

### Net profit

| in € million | 2008 | 2007 | Change |
|---|---|---|---|
| Continuing operations | 31.1 | 77.5 | –59.9 % |
| Discontinued operations | –6.3 | –15.3 | +58.8 % |
| **Net profit (total)** | **24.8** | **62.1** | **–60.1 %** |
| Earnings per share in € | 0.24 | 0.62 | –61.3 % |
| Diluted earnings per share in € | 0.24 | 0.62 | –61.3 % |
| Number of shares in million (basic) | 103.2 | 101.0 | +2.2 % |

### Appropriation of profits

In the last financial year we paid out a total of around € 60 million to our shareholders in the form of regular dividends for the financial year 2007 and buyback of our own shares. As such, we paid around 77 % of the earnings from continuing operations to our shareholders.

Dividends and share buyback

The total dividend was € 49.0 million, which represents a dividend per share of € 0.50 and a distribution rate of 63 %. The distribution rate was therefore within our target range of 60 % to 65 %. Alongside this, we also bought back further shares for around € 11 million at the start of 2008. For the period from January 7, 2008, to January 31, 2008, a total of around 1.2 million own shares were acquired at an average price of € 9.77.

On January 31, 2008, the share buyback programme launched on November 12, 2007, was completed as scheduled. In total, we acquired 1,957,656 shares at an average price of € 9.66. This corresponds to a volume of € 18.9 million and 1.8 % of share capital. All shares bought back were retired in March 2008.

Proposed dividend of € 0.28

Due to the excellent equity capital backing and liquidity of the Group, the Executive and Supervisory Boards will propose a dividend of € 0.28 per share to the Annual General Meeting on June 16, 2009. This corresponds to a total dividend of € 30.2 million.

## Financial position

### Aims of financial management

The financial management of the MLP Group is performed by the central treasury division. Our primary aim here is to increase the Group's financial power. Within the framework of our financial management, we ensure the liquidity of the Group at all times, control the risks involved using the various financial instruments and optimise Group-wide cash management. In addition, we implement rolling liquidity planning with a time horizon of 15 months.

No significant liabilities or receivables in foreign currencies

In the reporting period there were no significant liabilities or receivables in foreign currencies, as we generate almost 100 % of the total revenues in the Eurozone. Thus it is not necessary for us to hedge net items in foreign currencies by means of hedging instruments.

### Financing analysis

MLP is a pure service provider. Thus our business model is less capital intensive and generates high cash flows. This also has effects on the investments and financing of our Group.

Strengthening our equity base

We expect that regulatory changes will lead to a consolidation of our sector within the next years. It is our aim to play an active part in this consolidation. For this reason we further reinforced our equity base by around 10 % through an increase in capital in August 2008 (see also "Strategy"). The capital increase generated an inflow of € 123.8 million. As a result shareholders' equity rose from € 339.7 million to a total of € 429.1 million. Accordingly our equity ratio is 28.0 % (23.9 %) and our equity capital backing is very good.

At present we are not using borrowed funds to finance the Group long-term. Changes to the general interest rate or future credit terms therefore have no material effect on the financing of the Group. Liabilities due to clients and financial institutions from the banking business of in total € 803.9 million (€ 752.3 million) mainly concern client deposits which have no financing function for the Group. These liabilities are offset by receivables from clients and financial institutions from the banking business of € 881.0 million (€ 864.2 million).

As provisions only account for 3.4 % (3.1 %) of net assets, they have no significant financing function for the MLP Group.

Group largely financed by shareholders' capital

Other liabilities amounting to € 236.4 million (€ 278.5 million) consist mainly of current liabilities from operating activities with the exception of purchase price liabilities from acquisitions (Feri Finance AG und TPC-Group) of in total € 63.6 million (€ 91.8 million). These liabilities are due on April 15, 2011 (Feri Finance AG) and in 2013 (TPC) at the earliest. Current liabilities of € 159.8 million (€ 173.7 million) are offset on the assets side of the balance sheet by cash and cash equivalents of € 38.1 million (€ 37.3 million), financial investments of € 179.9 million (€ 52.4 million) and current other receivables and other assets of € 131.3 million (€ 146.5 million).

Further disclosures on the structure of our liabilities and provisions can be found in the notes.

Other financial commitments

As at the balance sheet date, other financial commitments of € 62.0 million were in place for the financial year 2009. This mainly constitutes liabilities from the leasing of our offices, the outsourcing of IT technology and the leasing of IT equipment. This can result in potential total liabilities of € 234.5 million up to the year 2013.

**Capital expenditure**

Capital expenditures decreased

MLP generally finances capital expenditures from current cash flow. At € 12.2 million (€ 16.2 million), the total investment volume was lower in the last financial year compared to the previous year. The largest portion of our investments in the reporting year went into IT projects, which were aimed at continuously improving the quality of our consulting and our client service (see also section "Client support"). Alongside capitalisable investments expenditures we use other resources for these projects, which are included as expenses in the income statement. We have already invested some € 32 million in these projects in the years 2006 to 2008. Additional investment will follow in the current financial year.

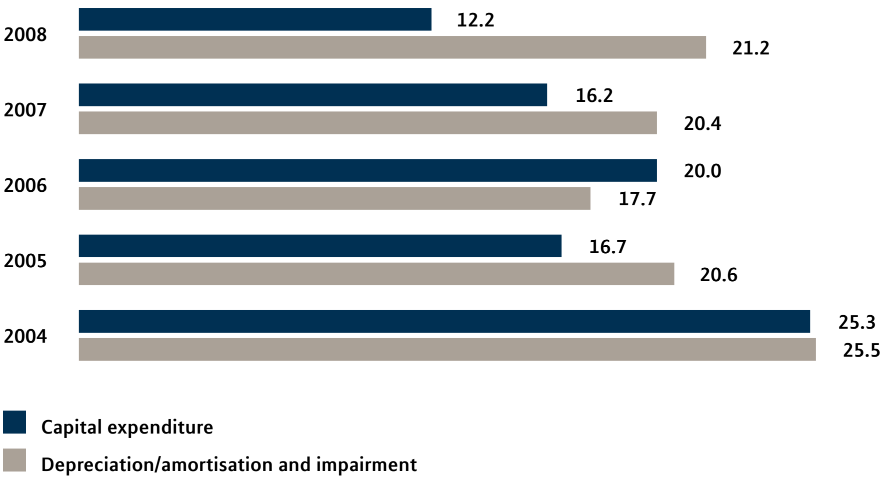
**Capital expenditures**

| in € million | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Intangible assets** | **8.1** | **11.5** | **17.5** | **12.0** | **13.6** |
| Goodwill | 1.0 | – | – | 0 | 0 |
| Software (developed internally) | 0.5 | 0.5 | 0.1 | – | – |
| Software | 1.2 | 2.0 | 0.5 | 1.2 | 0.8 |
| Other intangible assets | 0.4 | 0.1 | 0.1 | – | – |
| Payments on account and assets under construction | 5.0 | 8.9 | 16.8 | 10.8 | 12.8 |
| **Property, plant and equipment** | **4.1** | **4.7** | **2.5** | **4.7** | **11.7** |
| Land, leasehold rights and buildings | 0.4 | 0.8 | 0.6 | 0.5 | 1.2 |
| Investment property | – | 0.3 | 0.2 | 0.0 | – |
| Other fixtures, fittings and office equipment | 2.2 | 2.6 | 1.6 | 2.5 | 2.6 |
| Payments on account and assets under construction | 1.5 | 1.0 | 0.1 | 1.7 | 7.9 |
| **Total capital expenditures** | **12.2** | **16.2** | **20.0** | **16.7** | **25.3** |

The comparison of capital expenditure and depreciation makes it evident that our business model has become much less capital intensive since the sale of the Group subsidiaries, MLP Lebensversicherung AG and MLP Versicherung AG in 2005. The investment level in the Group shows a sustained decline compared to the year 2004. We make targeted investments in improving the quality of client care and consulting.

Capital expenditure lower than depreciation

**Capital expenditures and scheduled depreciation MLP Group (in € million)**




## Liquidity analysis

Cash flow from operating activities in continuing operations was € 80.7 million (€ 22.4 million). This corresponds to 14 % of total revenues. The change is mainly due to the profit and loss transfer of the subsidiary MLP Finanzdienstleistungen AG taking place at a different time and the increase in provisions.

Cash flow from investing activities of continuing operations dropped significantly from € –18.2 million to € –136.0 million. The main reason for this change is the investment of funds which flowed in due to the increase in capital stock performed in August 2008.

Increase in capital stock affects cash flow from financing activities

The main factors affecting cash flow from financing activities of continuous operations are dividend payments, the increase in capital stock in August 2008 (see also “Strategy”) and payments associated with the buyback of own shares. In particular due to the increase in capital stock and the associated inflow of funds of € 123.8 million, cash flow from financing activities improved from € –47.3 million to € 64.5 million. The outflow for dividend payments in 2008 was € 49.0 million (€ 40.0 million). Payments for the acquisition of treasury stock in the reporting period were € 11.5 million (€ 7.5 million).

**Consolidated cash flow statement for the period from January 1, to December 31, 2008 (continuing operations)**

| in € million | 2008 | 2007 |
|---|---|---|
| Cash and cash equivalents at beginning of period | 36.6 | 82.3 |
| Cash flows from operating activities | 80.7 | 22.4 |
| Cash flows from investing activities | –136.0 | –18.2 |
| Cash flows from financing activities | 64.5 | –47.3 |
| **Changes in cash and cash equivalents** | **9.2** | **–43.1** |
| Inflows/outflows due to divestments | –7.8 | –2.7 |
| Cash and cash equivalents at the end of period | 38.0 | 36.6 |

Excellent liquidity

As at the balance sheet date of December 31, 2008, the MLP Group owned around € 210 million in cash holdings (€ 156 million). The liquid funds available are therefore still very good. Thus there are sufficient cash reserves available to the MLP Group. In addition to the cash holdings we have lines of credit amounting to around € 83 million over the short and medium term (one and three years), which were not significantly drawn on in the reporting period. No liquidity squeeze occurred in the reporting period, nor is any such shortfall expected. There are no limitations which restrict the availability of funds.

Capital costs

Weighted capital costs are currently not significant for the MLP Group, as the Group is almost completely financed by shareholders' equity.

## Net assets

### Analysis of the asset and liability structure

Balance sheet total up 7.7 %

The balance sheet total of the MLP Group has increased by 7.7 % to € 1,534.4 million. Despite the additions to the scope of consolidation, intangible assets on the assets side dropped from € 184.7 million to € 162.4 million as a result of scheduled depreciation/amortisation and the reduction of goodwill due to the adjustment of the variable purchase price component for Feri Finance AG. The drop in property, plant and equipment from € 83.9 million to € 80.4 million is mainly attributable to scheduled depreciation/amortisation.

Due to the deteriorated situation in the commercial property market, we had to record impairment losses of € 2.5 million on investment property.

Receivables from clients and from financial institutions in the banking business together increased only slightly by 1.9 % to € 881.0 million. These loans are essentially refinanced through the deposits of our clients (liabilities due to clients from the banking business).

Financial assets grow due to increase in capital stock

The sharp increase in financial investments from € 52.4 million to € 179.9 million is predominantly attributable to the inflow of funds of € 123.8 million due to the increase in capital stock performed in August 2008.

Tax refund claims also increased significantly and amounted to € 26.9 million (€ 9.7 million) on the reporting date.

Due to weaker business development than in the previous year, other receivables and other assets also dropped from € 162.1 million to € 147.1 million. This item essentially contains commission receivables from insurance companies resulting from the brokerage of insurance products.

Cash and cash equivalents were € 38.1 million on the reporting date and are therefore virtually unchanged (€ 37.3 million).

The item “Non-current assets held for sale and disposal groups” includes shares in a special fund set up as the basis for the wealth management concepts developed by MLP and Feri in 2007 and intended for selling on to clients. It also contains the assets of our subsidiary in Austria, whose business operations are disclosed under discontinued operations from 2008 onward. This item dropped from € 12.2 million to € 3.3 million.

### Assets as at December 31, 2008

| in € million | 2008 | 2007 | Change in % |
|---|---|---|---|
| Intangible assets | 162.4 | 184.7 | –12.1 % |
| Property, plant and equipment | 80.4 | 83.9 | –4.2 % |
| Investment property | 11.7 | 14.6 | –19.9 % |
| Shares accounted for using the equity method | 2.3 | 1.6 | 43.8 % |
| Deferred tax assets | 1.3 | 1.6 | –18.8 % |
| Receivables from clients from the banking business | 275.4 | 260.3 | 5.8 % |
| Receivables from banks from the banking business | 605.6 | 604.0 | 0.3 % |
| Financial investments | 179.9 | 52.4 | >100 % |
| Tax refund claims | 26.9 | 9.7 | >100 % |
| Other receivables and other assets | 147.1 | 162.1 | –9.3 % |
| Cash and cash equivalents | 38.1 | 37.3 | 2.1 % |
| Non-current assets held for sale and disposal groups | 3.3 | 12.2 | –73.0 % |
| **Total** | **1,534.4** | **1,424.2** | **7.7 %** |

Increase in capital stock strengthens balance sheet

In the last financial year, we further improved the capital structure of the Group, in particular with the increase in capital stock (see also "Strategy") performed in August 2008. The equity ratio increased from 23.9 % to 28.0 %. With shareholders' equity standing at € 429.1 million (€ 339.7 million), the Group's equity capital backing remains very good. With reference to the earnings from continuing operations, this leads to a return on equity of 7.2 %.

We increased provisions on the reporting date December 31, 2008, from € 43.8 million to € 52.9 million. This was primarily due to additional provisions for pension claims, cancellation risks and bonus schemes/share-based compensations. Due to changes in the German Insurance Contract Law, which came into effect in 2008, we increased the provisions for cancellations in order to cover for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies. The provisions for bonus schemes/share-based compensations are used for incentive agreements with our consultants and for employee and consultant profit sharing schemes.

Liabilities due to clients and financial institutions from the banking business together increased by 6.8 % to € 803.9 million. Liabilities due to banks dropped slightly from € 27.5 million to € 25.0 million. The deposits of our clients, predominantly held in accounts, credit cards and instant access accounts, increased from € 724.8 million to € 778.8 million.

Increase in client deposits

Other liabilities dropped by 15.1 % to € 236.4 million. A significant portion of this item is made up of current liabilities due to our sales staff for unsettled commission claims. Due to the weaker business development compared to the previous year, these dropped by € 10.9 million to € 60.4 million. Another significant change is based on an adjustment to the variable purchase price component for the remaining shares in Feri Finance AG which MLP will acquire in 2011. At the end of 2008 we adjusted our estimate regarding the level of this liability by € 34.7 million to € 57.1 million.

**Liabilities as at December 31, 2008**

| in € million | 2008 | 2007 | Change in % |
|---|---|---|---|
| Total shareholders' equity | 429.1 | 339.7 | 26.3 % |
| Provisions | 52.9 | 43.8 | 20.8 % |
| Deferred tax liabilities | 9.6 | 9.9 | –3.0 % |
| Liabilities towards clients from the banking business | 778.8 | 724.8 | 7.5 % |
| Liabilities towards banks from the banking business | 25.0 | 27.5 | –9.1 % |
| Tax liabilities | – | 0.1 | >100 % |
| Other liabilities | 236.4 | 278.5 | –15.1 % |
| Liabilities in connection with non-current assets held for sale and disposal groups | 2.6 | – | – |
| **Total** | **1 ,534.4** | **1,424.2** | **7.7 %** |

### General statement on the economic situation

We consider the Group's economic situation, both at the end of the reporting period and at the time of the preparation of the Group management report, to be positive. Unfortunately, we were not able to further increase our central control variables of total revenues and EBIT in the last financial year due to the worldwide financial and economic crisis. This caused a deterioration in the Group's earnings position in comparison with previous periods. We are reacting to this with a cost cutting programme (see "Forecast"). And even in these difficult economic times, we were able to improve MLP's financial position. Our cash

Economic situation positive

flow and capital expenditure developed as scheduled. We have an excellent equity and liquidity basis – a strength few competitors can claim in the current crisis. We are keen to use this strength to further improve our market position. We will play an active part in the upcoming consolidation of the financial services market in Germany (see also "Forecast").

## Segment report

### Financial services segment

In the financial services segment we recorded total revenues of € 543.6 million in the last financial year. Compared to the previous year, this represents a drop of 4.2 %. The segment earnings before interest and tax (EBIT) dropped from € 107.4 million to € 55.8 million. Alongside the drop in total revenues, this was down to an increase in the interest expenses, personnel expenses and other operating expenses.

**Total revenues and EBIT for the financial services segment (in € million)**


New regulatory requirements increase expenditures

The increase in the interest expenses from € 17.6 million to € 24.0 million is mainly attributable to the increase in client deposits. Personnel expenses increased by 9.2 % to € 82.0 million due to general salary increases, new employees and inclusion of the TPC-Group for the first time. Other operating expenses essentially increased due to the higher training and IT expenses required to meet the changes in the new regulatory environment and amounted to € 166.5 million (€ 140.1 million) at the end of 2008.

Together with the finance cost of € –1.4 million (€ –0.6 million), earnings before tax (EBT) were € 54.3 million (€ 106.8 million).

With new business in the old-age provision segment of € 6.6 billion (€ 6.8 billion), we achieved virtually the same level as the previous year. The figures for the last financial year contain the fourth and final increase in tax-privileged premiums for the Riester pension. In the field of private health insurance, with a brokered annual premium of € 49.0 million (€ 50.0 million) we very nearly achieved the previous year's level. Following the healthcare reform introduced on April 1, 2007, our business in this segment stabilised at a significantly lower level. At € 919 million (€ 1,162 million), our brokered financing volume was below the previous year's level. Demand, in particular for construction financing, saw a downward trend due to the capital market crisis. Yet against the negative market trend, triggered by the capital market crisis, we were able to keep the funds under management together with Feri Finance AG constant at € 11.4 billion (€ 11.4 billion).

New business in the field of old-age provision remained virtually at the previous year's level

## New business

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Old-age provisions (premiums in € billion) | 6.6 | 6.8 | 6.8 | 6.3 | 10.9 |
| Health insurance (annual premiums in € million) | 49.0 | 50.0 | 68.2 | 55.1 | 59.0 |
| Loans and mortgages (volume in € million) | 919 | 1,162 | 1,195 | 997 | 777 |
| Funds under management in € billion | 11.4 | 11.4 | 10.8 | 8.3 | 2.6* |

* MLP without Feri

## Feri segment

In the Feri segment, which covers the wealth management as well as rating and research activities of our subsidiary Feri Finance AG, the effects of the global financial market crisis were significant in the financial year 2008. Overall we were able to achieve total revenues of € 46.4 million, which represents a drop of 8.5 %. Due to the severe losses on the capital markets throughout the world in the second half of the year in virtually all asset classes, the drop in performance-linked remuneration in wealth management was particularly noticeable.

Financial market crisis affects Feri

At € 5.7 million (€ 11.3 million), earnings before interest and tax (EBIT) are significantly lower than in the previous year. The drop in total revenues, increased personnel expenses and increased other operating expenses were largely responsible for this. Personnel expenses went up by 7.5 % to € 24.4 million due to the moderate expansion of the workforce and general salary rises.

Earnings before tax (EBT) were € 5.8 million (€ 11.6 million) in the reporting period. This also includes a finance cost of € 0.1 million (€ 0.3 million).

**Total revenues and EBIT segment Feri (in € million)**


### Holding segment

Impairment losses on commercial property

Total revenues in the Holding segment dropped by 13.1 % to € 22.6 million. This contains a subsequent profit component from the sale of MLP Lebensversicherung AG in 2005 amounting to € 4.0 million (€ 11.3 million). This component was granted for the last time in the last financial year. At € –5.2 million (€ –5.1 million), earnings before interest and tax (EBIT) remain virtually unchanged, despite the drop in total revenues. This can be attributed to the significant drop in personnel expenses and other operating expenses. Several one-off compensation payments had to be disclosed under personnel expenses in the previous year. In terms of other operating expenses, external consultancy costs were the main costs that fell. This was offset by depreciation/amortisation and impairment, which increased from € 3.5 million to € 6.0 million. This includes an impairment loss of € 2.5 million for a commercial property which was rented out.

We were able to increase the finance cost in this segment from € 2.1 million to € 2.4 million. Other interest and similar income as well as other interest and similar expenses were significantly higher than in the previous year, which is essentially due to the higher dividend from Feri Finance AG and the corresponding dividend payout to the minority shareholders in Feri Finance AG.

We were able to slightly improve earnings before tax (EBT) to a level of € –2.8 million (€ –3.0 million).

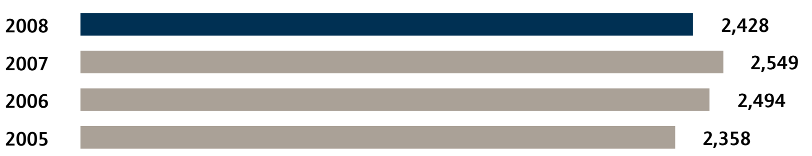
## Client support

Holistic client support

MLP's client support is based on a nationwide network of branches in Germany. With its 243 branches, MLP is represented in all urban centres and important university locations. Our clients never have to go far to find a branch and can also arrange appointments with a consultant they trust outside the branches. Naturally, our consultants gear their work to the needs of their clients, irrespective of time and place. Client consultants see themselves as solicitors for their clients and are committed to an independent and holistic consulting philosophy. Client consulting and support are both pursued proactively and always with the goal of getting the best possible benefit for clients.

Building on an individual needs analysis and in intensive discussions with their clients, our 2,428 MLP consultants develop perfectly matched, holistic financial plans that offer optimum solutions for all questions of wealth management, provision, insurance cover and financing. Emphasis is not placed on sales of individual products, but rather on creating a coherent financial plan for the clients' future.

**Number of MLP consultants**




Consistently independent product selection

Unlike most operators in the German financial services market, MLP is not engaged in selling its own products. Instead, product selections are consistently made using the "best of" principle. Our product management uses objective and comprehensible quality criteria to select those products that generate the greatest benefit for our clients from the whole universe of financial products available from banks, insurance companies and investment companies. We use instruments such as external ratings and benchmarking here. This ensures that only those products which meet our high quality standards are included in our product platform. Via further product selection, which is also geared to concrete client requirements, our consultants can then identify those products together with clients that fit perfectly in the respective financial planning of those clients. MLP operates as a broker here, working in the interests of the client.

This holistic, client benefit-oriented approach not only saves our clients a great deal of time, it also gives them the security that their financial planning is built upon the best products available in the German financial services market. All consultants have permanent access to data on more than 20,000 continuously updated products from various banks, insurance companies and investment companies, allowing them to compare the offers and meet individual client preferences. As such, our consultants and our clients have access to a unique product and market transparency, allowing the best possible results.

Number of clients still on the up

The holistic consulting concept and our successes in wealth management are having an effect – MLP's client base is growing. At the turn of 2008/2009, our consultants looked after 730,000 clients. This represents a 4 % increase in the number of clients last year. Set against the background of a German financial services market marked by cut-throat competition, this is an increase that fills us with confidence. More and more academics and other discerning clients are discovering the advantages of MLP's holistic financial and investment consulting approach. The satisfaction of our clients can also be felt in our high cross-selling quota, which we were able to increase from 6.9 to 7.3 in the last financial year.

**Number of MLP clients 2004 – 2008**


### Training and further education

Corporate University as a magnet for the best talents and guarantor of lifelong qualification

Competent client consulting requires good vocational training and continuous further training of consultants. MLP realised this early on and has assigned a high degree of strategic importance to its own MLP Corporate University for many years. This has really allowed the quality of the campus to shine, and the MLP Corporate University now enjoys an excellent international reputation. The university is accredited by the internationally renowned European Foundation for Management Development (EFMD) and is thereby one of the few company universities in Germany allowed to carry the CLIP seal of approval.

Lectures held within the 24-month extra-occupational training attended by consultants to become MLP Senior Financial Consultants (CU) form the core of the teaching programme at the MLP Corporate University. The training prescribed by the EU Insurance Mediation Directive to become an insurance professional is integrated in the course and is completed after three months.

Executive MBA in Private Finance

Experienced consultants can also improve their qualifications with an Executive MBA. The Executive MBA is offered in cooperation with such respected universities as the HEC in Paris, the Said Business School in Oxford and the University of St. Gallen.

In 2008 the MLP Corporate University dealt more intensively with new teaching and learning methods. Modern learning concepts such as e-learning were integrated in the curriculum to cater for the changing learning preferences of students. Within the scope of personnel and management development, innovative concepts and new seminars were also developed. The offers found great favour among employees. And more than 3,000 events and seminars were held at the campus in Wiesloch over the course of the year.

Comprehensive training on changes in legal framework conditions

In the first half of 2008, MLP prepared its consultants for the changes to the German Insurance Contract Law, the financial markets directive MiFID and withholding tax in more than 10,000 training days. As such, MLP was perfectly prepared for the comprehensive challenges that lay ahead, above all with the reform of the German Insurance Contract Law.

The MLP Corporate University, with its qualitatively high-grade and quantitatively comprehensive training offer, has become an important and convincing argument for us, helping us win the best junior staff in the financial services sector. It also ensures that MLP consultants are always superbly qualified in times when framework conditions are subject to frequent change.

### IT improves client support and reduces costs

New client relationship management system successfully launched

It is MLP's explicit aim to give its consultants the best working conditions in the sector. Yet the relevant client support processes have fundamentally changed since the regulatory measures on consumer protection were introduced. Comprehensive model calculations and product data now have to be correctly documented individually per client. An expandable, high performance system of client management is essential here. In 2008, we came a good deal closer to this target through introduction of a modern client relationship management system (CRM). Since May, our branches have had access to an SAP-based client relationship management system tailored to the specific requirements of MLP consultants. The software allows electronic client files to be created and needs analyses to be performed. In 2009 we will perfect the CRM system with three further releases.

Sector initiative targets reduction in administration expenses

When it comes to the topics of process automation and standardisation, as an independent broker MLP already plays a leading role, although the in-house production depth in the financial services sector is generally relatively high. MLP has long been committed to the implementation of standard interfaces between producer and broker, as well as uniform data quality and data formats. We therefore welcome the sector initiative to promote process optimisation (BiPRO) in the financial services industry.

Renowned insurance companies, producers of broker management programmes and service providers are targeting cross-company IT processes based on common standards. The data standards drawn up in collaboration should help in reducing the traditionally high administration costs and making business processes more efficient and simpler through use of IT. MLP has already launched several projects with producers to implement the established standards. As early as 2009, our consultants will benefit from significant simplifications to the application process. Indeed, the electronic policy dispatch system is already in a successful pilot phase and will be ready for across-the-board implementation in 2009 in conjunction with the electronic application procedure.

**Marketing and communication**

"The strategy of your life" – New image campaign

Marketing and communication at MLP was shaped last year by a new advertising campaign focusing on the individuality of financial and investment consulting. The new company claim "Financial advice as individual as you" was also developed in cooperation with the brand professor Christoph Burmann from the University of Bremen.

More intensive addressing of the 35+ target group

For this claim we decided, based on evidence from empirical investigations, that academics above all expect individual advice from their financial services providers. In addition to this, most people link individuality with independence and premium quality – terms that MLP has been continuously and authentically using for many years. As such, in our new advertising campaign we decided to emphasise the individual consulting approach we offer. High-grade advertising with intelligent core messages that also addresses the 35+ target group more directly, as well as a very emotional ad in target-group print media and wide-reaching TV stations were launched in autumn 2008. The TV commercial positions MLP as a lifelong companion for all questions of financing and old-age provision. This not only addresses clients and potential clients, it also has an internal company effect. MLP's new appearance makes a lasting contribution to the sense of "belonging" in our company.

While the new advertising campaign was certainly the most attention-grabbing element of our communication and marketing activities in 2008, numerous other measures were also implemented and made their contribution to brand management. In its communication policy, MLP predominantly uses instruments for sales support, such as client magazines and electronic newsletters, traditional press work, specialist trade fairs (in particular graduate fairs), the Internet, as well as measures around Investor Relations and PR.

To strengthen the regional presence of our branches on the Internet, individual office homepages were developed and launched for the first time in 2008 alongside the existing central MLP Internet site. These allow our offices to communicate specific specialist and regional topics online in addition to the contents of the central MLP homepage at www.mlp.de. With this move, the MLP branches now also have the opportunity to address clients directly via the Internet. Some 200 branches have already created their own homepages. The central MLP homepage had 6,144,746 hits in 2008 (2007: 5,489,431), while the click rate was 15,190,727 (2007: 14,346,417).

Internet homepage for branches

The "MLP Forum" series of client events, which has enjoyed great success for many years, was continued in 2008. The series of lectures by well-known speakers from the world of economy, politics and the community was attended by around 5,000 existing and potential clients. MLP was able to gain considerable publicity here, as the regional media gave regular, eulogistic reports on the series of events.

MLP Forum also enjoys keen media response

In terms of sponsoring, MLP remained true to its philosophy of continuity. We are now a long established partner to the basketball team of USC Heidelberg, the MLP Marathon Mannheim Rhein-Neckar, the Heidelberger Frühling music festival, the Golf Journal Trophy and the Allgemeiner Deutscher Hochschulsportverband (German University Sports Association). In 2008, we also played host to the "Deutschland-Tour" with the town of Wiesloch – an event that also included the "Charity Tour" of our company founder, Dr. h.c. Manfred Lautenschläger, in which more than 350 keen cyclists took part.

**University management**

MLP wins many of its clients via cooperation with universities. We support and maintain cooperations with universities and have been offering students free-of-charge personality and professionalism seminars for many years. We successfully continued this commitment in 2008. Yet we also followed new paths. Set against the background of the ever changing university landscape in Germany, our cooperation with the universities must also be further developed. In 2008, MLP intensified its dialogue with the German "Stifterverband". Together with well-known sponsors, such as the corporate consultant Deloitte, we supported many activities, including the study "Quaternary Education – Universities in the Further Education Market" and invited guests to a specialist symposium on this topic at our campus in Wiesloch in the third quarter of 2008. 120 participants from universities and interested companies discussed development prospects for academic further education.

Cooperation with the German "Stifterverband"

Together with the German Research Foundation (DFG), a three-module programme for high potentials was also developed and held in 2008. In this programme, students, graduates and academic staff selected by the German Research Foundation (DFG) gain the opportunity to take part in weekend courses with personality analyses and group-dynamic case studies relevant to their career. After an excellent start early in the year, the seminar was repeated three more times. The response of the participants and the German Research Foundation (DFG) to the seminars was so positive that we have already received inquiries regarding this programme from high potentials in other fields.

Seminar programme for high potentials

### Partner management

Partner rating as a guarantee of quality

Only ever offering our clients the best products in their class is part of our brand promise. Yet this of course requires continuous partner management that focuses on quality. Before we start brokering a company's products, they must first pass the MLP product and company rating test. This involves the specialist departments at our HQ critically analysing respective vendors with regard to their financial solidity, performance, product and service quality, and then performing benchmark comparisons. And those partners who do receive accreditation are still subject to regular assessments of their product and service quality. Last year, for example, the service quality of our partner companies from the field of pension provision and health insurance was assessed in a consultant survey.

The assessment was performed for the third time in 2008, not only so that the results could be used to highlight areas with potential for improvement, but also to point out changes in service quality over time. We use the results for detailed discussions with our partners regarding MLP quality management and product purchasing. And experience has shown that our feedback is taken seriously. Our product partners are more than willing to examine the results of our surveys, listen to the wishes of MLP consultants and thereby help further increase service quality to a high level.

## Personnel and social report

Number of employees increased

MLP is an innovative financial services provider. We systematically work on further developing our company's culture of performance and trust, and support our employees in the development of their own personality. At MLP, staff should enjoy giving excellent performance, which in turn is rewarded by the company. In our personnel work in 2008, we therefore again paid great attention to ensuring that our employees have new professional opportunities and potential for further development – for example in the wealth management business segment, still a young core competency of MLP. We further expanded our internal training offer and employed new staff members. With a total workforce of 1,986 employees on December 31, 2008, the average number of employees in continuing operations was around 9 % higher than the previous year. Additional employees were recruited within the scope of our planning and due to the acquisition of the TPC-Group, as well as personnel expansion in sales and sales support. The majority of employees in 2008 worked in Germany for the financial services segment, 257 were employed by the Feri Group and 11 by the holding company.

### Average number of employees

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Financial services | 1,718 | 1,564 | 1,508 | 1,403 | 1,347 |
| Feri | 257 | 246 | 40 | – | – |
| Holding | 11 | 9 | 10 | 14 | 39 |
| **Total** | **1,986** | **1,819** | **1,558** | **1,417** | **1,386** |
| **Of which in Germany** | **1,978** | **1,813** | **1,552** | **1,413** | **1,345** |
| | | | | | |
| **Discontinued operations** | | | | | |
| Austria | 74 | 52 | 46 | 30 | 22 |
| Great Britain | – | 22 | 37 | 20 | 27 |
| Spain | – | 9 | 16 | 37 | 3 |
| Switzerland | – | – | 10 | 13 | 40 |
| | **74** | **83** | **109** | **100** | **92** |
| **Total** | **2,060** | **1,902** | **1,667** | **1,517** | **1,478** |

The modern working environment, a high level of staff focus through a diverse further training offer and a cooperative management culture geared to maximum performance make MLP an attractive employer. Our domestic employee turnover rate in the last year was therefore again predominantly determined by those taking parental leave. We were also once again pleased to be presented with the "Top Employer 2008" award by the magazine "Karriere" and the market research company "CRI" in 2008. As we have now won this award twice in a row, we assume that it has increased awareness of our company as an interesting employer among the target group of students, graduates and young professionals.

We create a family-friendly culture

MLP considers its personnel policy an important strategic key for corporate success. We therefore employ great care in selecting high performance personnel and keeping them loyal to our company. In 2008 the following two questions formed the main focus of personnel work:

- How can an employer help his employees combine career and family?
- How can an employer acquire and keep high performance and reliable employees?

As 55 % of the workforce at MLP at the company HQ in the reporting period were women and the average age of our employees is 36, we worked hard in 2008 to further improve MLP's profile as a family-friendly company.

**Age structure of MLP staff 2008**


Some successful examples of our family-oriented offers in 2008 include:

- **Day care and kindergarten places:** With the MLP family concept, employees at the company HQ were able to take advantage of subsidised day care and kindergarten places for their young children. In cooperation with an owner of day care centres and kindergartens, places for children up to six years of age were provided near to the campus. The employer's contribution to the childcare costs was 50 %.
- **Summer camp for children of school age:** Mothers and fathers of school age children were offered another chance to keep their children busy all day during the holidays at a summer camp. The holiday camp had proved popular among MLP employees in 2007 and was even more in demand last year. 17 MLP employees sent their children off to summer camp in 2008.
- **Free-of-charge counselling service:** Employees could also get free advice on all questions of how to look after family members in need of care and on how to find day-care centres.

Health protection

In addition to these offers, a large number of campaigns, seminars, workshops, lectures and consulting sessions were held on and around the topic of health protection last year. A new fitness room also opened on the MLP campus. Checkups were also offered within the scope of the first "MLP Health Week" in October 2008 in cooperation with company doctors and regional healthcare providers. These were accompanied by health workshops on relevant topics such as "life in balance" or nutritional issues.

For acute emergencies, MLP employees received fast and professional support from staff at the outpatient clinic of the University of Heidelberg – all of whom, of course, treated all issues in confidence. Support for our employees in acute family or partnership crisis situations was always fast, anonymous, confidential and free of charge. As the employer, MLP paid the costs for the first five meetings with a qualified psychotherapist.

Flexitime working models

It is the view of the HR management team at MLP that individual flexitime working models are closely linked to the "family friendliness" of an employer. The HR department is always open to individual working hours agreements that fit the respective lifestyle of employees. Last year, we therefore once again agreed individual working hours agreements with our employees. These also included home-office working and job sharing agreements. 41 employees gave birth to a child last year and took maternity leave, while a total of 66 women and 4 men took parental leave.

In our opinion, the openness of the HR department to individual working hours models and parental leave for both sexes has a positive effect on staff motivation. Particularly for the younger generation, an employer that seeks partnership with its staff is always an attractive employer.

Alongside this, the salary structure also has an influence on employee motivation. We support a culture of excellence at MLP through performance-linked remuneration components. Managers also have the option to reward the performance of individual staff members with special payments or bonuses.

Occupational pension provision more attractive

As a company whose core competency is old-age provision, in 2008 we again ensured that our employees keep an eye on their own old-age provision and further improved our offers in this field. Since 2008, those working for MLP in Germany have had access to a broader range of occupational pension provision products. Instead of just four, employees can now choose from seven old-age provision products for their occupational pension provision. MLP considers occupational pension provision an important constituent of social contributions for MLP employees.

Last summer the second stage of the provident fund for MLP employees was also launched. As such, the amount contributed to the company pension of employees from Group funds was again increased. The fact that branch managers also get pension promises from the company is pretty unique in this sector.

Personnel marketing strengthened

Like all companies operating in the financial services market, MLP also views finding and keeping new consultants as a key challenge. Here, the company relies very heavily on the multiplication role of its staff and directly addressing potential candidates.

As such, MLP attaches great value to winning new junior consultants. For the selection process, we use varied tools from the most diverse staff classification and selection instruments, from individual addressing right up to assessment centres.

Consultant recruiting

Last year, representatives of the HR department again attended job fairs with information booths, such as the "Absolventenkongress" graduate fair in Cologne and "Talents 2008" in Hamburg and Munich. A range of information evenings for recruiting consultants were also organised and held. In keeping with the motto of "Experience MLP", MLP's HR management team organised numerous information events in various German cities. In an evening event entitled "Banker@MLP – an evening you will benefit from", we addressed professionals in the banking sector that prefer to exchange information and experience with our managers in small groups. The regional round table events organised by the MLP branches had a similar structure. In a relaxed yet professional atmosphere, branch managers offered local information on MLP and the career prospects at their branches.

### Key performance indicators for environmental, social and governance issues 2008

| | |
|---|---|
| Number of advanced training days per employee | 1.6 |
| Expenditure for advanced training per employee | 190 € |
| Total expenditures for advanced training in % of revenues | 0.08 % |
| Number of employees, who will be pensioned in the next five years | 14 employees |
| Average staff membership | 6.44 years |
| Number of absent/sick days per employee per year | 3.23 days |

### Thanks for the great cooperation

Despite its young years, MLP is today a well known brand in the German financial services market. The MLP brand stands for the highest quality in consulting and client support. This is something our entire MLP team can be proud of. The Executive Board would therefore like to take this opportunity to thank its employees and consultants for their excellent work. It is the employees and consultants that have written MLP's success story. With their daily commitment, their flexibility, their persistent dedication to quality and their individual skills, each and every employee and consultant made their contribution to our success. Over the years, this has allowed us to develop a culture of performance and trust at MLP – a culture which is particularly valuable today, as it gives us a solid foundation for the future in what is currently a highly competitive market environment.

## Risk and disclosure report

### Scope

Financial Holding Group

The disclosure pursuant to Article 144 of the Banking Directive (DI 2006/48/EC) is executed in line with § 2a (6) of the German Banking Act (KWG) on a consolidated basis. MLP Finanzdienstleitungen AG, as the sole depository institution of the supervisory Financial Holding Group as per § 10a (3) of the German Banking Act (KWG), implemented the disclosure requirements by December 31, 2008, in accordance with § 26a of the German Banking Act (KWG) in connection with §§ 319 – 337 of the Solvency Ordinance (SolvV).

MLP applies the waiver rule according to § 2a of the German Banking Act (KWG) for the Financial Holding Group in line with § 10 of the German Banking Act (KWG). MLP Finanzdienstleistungen AG has demonstrated that it has fulfilled the conditions stipulated by § 2a (6) no. 1 and no. 2 of the German Banking Act (KWG) of the Deutsche Bundesbank and the Federal Financial Supervisory Authority (BaFin) in accordance with § 2a (2) sentence 1 of the German Banking Act (KWG).

The Financial Holding Group comprises MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, MLP Finanzdienstleistungen AG, Vienna, Feri Finance AG, Bad Homburg v.d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v. d. Höhe and the Feri Family Trust GmbH, Bad Homburg v. d. Höhe.

The relevant supervisory disclosures made within the scope of the risk reporting of the MLP Group are designated as such.

### Risk management

#### Objective

Objective of risk management

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-driven 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 all 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, taking the Group's risk-bearing ability into consideration. 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.

Basic principles of risk management

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 monitor 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 respective 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, gains and losses. The Supervisory Board receives the information it requires to fulfil its obligations.

### Risk capital management

Risk capital management integral part of corporate 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 ensure that risk-taking is always in line with capital backing.

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 defines the equity capital backing 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 has defined the applicable upper loss limits per risk type and overall.

Regulatory requirements are additional conditions

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 ensured. In controlling the financial risk capital, the regulatory requirements of capital adequacy (regulatory capital adequacy in line with the German Banking Act (KWG), Solvency Ordinance 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 set against the respectively 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 on the basis of the supervisory basic indicator approach.

**Organisation**

Functional separation

Our risk management concept within the scope of internal 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 adapted 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-bearing business units is performed on the basis of the risk strategies. The units responsible for risk management 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 business segments 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 monitoring 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, revenues 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 effectiveness 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 valuation 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 control instruments 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 credit risk includes the contracting party risk (risk arising from classic credit business, recovering 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.

On the balance sheet date on December 31, 2008, gross loans of the Financial Holding Group were € 1,651.7 million. In this connection, gross loans are defined as the exposure value before the recognition of collateral (in the credit risk standardised approach including allowances for losses on individual accounts) in accordance with the Solvency Ordinance (SolvV).

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

There are no significant risks related to specific countries in accordance with § 327 (2) no. 2 of the Solvency Ordinance (SolvV), as lending is mainly limited to borrowers domiciled in the Federal Republic of Germany. The predominant geographical centre of the loan-bearing instruments is the Federal Republic of Germany (99.3 %). The other regions (0.7 %) are situated exclusively in the Eurozone.

The sectors are divided into the following groups in accordance with § 327 (2) no. 3 of the Solvency Ordinance (SolvV):

### Main sectors

| in € million | Loans, commitments and other non-derivative off-balance-sheet assets | Securities | Derivative financial instruments* |
|---|---|---|---|
| Domestic banks | 798.4 | 71.0 | 0.6 |
| Deutsche Bundesbank | 16.4 | – | – |
| Foreign banks | 0.5 | – | – |
| Other financing institutions | 11.3 | – | – |
| Other companies | 527.0 | – | – |
| Self-employed persons | 152.4 | – | – |
| Employees | 42.6 | – | – |
| Other private individuals | 20.8 | – | – |
| Foreign companies and private individuals | 10.7 | – | – |
| **Total** | **1,580.1** | **71.0** | **0.6** |

* Notional volume

The contractually fixed terms to maturity in accordance with § 327 (2) no. 4 of the Solvency Ordinance (SolvV) are listed in the following overview:

### Residual terms

| in € million | Loans, commitments and other non-derivative off-balance-sheet assets | Securities | Derivative financial instruments* |
|---|---|---|---|
| < 1 year | 1,197.6 | 34.0 | – |
| 1 to 5 years | 114.0 | 36.1 | – |
| > 5 years to open-ended | 268.5 | 0.9 | 0.6 |
| **Total** | **1,580.1** | **71.0** | **0.6** |

* Notional volume

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 branch 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 the 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, warranties, sureties, life insurances, financial collateral, as well as assigned receivables. For supervisory recognition under the Solvency Ordinance, privileged mortgages, warranties and financial collateral are used. Receivables and physical collateral are currently not taken into account.

According to § 336 in connection with § 154 (1) no. 1 of the Solvency Ordinance (SolvV), the financial collateral of the Financial Holding Group to be taken into account within the scope of volume transactions is € 8.7 million.

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 certain specialist departments at MLP and managed by experts.

The non-performing and defaulted receivables in accordance with § 327 (2) no. 5 of the Solvency Ordinance (SolvV) are divided into main industries or groups of debtors. MLP defines the transactions of a client as non-performing if a default incident occurs in accordance with § 125 of the Solvency Ordinance (SolvV), irrespective of whether any allowances for losses have been formed. Transactions are defined as being in default when they have been delayed by 90 days and this is also recognised as a default criterion in the banking systems.

### Non-performing and defaulted loans

| Main sectors<br>in € million | Total availment of non-performing and defaulted loans (including impairment) | Specific allowance for doubtful accounts | General allowance for doubtful accounts | Provisions | Net allocation/reversals for specific and general allowance for doubtful accounts/provisions | Direct write-offs | Income from receivables which have already been written off | Defaulted loans (excluding impairment) |
|---|---|---|---|---|---|---|---|---|
| Self-employed persons | 49.3 | 20.3 | | – | 1.6 | 1.0 | 0.1 | – |
| Employees and other individuals | 5.9 | 3.9 | | 1.6 | 1.0 | 0.1 | 1.7 | – |
| **Total** | | | **1.5** | | | | | |

The non-performing and defaulted loans are exclusively in the Federal Republic of Germany.

The development of the allowances for losses is as follows in accordance with § 327 (2) no. 6 of the Solvency Ordinance (SolvV):

### Development of the allowances for losses

| in € million | Opening balance | Allocations | Reversals | Utilisation | Exchange rate movements and other changes | Closing balance |
|---|---|---|---|---|---|---|
| Specific allowance for doubtful accounts | 21.9 | 4.7 | 0.0 | 2.4 | – | 24.2 |
| General allowance for doubtful accounts | 1.2 | 0.3 | – | – | – | 1.5 |
| Provisions | 1.5 | 0.2 | – | 0.1 | – | 1.6 |
| **Total** | **24.6** | **5.2** | **0.0** | **2.6** | **–** | **27.3** |

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 management, MLP uses the state, bank and company ratings of the agencies Moody's, Fitch and Standard & Poor's for the relevant receivables classes.

The individual receivables classes are assigned a risk weighting in line with the Solvency Ordinance. This process is illustrated below in accordance with § 328 of the Solvency Ordinance (SolvV):

**Risk weighting per receivables class**

| Risk weighting in % | Total outstanding receivables in accordance with standard approach | |
|---|---|---|
| | Before credit risk reduction (in € million) | After credit risk reduction (in € million) |
| 0 | 25.8 | 25.8 |
| 10 | 9.5 | 9.5 |
| 20 | 760.3 | 760.3 |
| 35 | 10.7 | 10.7 |
| 50 | 0.1 | 0.1 |
| 70 | – | – |
| 75 | 299.5 | 281.2 |
| 90 | – | – |
| 100 | 423.7 | 419.6 |
| 115 | – | – |
| 150 | 17.5 | 15.5 |
| 190 | – | – |
| 250 | – | – |
| 290 | – | – |
| 350 | – | – |
| 370 | – | – |
| 1,250 | – | – |
| Alienation of capital | 1,547.1 | 1,522.7 |

The Financial Holding Group also records investments in the asset ledger in line with § 332 no. 2a – b of the Solvency Ordinance (SolvV). The investments in the asset ledger include investment instruments of affiliated companies amounting to € 181.3 million and securities of € 71.0 million. In the case of affiliated companies, this relates to investments in non-listed companies. The securities are listed.

Realised gains and losses arising from investment instruments amount to € 2.9 million in accordance with § 332 no. 2c – d of the Solvency Ordinance (SolvV).

The Financial Holding Group holds derivative counterparty default risk and offsetting items in line with § 326 of the Solvency Ordinance (SolvV). In order to fix the interest flows for the financing of individual construction phases of the Wiesloch building project completed in 2004, the Financial Holding Group took out two interest rate swaps (payer swaps) in 1999. After the premature redemption of the loans, the open interest position resulting from the purchase of two reverse swaps with identical amounts and terms was closed. In addition, MLP purchased three interest rate swaps for the hedging of interest risks. The interest rate swaps do not serve speculative purposes and are not included in a hedge accounting relationship. The face amount of the swaps is € 105 million. The negative replacement value is € 3.5 million.

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 market prices 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 the Financial Holding Group, 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 via 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 Federal 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. 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 accordance with § 333 of the Solvency Ordinance (SolvV), the interest risks in the asset ledger of the Financial Holding Group are as follows:

**Interest risks**

| in € million | Interest rate shock/parallel shift | |
|---|---|---|
| | Change in value + 130 BP | Change in value – 190 BP |
| | | |
| **Total** | **–2.3** | **4.2** |

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 recognition of equity requirements for market risks in accordance with § 330 of the Solvency Ordinance (SolvV) is not relevant to the Financial Holding Group. There are no risks relating to foreign currency or commodities.

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 shortfall.

### 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 pp. 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.

Operational 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, and a defined contingency plan, secure 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.

At least since the third quarter of 2008, economic development in Germany – MLP's core market – has been suffering from the effects of the international financial crisis. Figures in economic forecasts have therefore been drastically reduced during 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 Markets in Financial Instruments Directive (MiFID), as well as the effects of the changes to the German Insurance Contract Law (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 participants 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 the period under review due to this new legislation.

The legal framework conditions for the old-age and health provision business segments have changed drastically in the last 18 months. The new regulations of the German Insurance Contract Law (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 the 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 on 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 the MLP consultant in particular is a central value driver of MLP's business model, and we determine that productivity using various indicators, such as the revenues 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 low 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 timely and precise evaluation 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 branch 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

Commissions form the core component of the Group's total revenues 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 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 following 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 the existing insurance coverage and initiates any adjustments which may be necessary.

According to 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, with virtually the same wording and originate from a single firm of lawyers since 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 Executive 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 are made aware of compliance-relevant issues in the thoroughgoing 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 that emerge in tax law 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 eligible parties, 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 these 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

The Financial Holding Group 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.

The equity structure of MLP is as follows in accordance with § 324 of the Solvency Ordinance (SolvV):

### Equity components

| in € million | |
|---|---|
| Paid-in capital (business capital, share capital, capital stock, endowment capital and business assets) excluding cumulative preference shares | 140.6 |
| General reserves | 372.2 |
| Net accumulated losses from investments | –4.9 |
| Unappropriated profit, interim profit | – |
| Carrying amounts for Group companies | –163.9 |
| Investments of silent partners | – |
| Special items for general bank risks in line with § 340g of the German Commercial Code (HGB) | – |
| Unblocked assets recognised by the Federal Financial Supervisory Authority (BaFin) | – |
| Deductible items according to § 10 (2a) sentence 2 of the German Banking Act (KWG) | –27.3 |
| Remaining goodwill according to § 10a (6) sentence 9 of the German Banking Act (KWG) | 42.5 |
| Thereof: impairment shortfalls and anticipated losses according to § 10 (6a) no. 1 and 2 of the German Banking Act (KWG) | – |
| **Total core capital according to § 10 (2a) of the German Banking Act (KWG)** | **359.2** |
| **Total tier-2 capital according to § 10 (2b) of the German Banking Act (KWG) after deduction of deductible items in line with § 10 (2b) sentence 2 of the German Banking Act (KWG) and tier-3 capital in line with § 10 (2c) of the German Banking Act (KWG)** | **0.3** |
| For informative purposes: total of deductible items in line with § 10 (2b) sentence 2 of the German Banking Act (KWG) | – |
| **Total modified disposable shareholders' equity according to § 10 (1d) sentence 1 of the German Banking Act (KWG) and the eligible tier-3 capital in line with § 10 (2c) of the German Banking Act (KWG)** | **359.5** |

MLP's tier-2 capital solely consists of the contingency reserves according to § 340f of the German Commercial Code (HGB).

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 standardised 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 (SolvV).

MLP fulfilled all legal requirements relating to shareholders' equity backing in line with § 325 of the Solvency Ordinance (SolvV) throughout the entire financial year 2008. The capital backing of the most important companies of MLP are as follows:

### Capital ratios of principal companies

| Consolidated group of banks | Total capital ratio in % | Core capital ratio in % |
|---|---|---|
| MLP AG | 88.3 | 88.3 |
| MLP Finanzdienstleistungen AG* | 5.1 | 5.1 |
| Feri Finance AG | 14.2 | 14.2 |
| Feri Familiy Trust GmbH | 6.7 | 6.7 |
| Feri Institutional Advisors GmbH | 3.2 | 3.2 |

* Holding institution

Equity requirements derived from the application of the credit risk standardised approach are made up as follows:

### Credit risk standard approach

| | Equity requirements in € million |
|---|---|
| Central governments | – |
| Regional governments and local government bodies | – |
| Other authorities | – |
| Multilateral development banks | – |
| International organisations | – |
| Institutes | 12.8 |
| Backed debentures emitted by financial institutions | – |
| Companies | 13.7 |
| Volume transactions | 16.9 |
| Items collateralised by property | 0.3 |
| Fund shares | 2.6 |
| Other items | 11.9 |
| Overdue items | 1.8 |
| **Risks from book values of investments in companies** | |
| Book values of investments in the standard approach | 4.8 |
| **Operational risks** | |
| Operational risks according to the basic indicator approach | 57.0 |
| **Total** | **121.8** |

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 met 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 systems 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

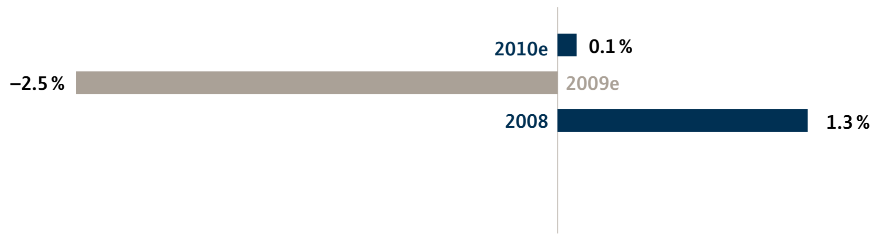
The regional focus of our business is on Germany, where we generate around 98 % of total revenues. The development of the German national economy is therefore extremely important for the success of our business.

Economy takes dramatic nosedive

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 Eurozone 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 Eurozone. Germany should then also get back on its growth course. Gross domestic product growth of 0.1 % is expected for 2010.

### Anticipated economic growth in Germany




Source: International Monetary Fund (IMF)

MLP target client group with advantages

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 MLP's 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 months 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.

**Overall economic influencing factors on MLP's business development in 2009 and 2010**

| | Expected influence on MLP's business development in 2009 and 2010 |
|---|---|
| Expectations about economic situation in the future (financial and economic crisis) | –– |
| Higher rate of unemployment | – |
| Savings rate increase | + |

### 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.

MLP's quality culture increases competitive strength

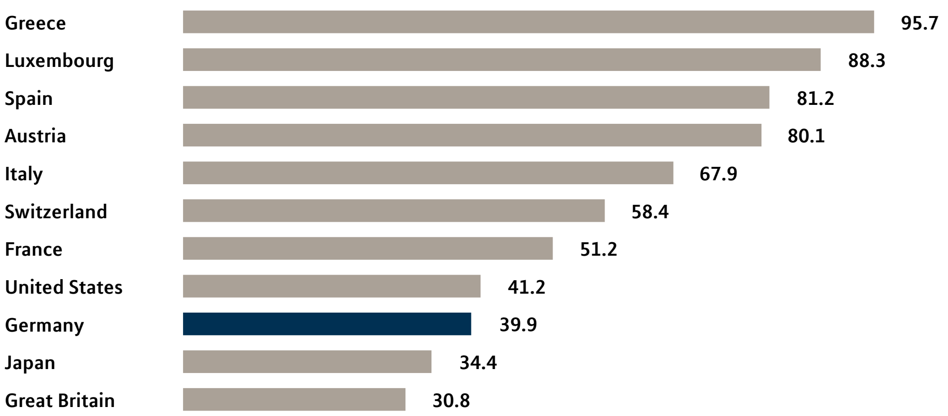
With its quality culture, its strong brand and concentration on the growth segments in the financial services business, i.e. wealth management, old-age provision and health provision, MLP does have opportunities for lasting growth. It is important to note that the field of old-age and health provision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

### Old-age provision

Developing awareness of the problems is stimulating sales

With its traditional core competency of old-age provision, MLP 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. In our opinion, 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. Consequently, our holistic consulting approach opens up long-term potential with diverse cross-selling opportunities.

**Expected pension level in selected countries (in %)***




* Level of statutory pension on the basis of current legislation. Selection of countries. Basis for calculation: employee starting full-time employment in 2004 at the age of 20 and working until statutory pension age (average earner)

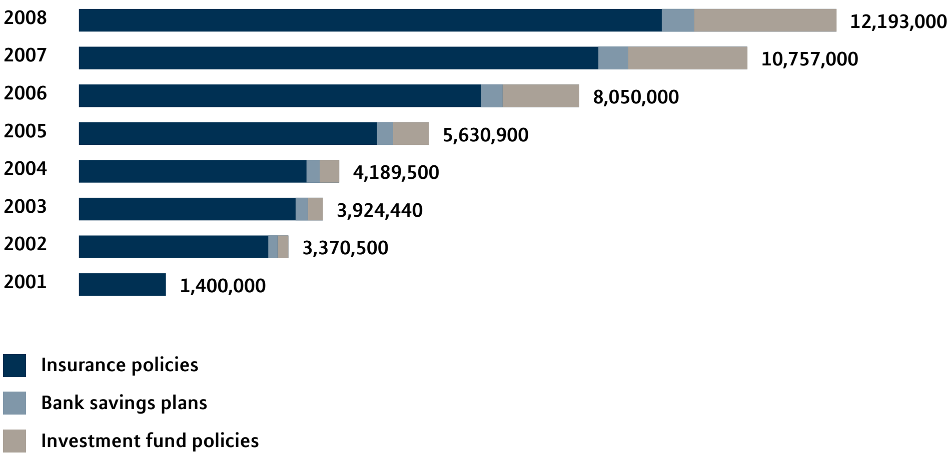
Source: OECD

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. MLP regularly informs its clients of the opportunities offered by Riester savings and is able to record long-term growth among the agreements due to the high quality of its comprehensive consulting approach.

Rürup pension increasingly attractive

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.

**Development of number of Riester contracts by type of policy**




Source: German Federal Ministry of Labour and Social Affairs

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 MLP corresponding consulting potential.

Occupational pension provision increasingly in the focus of mid-sized companies

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, MLP also has excellent opportunities in the fields of provision solutions for leading trade associations, mid-sized companies and concepts such as lifetime working accounts.

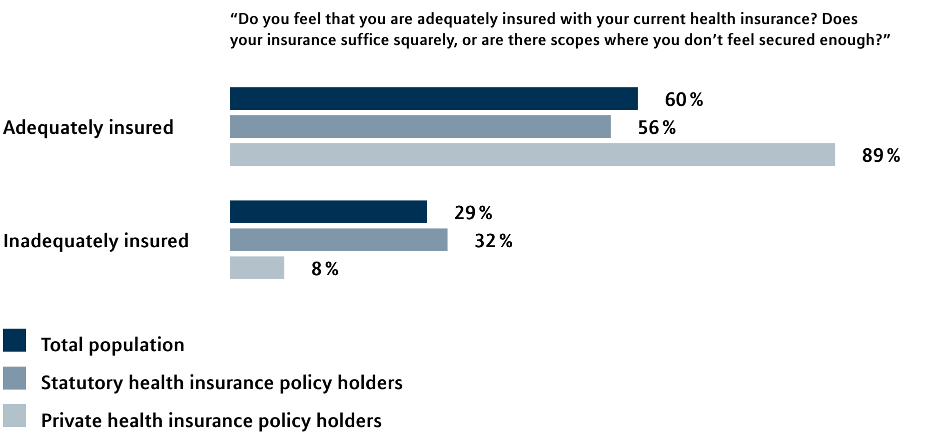
The complexity of the material requires high-grade consulting for associations, employers and also employees in the long-term – especially since MLP's target groups have greater old-age provision requirements due to their comparably good income situation.

## 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.

Those with private insurance feel better protected

### Insurance level




Source: MLP-Health Report 2008

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.

Better healthcare only via private insurance

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 our sales teams. 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

Private banking enjoys further growth

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.

Loss of confidence in banks

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

### Financing

Owning your own home is an important life goal

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.

Riester subsidy for residential property brings new incentives

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 works together with the well-known mortgage broker Interhyp AG. We use the joint venture “MLP Hyp GmbH”, Schwetzingen, to broker the best financing offers for our clients from the large product range offered by Germany’s banks, building societies and insurance companies. MLP 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. MLP consultants are largely free from routine activities, which allows them to focus keenly on the wishes and requirements of their clients.

Affordable, fast and efficient

**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.

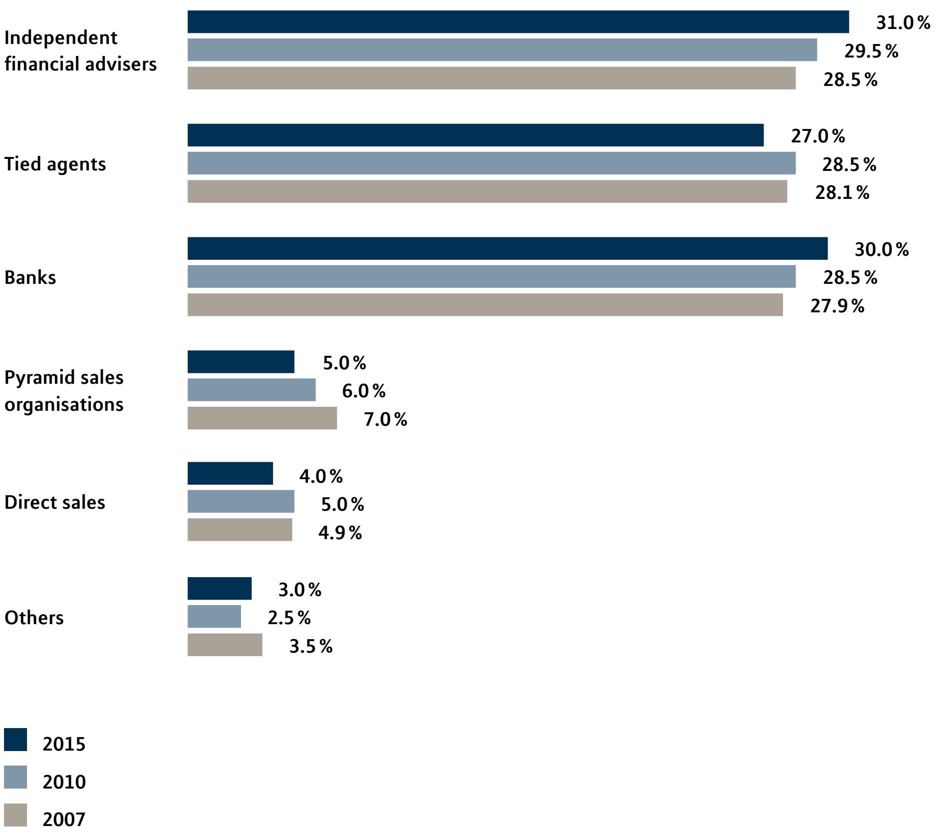
Consolidation improves MLP’s market position

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 Contract Law have increased the requirements for documenting and disclosing information and also altered the requirements for training 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.

Independent sales with a promising future

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.

**Market shares of the different sales channels for life insurance products in Germany**




Source: Tillinghast Sales Channel Survey 2008

MLP 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. Our 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 our 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 our market position in future and see profitable growth.

Foresighted corporate policy

**Sector-specific factors impacting on anticipated business development in the sector and on MLP in the years 2009 and 2010**

| | Sector 2009 and 2010 | MLP 2009 and 2010 |
|---|---|---|
| Regulatory framework for old-age provision | + | + |
| Regulatory framework for health insurance | – | – |
| Trends towards saving old-age provision | + | + |
| Increased requirement for financial investment on the part of private clients in Germany | + | + |
| Increased intensity of competition between sales channel for financial services | 0 | + |
| Changes in the regulatory framework (VVR, MiFID, VVG) | – | + |

### Expected development of business

Our independent and holistic consulting philosophy and the consistent further development of our business model to become a holistic consulting company have made us a preferred partner of discerning clients in the German financial services market. We are keen to continue along this path of success and reinforce our position as the leading independent financial and investment adviser for academics and other discerning clients. Based on what we know today, we are not currently planning any significant changes to our corporate policy for the next two financial years. In line with the decisions reached to look for new owners to take over our operating units in Austria and the Netherlands (see also "Strategy" and "Events subsequent to the reporting date"), in future we will concentrate on our home market of Germany.

Good market position as independent, holistic consulting company

In the last financial year we felt the effects of the financial market and economic crisis significantly in our business development, although MLP is not directly affected by the crisis. In particular, our liquidity situation and equity base are very healthy. However, the crisis did generate significant reservations regarding long-term investment decisions among our clients from the second half of the year onwards. Our old-age provision, financing and wealth management segments were affected by this. Whether the financial market crisis

Financial market and economic crisis make forecasts impossible has already reached its low point remains to be seen. Further turbulence on the financial and capital markets with the corresponding, negative effects on the economic situation cannot be ruled out. In light of the extremely pessimistic economic expectations for 2009 and 2010 in Germany and the significant increase in unemployment that is forecast, we expect to see continued reservation among clients regarding long-term investment decisions, particularly for the current financial year. For us, this predominantly affects the fields of old-age provision, wealth management and financing. It is therefore currently impossible to make any concrete forecasts regarding the development of total revenues and earnings. With a good degree of prudence, however, we are cautiously optimistic for 2009 and are keen to develop better than the market.

MLP will come out of the financial market and economic crisis stronger

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

In pursuing this aim, we will concentrate on three points in the financial year 2009:

- persistent utilisation of our revenue potential
- external growth through active participation in industry consolidation
- a range of “cost discipline” measures to reduce costs

Despite pessimistic economic expectations, our good positioning in the market and our existing client base should enable us to drive forward our business, for example in occupational pension provision or in the client group of young academics. The requirement for additional private and occupational pension provision is undisputed.

External growth targeted

Due to the tighter regulation of the broker market that has come about in the last few years, we expect to see consolidation in the sector. This will be accelerated by the current financial and economic crisis. Through acquisition of the TPC-Group and the independent finance broker ZSH, we have already actively participated in this consolidation. We will continue to keep a very close eye on the market and make further acquisitions when these fit in with our business model, when we can exploit synergies from them and when the price is justifiable from a business management perspective.

Cost reduction of € 34 million planned

Alongside these key focuses, we have also initiated a cost cutting programme. Here, we are planning to reduce our fixed cost basis (personnel expenses, depreciation/amortisation and other operating expenses) until the end of 2010 by € 34 million from around € 314 million to € 280 million. In 2009 we will initially save around € 12 million and lower costs by a further € 12 million by dropping one-off expenses in 2008. In the financial year 2010 we will then reduce costs by another € 10 million. We are essentially planning on achieving the cost reductions in the field of administrative expenses, external consultancy costs and by optimising existing processes.

The other two expense items (commission expenses and the interest expenses) in our income statement are essentially variable costs that should develop in line with the development of revenues in the respective segments.

**Planned reduction of the fixed cost basis by € 34 million by the end of 2010**


Finance cost will improve

In terms of our finance cost, we expect to see a significant improvement in the current fiscal year. At € 7.8 million (€ 2.2 million), the dividend payment to the minority shareholders of Feri Finance AG in the last financial year was significantly higher than in the previous period due to the sale of a subsidiary of Feri Finance AG. After a level of € –9.5 million in the financial year 2008, the finance cost over the next few years will still remain negative, but will be at a slightly lower level (mid-single-digit million range).

For 2009 and 2010 we expect to see a tax rate for the Group of between 33 % and 35 %.

Proposed dividend of € 0.28 per share

It is in line with our corporate policy to offer our shareholders an appropriate share in the company's success. Dividends are paid in accordance with the Group's financial situation, the assets position and the future need for liquid funds. Since our financial resources and our liquidity are both excellent, the Executive and Supervisory Boards will propose a dividend of € 0.28 per share to the Annual General Meeting on June 16, 2009. This corresponds to a total dividend of approximately € 30.2 million and a distribution rate of virtually 100 % related to the earnings from continuing operations. For the future, our goal is to achieve a long-term distribution rate of around 60 %.

### Planned financing activities and investments

Scope of financing not limited by financial market and economic crisis

The MLP Group had access to sufficient cash holdings on the balance sheet date. Our business model is not capital-intensive and generates high cash flows. From today's perspective, this provides sufficient internal financing scope for 2009 and 2010. As such, our financing is largely independent of further developments on the capital markets. Even limited or more restrictive issuing of loans by banks ("credit crunch"), caused by the financial crisis, would not have a negative effect on our financing options. We will use our cash flow to allow shareholders to participate in the company's success and to further strengthen the Group's financial power.

Exemplary IT for the sector

In our investments, we focus on continuously improving the quality of our consulting and our client service. As such, our primary investments are made in the financial services segment. Over the last three years we have continuously invested in improving IT support for client consulting and all relevant processes for client support. This not only allows us to meet regulatory requirements, but also to implement our own quality standards which in part go above and beyond these. In the financial year 2008, for example, a new client relationship management system was launched. Since 2006 we have invested around € 32 million in these projects. Since our IT has now reached a level of performance that can be classed as exemplary in the sector, we are planning lower investments for this field for the current financial year amounting to € 1.5 million. All investments should be financed from the cash flow.

The return on equity for continuing operations was 7 % in 2008. Although we do not use this key figure as one of our key performance indicators, our goal is to continuously increase our return on equity over the coming financial years.

Excellent liquidity

With liquidity of around € 210 million, the Group's liquidity situation is excellent. As is typical and seasonal, over the course of the year this will initially be reduced by the planned dividend payment of € 30.2 million, and then increase again in the fourth quarter due to the year-end business. Should we make any further acquisitions that are financed through cash holdings, this would also affect the Group's liquidity.

**Prospects**

Opportunities from the development of framework conditions

The pessimistic economic expectations for 2009 and 2010 initially seem only to offer risks for our business development. MLP would only have extra opportunities here if the economic downturn actually proves less pronounced than experts are predicting, both in terms of duration and severity. For example, if we started to see signs of economic improvement in Germany from the third quarter of 2009, the willingness of our clients to invest in long-term old-age provision or wealth management concepts would likely increase.

The markets for old-age and health provision in Germany are very strongly influenced by the legal framework conditions. The pay-as-you-go financing concept for the social security systems is now under serious pressure due to the demographic change. In 2005 the legislator reacted to this with structural changes within the scope of Retirement Income Law. Here, a drop in the level of provision of the state pension system is to be compensated over time by tax-privileged, capital-covered private and occupational pension provision. This could open two additional opportunities for MLP. Should further cuts to the level of state provision become necessary due to financing problems in the statutory pension scheme, this would further increase pressure for people to take out more private policies. This would also mean extra business potential for MLP.

Should the legislator decide, taking socio-political aspects into account, that the level of personal provision currently achieved is not sufficient to prevent increasing old-age poverty in future, this could lead to an expansion of state subsidies/allowances for private and occupational pension provision. This would also mean extra business potential for MLP.

Trend towards greater personal provision offers opportunities

Similarly to the pension system, demographic changes in our society have also increased pressure for reform of the healthcare system. In our opinion, the 2007 healthcare reform only stabilised the system in the short term. Following the German general election in 2009, further reforms will be inescapable and will likely further reduce the level of treatment offered by statutory health insurance funds. There will be an increased requirement for private provision that will need to be covered either by private comprehensive health insurance or supplementary insurance policies. This development would also offer MLP opportunities for consulting and brokering corresponding products.

Opportunities for external growth

The changes to the regulatory environment implemented in the last few years (Insurance Mediation Directive, Markets in Financial Instruments Directive, changes to the German Insurance Contract Law) open up new opportunities for us to make acquisitions and thereby secure external growth. The heavily fragmented market for financial consultants in Germany will see consolidation due to the minimum standard introduced with regard to training, transparency and documentation obligations. Small independent finance brokers in particular will find it difficult to implement the new requirements on a scale that makes business sense and will seek out larger, more powerful partners.

Corporate strategy opportunities

We see corporate strategy opportunities primarily in our new positioning as an independent, full-scope consulting company – a strategy which we have consistently pursued since 2005. This gives us a unique profile in the German market. We concentrate on independent, holistic consulting in the retail business for the target group of academics and other discerning clients. This client group is placing ever greater emphasis on independence in the consulting process and product portfolio when selecting advisers.

Wealth management as a further core competency

We are also of the opinion that our strategic decision to expand wealth management as a further core competency alongside old-age and health provision offers excellent prospects. Since the last financial year we have been offering discerning wealth management concepts, which we have developed together with our subsidiary Feri Finance AG. This offer initially targets our clients that are over 40. However, should this client group embrace the concepts more quickly and in a greater scope than planned, this will offer the Group further opportunities for growth. A success in our client base would also make it easier for us to acquire new clients.

In addition, in the last three years we have also won a broad portfolio of corporate clients from the fields of institutional investors and occupational pension provision through our subsidiaries Feri and TPC. Getting these areas to work more smoothly with one another and with the retail business offers the Group diverse cross-selling opportunities with the corresponding revenue potential.

Business performance opportunities

As a pure sales company, our operational tasks comprise sales, sales support and product purchasing/product selection. Business performance opportunities come about in sales when we are more successful than planned in increasing the number of our consultants or improving their productivity. In order to increase the productivity of our consultants, in the last few years we have made significant improvements, in particular in the field of sales support through IT. With end-to-end electronically supported processes throughout our entire value added chain, in future we should succeed in increasing the productivity of our consultants, lowering unit costs and improving our attractiveness as a partner.

We have not identified any other opportunities which could result in significant positive development in the economic situation in future.

**Overall statement on the expected development of the Group**

The current worldwide financial and economic crisis has become the determining factor for business development in the years 2009 and 2010. It greatly exceeds all positive influential factors. According to expert forecasts, the economic performance in Germany in the current financial year will drop between 2 % and 5 %. Since there has not been a drop of this magnitude in the last 60 years, it is currently impossible to make accurate forecasts regarding the effects of the crisis on demand and the investment behaviour of clients. We are therefore not making any concrete revenues or earnings forecasts. With the planned cost reductions totalling € 34 million by the end of 2010, we have implemented measures to protect the profitability of the company even in the event of a potential downward trend in revenues. A key factor that will help us come out of the current economic crisis stronger is our financial power. Both our excellent equity capital backing and liquidity strengthen our relative competitive position. With a good degree of prudence, we are cautiously optimistic for 2009 and are keen to develop better than the market.

Positive mid- to long-term overall development anticipated

We remain convinced that our strategy to position MLP as a full-scope, independent consulting company for private and corporate clients with the core competencies of old-age and health provision as well as wealth management will pay off in the mid to long term. In Germany, old-age and health provision as well as wealth management are markets that will offer growth opportunities, at least after the current economic crisis has passed. We therefore expect to see positive overall development within the Group in the mid to long term.

## Events subsequent to the reporting date

MLP has improved its position in the medical market through its acquisition of the independent finance broker ZSH in January 2009, and has paid the purchase price of approximately € 11.3 million from cash holdings. There is also a variable purchase price component which amounts to around € 0.6 million and is based on the financial success of ZSH up to March 31, 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 previous three years, ZSH achieved annual revenues of between € 14 million and € 16 million.

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

Within the scope of the focussing of our activities in the retail business, we have been looking for new owners to take over our business activities in the Netherlands since the beginning of 2009.

Apart from those described here, there were no other appreciable events after the balance sheet date with effects on the MLP Group's net assets, financial position and results of operations.

Wiesloch, March 16, 2009

Dr. Uwe Schroeder-Wildberg | Gerhard Frieg

Muhyddin Suleiman | Ralf Schmid

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.

# Investor relations

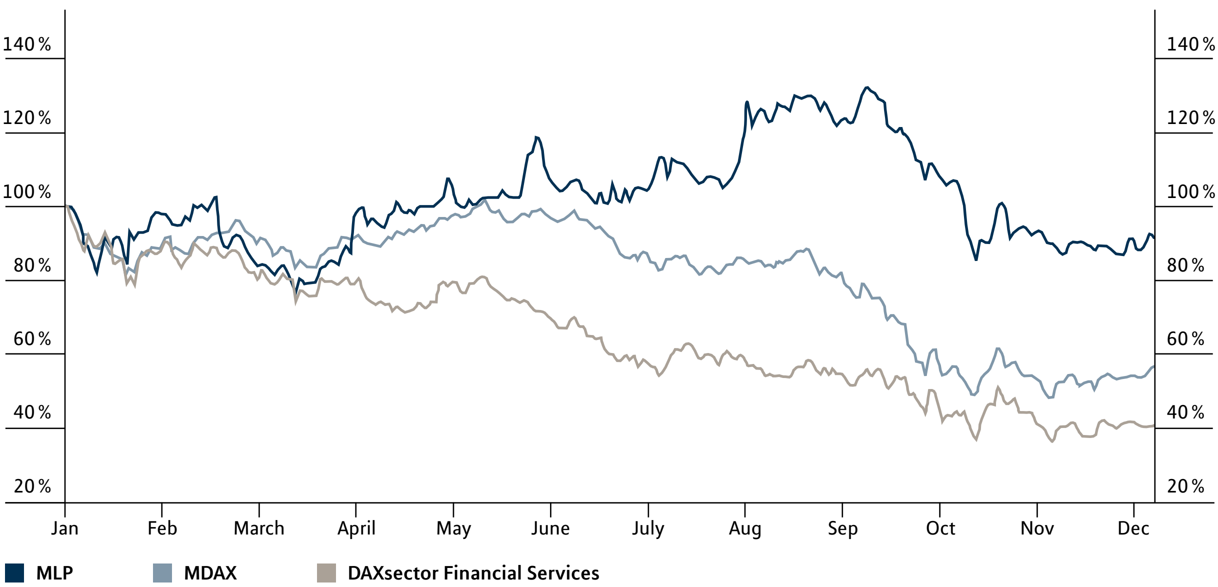
## Turbulent year on the stock markets

All indexes caught in the maelstrom of the financial crisis

The stock market year 2008 was shaped by the financial crisis and its effects on the global economy, in particular in the second half of the year. The international financial crisis reached such a level that governments and central banks in leading national economies were forced to agree to extraordinary support measures, including multibillion dollar aid packages, multiple drops in interest rates in quick succession and economic stimulus packages to stabilise the situation. All measures were ultimately aimed at preventing a worldwide collapse of the financial system, securing borrowed capital supply to other sectors and limiting the effects of the financial crisis on economic development around the world as effectively as possible. Due to the uncertainty on so many levels, fears of a recession spread throughout the media, which caused many to withdraw funds from the stock market. In reaction to this, all important indexes collapsed. The US Dow Jones Industrial Average lost 32.7 % from the start of the year and was at a level of 8,776 points at the end of December. The German DAX was at 4,810 points on December 31, 2008 – a drop of 39.5 % over the course of the year. The MDAX, the index for medium-sized public limited companies, in which MLP is also listed, ended the year on 5,601 points – a loss of 43.2 %. The DAXsector Financial Services recorded a massive drop of 59.4 %, which really underlines the severity of the situation for the financial sector in the last stock market year. At the end of the year, markets were all caught in the crossfire between favourable share ratings, poor economic figures and the profit warnings linked to this in many sectors of the economy.

The following chart shows the development of the various stock indexes.

**MLP share, MDAX and DAXsector Financial Services for 2008**



### The MLP share

Since we, as an independent financial and investment adviser with a sales network founded on independent brokers, were not hit directly by the crisis, the MLP share was able to enjoy positive development against the general trend. At times, the stock exchange price of our share also benefited from acquisition speculations, triggered by the acquisition of a 24 % stake in our company by the insurance group Swiss Life with registered office in Switzerland. At its peak, the MLP share recorded an increase of 33 %, rising from € 10.74 at the start of 2008 to € 14.25. At the end of the year the share was at € 9.80.

Good development against the market trend

### Increase in capital stock

With approval of the Supervisory Board, on August 21, 2008, the Executive Board decided to issue 9,799,152 new shares from authorised capital for cash contributions to the tune of € 123.8 million. This increased the number of MLP shares by around 10 %. Exercising exclusion of subscription rights, the new shares were issued in an accelerated procedure to Allianz Lebensversicherung AG (46 %), AXA Lebensversicherung (46 %) and Uberior Ena Ltd. (8 %), a company of the British HBOS Group. The additional cash funds strengthen MLP's position within the scope of the anticipated sector consolidation. The increase in capital stock also secures our business model as an independent consulting company.

Increase in capital stock strengthens market position

### Key figures for business valuation and balance sheet analysis

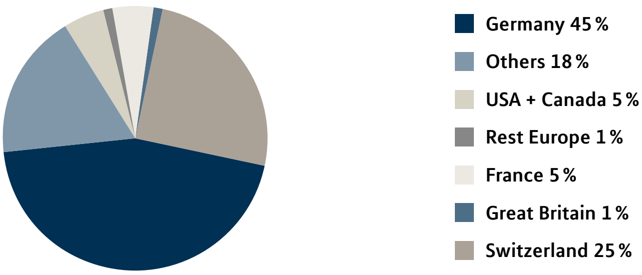
| | 2008 | 2007 |
|---|---|---|
| Equity ratio | 28 % | 24 % |
| Return on equity | 7 % | 23 % |
| Net liquidity in € million | 210.1 | 155.7 |
| Market capitalisation in € million as at Dec, 31 | 1,057.0 | 1,169.7 |
| Enterprise Value (EV) in € million | 846.9 | 1,014.0 |
| EV/Total revenues | 1.4 | 1.6 |
| EV/EBIT | 15.0 | 8.9 |
| Total revenues from continuing operations in € million | 597.7 | 629.8 |
| EBIT from continuing operations in € million | 56.6 | 113.9 |

## Shareholder structure

The Swiss insurance group Swiss Life announced on August 14 of the previous year a wish to acquire a shareholding of 27 % in MLP. With the increase in capital stock performed on August 21, 2008, Swiss Life's stake dropped to 24 %.

At the end of 2008, German investors held the greatest number of shares in MLP AG (45 %). North American investors held 5 %, while European investors held 32 % (excluding Germany). You can view our shareholder structure, which is updated quarterly, at any time on the Internet at www.mlp-ag.de.

### Shareholder structure and regional distribution of the investors




### Overview of the largest MLP shareholders

| | |
|---|---|
| Dr. h.c. Manfred Lautenschläger (D)[1] | 23.37 % |
| Angelika Lautenschläger (D)[2] | 6.03 % |
| Swiss Life (CH) | 24.30 % |
| Allianz SE (D) | 6.27 % |
| Berenberg Bank (D) | 5.01 % |
| AXA S.A. (F) | 4.72 % |
| Harris Associates (USA) | 2.95 % |
| Uberior Ena Ltd. (HBOS) (UK) | 0.73 % |

[1] 20.97 percent of the voting rights of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH (Germany) are attributable to the 23.37 percent of voting rights of Dr. h.c. Manfred Lautenschläger (in accordance with article 22, section 1, sentence 1, no. 6 of the German Securities Trading Act (WpHG))

[2] 4.17 percent of voting rights of M.L. Stiftung gGmbH (Germany) are attributable to the 6.03 percent of voting rights of Angelika Lautenschläger (in accordance with article 22, section 1, sentence 1, no. 6 of the German Securities Trading Act (WpHG))

### Dividend and share buyback programme

Share buyback programme renewed

At the Annual General Meeting on May 16, 2008, the shareholders in MLP AG once again authorised the Executive Board to acquire shares in the company to the value of up to 10 % of the share capital in place at the date of the resolution, i.e. up to a total of 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. Within the scope of previous share buyback programmes, a total of 10,820,765 shares were bought back and canceled in the years 2005 to 2008.

For further details on this, please refer to www.mlp-ag.de under Investor Relations and the navigation items “Share buyback programme 2007/2008” and “Share buyback programme 2005/2006”.

Some 99.98 % of shareholders present approved an increase of the dividends for the financial year 2007 by one quarter to € 0.50 (€ 0.40) per share. With the 25 % increase in dividends we paid out a total dividend of around € 49 million to our shareholders.

Suggested dividend: € 0.28

MLP is keen to share its success with its shareholders again this year. For the completed financial year, the Executive Board and Supervisory Board suggest to the Annual General Meeting on June 16, 2009, a dividend of € 0.28 per share. In the coming years, shareholders in MLP AG can collect tax-free dividend payouts of around € 350 million. This results from the changed tax treatment of the incorporation of MLP AG subsidiaries into MLP AG and their subsequent sale. This is subject to approval currently being reviewed by the tax authorities.

### Investor relations: strengthening trust

Value reporting

For MLP, open dialogue with its shareholders plays an important part within the company’s value-driven management. We aim to provide value-driven reporting and offer all shareholders, whether institutional or private, comprehensible information quickly. We give the capital market and its protagonists regular reports with clear information on important events in the Group as a way of creating trust and making it easier for investors to gain a clear picture of our company value. Alongside the central publications, such as annual and quarterly reports, we also offer a continuous dialogue via our website at www.mlp-ag.de. Investors, and indeed anyone interested, can find up-to-date information on our company together with personal contacts from the Investor Relations department. Investors can also get in touch with us in writing or directly on the phone. The staff in the Investor Relations department are happy to answer questions on the MLP share, the Annual General Meeting or any other topics in and around our share and the company.

Last year, more than 1,000 shareholders took up our invitation to the Annual General Meeting at the Mannheim Rosengarten. The Annual General Meeting has approved all items on the agenda with a large majority. The Executive Board and Supervisory Board were discharged with 99.88 % and 91.66 % respectively. The shareholders present represented 58.40 % of the share capital.

In the course of the year we again offered many opportunities for dialogue and attended numerous capital market conferences and roadshows. Indeed, in 2008 it was particularly important for us to be in continuous contact with our investors, especially in light of the stock market turbulence. For example, at the end of September we informed around 150 private investors in the share forum at "Deutsche Schutzvereinigung für Wertpapierbesitz e.V." of MLP's business model and discussed current stock market events with the investors.

High-quality Annual Report

We were also delighted to hear that our 2007 annual report again reached third place in the "Best Annual Reports" competition of the German "Manager" magazine in the sector with banks, insurance companies and other financial institutions. The MLP Annual Report was also able to secure 8th position among all companies listed in the MDAX. The focus of requirements stipulated by the jury, made up of renowned scientists, was the usefulness of the information in the annual reports for investors. The jury analysed around 200 annual reports for 2007 from companies on the stock indexes DAX, MDAX, SDAX, TecDAX and Stoxx 50.

## Key figures

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Shares in circulation as at Dec 31 (in units) | 107,861,141 | 99,163,680 | 99,918,294 | 108,026,177 | 108,640,686 |
| Share price at the beginning of the year in € | 10.74 | 15.12 | 17.61 | 14.73 | 15.41 |
| Share price at the end of the year in € | 9.80 | 10.75 | 15.04 | 17.52 | 14.59 |
| Share price high in € | 14.25 | 19.56 | 22.59 | 17.53 | 20.65 |
| Share price low in € | 8.18 | 8.05 | 13.38 | 10.71 | 10.50 |
| Market capitalisation at the end of the year in € billion | 1.1 | 1.2 | 1.5 | 1.9 | 1.6 |
| Average daily turnover of shares (in units) | 728,053 | 724,896 | 449,052 | 411,610 | 480,217 |
| Dividend per share in € | 0.28* | 0.50 | 0.40 | 0.30 | 0.22 |
| Total dividend in € million | 30.2* | 49.0 | 40.0 | 31.5 | 23.9 |
| Return on dividend (without extra dividend) in % | 2.6 % | 3.5 % | 2.4 % | 2.0 % | 1.6 % |
| Extra dividend per share in € million | – | – | – | 0.30 | – |
| Total extra dividend in € million | – | – | – | 31.5 | – |
| Earnings per share in € | 0.24 | 0.62 | 0.69 | 1.84 | 0.46 |
| Diluted earnings per share | 0.24 | 0.62 | 0.69 | 1.81 | 0.46 |

* Subject to the approval of the Annual General Meeting on June 16, 2009

# Corporate governance report

By complying with the German Corporate Governance Code of June 6, 2008, MLP 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 continues to review and develop corporate governance across the Group.

Responsible and value adding management

### 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 Chairman of 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.

Cooperation between Executive Board and Supervisory 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 cooperation 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.

Efficiency of the Supervisory Board

### 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.

Supervisory Board committees

### 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.

No conflict of interest in 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 as regards 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 since 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

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

Compliance guidelines

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 groupwide 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 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.

Information of all target groups

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

### Accounting and audit

The Group's accounts are prepared in line with the International Financial Reporting Standards (IFRSs). This offers a high level of transparency and improves comparability with competitors. Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual General Meeting and has audited the 2008 consolidated financial statements and reviewed the condensed financial statements and the interim management report (articles 37w(5) and 37y no. 2 of the German Securities Trading Act (WpHG)) in 2008. 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. The Supervisory Board of MLP AG not only examines the annual financial statements and the consolidated financial statements, but also the half-yearly and quarterly reports together with the Executive Board before their respective 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

Fixed and variable remuneration of Executive Board

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 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 in 2007 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 € 8,718 thsd (previous year: € 8,711 thsd).

Long-term remuneration components

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

Employee profit-sharing programme (Incentive Programme 2002)

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 by 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 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.

Long-Term Incentive Programme 2005

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 the 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 a member of the Executive Board leaves the company, the phantom shares granted expire. Of the total of 741,973 allocated performance shares, 114,067 expired by December 31, 2008.

| All figures in units | Tranche 2005 (paid out in 2008) | Tranche 2006 | Tranche 2007 | Tranche 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 payments for the 2005 tranche took place in the past 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.

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 debentures Tranche 2004 (value as at grant date) | Convertible debentures Total units as at Dec 31, 2008 | 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** |

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** |

See note [27] “Equity-share-based payments” for further details on share-based payments.

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.

Payments in the case of termination of employment

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and with 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 reorganization of the company in line with the German Reorganization 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.

### Remuneration of the members of the Supervisory Board

Fixed remuneration for 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 Dec 16, 2008
[2] Vice Chairman since Dec 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) were paid as compensation for expenses.

## Declaration of compliance

Compliance with the Corporate Governance Code

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 Directors and 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.

No age limit for members of the Executive and Supervisory Boards

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.

Declaration of Compliance

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.

# Corporate responsibility report

## Basic principles

Added value for all stakeholders

A goal of corporate responsibility (CR) at MLP is to create long-term added value for those people that have a relationship with our company. Responsibility is at the heart of the values in our corporate culture and goes hand in hand with individuality, independence, trust, performance and innovation.

Assumption of responsibility at MLP is anchored in five key fields of action, which are detailed below. We are committed to championing the success of our clients and investors, the welfare of our consultants and employees and successful cooperation with our partners. We also support the community. The following chapter shows how and where the MLP Group assumed responsibility in the financial year 2008.

## Clients

Responsibility for clients

We define responsibility for our clients as follows: MLP advises its clients based on their specific needs and independently of product providers. We focus on individuality, trust and a long-term approach here. In the competition "Germany's most client-oriented service provider 2008", MLP once again achieved one of the top places in the field of financial service providers.

We have always welcomed political reforms and reform efforts whose principle goal is to improve consumer protection and we already go beyond prescribed requirements in many areas.

With the revision of the data protection directive and publication of a "Client newsletter on data protection" we further built on our high data protection standards and increased transparency for our clients in the last financial year. To ensure the strictest security requirements for online banking (MLP Financepilot) we have introduced an indexed and mobile TAN system.

## Investors

Responsibility for shareholders

Responsibility to our investors means operating a system of active value management and gearing our actions toward continuous, lasting company value. Our reporting system ensures value-driven, transparent and prompt reporting. In the financial year 2008, the Executive Board and Supervisory Board once again continuously monitored and further developed the MLP corporate governance throughout the Group. Alongside obvious factors such as fulfilling all relevant specifications and requirements, for MLP the principles of good company management also include a qualified, sustainable system of risk management and a Group-wide compliance organisation (please refer to the section entitled "Company objectives and corporate management," the "Risk and disclosure report," as well as the "Investor relations" and "Corporate governance report" for details).

### Consultants and employees

MLP "top employer"

The well being of MLP consultants and employees is our most important asset. It is on their commitment and performance that the success and greatest potential of our company is built.

For the second time, the magazine "Handelsblatt Junge Karriere" and the market research company CRI honoured MLP in the financial year 2008 as "top employer". We see this as a neutral confirmation of our HR policy, whose objective is to generate a culture of performance and trust. Individual advancement, lifelong qualification and long-term loyalty of our employees remain key success factors here. Compared to the previous year, we have increased the average number of employees in the continuing operations by 9.2 % and employed a total of 1,986 staff members as at December 31, 2008.

In 2008, MLP introduced a participation programme for consultants and employees, as well as a multi-stage programme for junior staff. The MLP Corporate University, which ranks among the best corporate academies in Europe and has received the so-called CLIP accreditation from the European Foundation for Management Development, has a central function in the Group. In the last financial year, a total of approximately 50,000 training days were held throughout the Group – another increase compared to the previous year.

In addition to this, MLP further strengthened its profile as a family- and child-friendly company. We consider occupational pension provision an important constituent of our comprehensive social contributions and ensure awareness among consultants and employees of the importance of personal health provision (please refer to the "Personnel and social report" for details on this).

### Partners

Corporate responsibility at MLP is also geared towards our business partners. To ensure that our clients get the right products for their specific needs, we perform a very thorough product selection process. Here, we assess products from the portfolio of leading banks, insurance and investment companies and draw up suggestions for improvements to benefit our clients.

MLP Service Award

In addition, a high level of service quality among product partners forms a key foundation for the satisfaction of our clients. In 2008, we therefore presented the MLP Service Award to product partners for the third time. The award, which is based on a survey among MLP consultants, refers to the segments of old-age provision, health insurance and non-life insurance, and assesses fifteen criteria such as professional competence, availability and promises kept.

## Society

Responsibility for our society

MLP ranks among the one hundred largest listed corporations in Germany. As part of the social market economy, we also hold responsibility for our society as a whole – and are therefore committed to supporting social projects and the future of our community. The reason for this is simple – behind the concept of corporate social responsibility (CSR) lies the question of social cohesion.

For decades, MLP has combined successful entrepreneurship with a commitment to securing common welfare. The following pages offer a summary of the social responsibility of the MLP Group for the financial year 2008. CSR at MLP is focused on five key areas: universities, sport, culture, ecology, as well as health and social issues. At this point it is also important to mention the diverse social commitments of the MLP branches in their local area, the promotion of charitable foundations by our subsidiary Feri Finance Group and the broad spectrum of work performed by the non-profit foundation of company founder Dr. h.c. Manfred Lautenschläger.

## Universities

MLP supports universities

The future of Germany and Europe depends greatly on the performance of universities. MLP therefore considers its support of universities and students one of its most important commitments. Indeed, we are among the largest and most reliable corporate partners to universities.

In the financial year 2008 we further expanded our cooperation with universities and fellowships. Predominantly to reinforce the Bologna objective of improved orientation in the world of work during studies at university, MLP now supports so-called public-private partnerships with around 40 universities, faculties and further cooperations in the career services field to help students gain a successful start to their career.

On October 16, 2008, MLP held its fourth expert conference, addressing current challenges in higher education and academic policies. The theme of the MLP University Day at the Berlin-Brandenburg Academy of Sciences was the internationalisation of research and education. High-ranking representatives from the university arena and the European Commission, the German Bundestag and the Foreign Office took part in the conference.

Support for over ninety student magazines within the scope of the ProCampus press initiative, as well as the annual convention of the German Federal Association for University Communication were further projects in the university focus in 2008. We also continued our many years of support for the endowed chair for university and scientific management at the German University for Administrative Sciences in Speyer. At the “Day of Scientific Management” at the MLP Corporate University on October 29, 2008, leading experts such as the president of the Free University of Berlin and "University Manager of the Year", Professor Dieter Lenzen, gave lectures on topics including university management and marketing. Together with the "Stifterverband" and the Deloitte Foundation, MLP also facilitated a scientific study on the topic of "quaternary education" in the sense of further education as a business area of universities, and supported an expert conference dealing with the findings on November 19 and 20, 2008, at the MLP AG headquarters.

MLP supports mobility of students

Our nation-wide "Join the best" initiative also had the objective of strengthening the international mobility of students in the financial year 2008. In a competition with more than 3,400 participants, following several elimination stages fifteen talents won the opportunity to take up a work placement overseas at such global players as Allianz Group, Bertelsmann, BASF, PricewaterhouseCoopers and SAP. The 15 winners also receive planning support, insurance cover and a grant from MLP.

**Sport**

Sport and movement encourage a healthy, active body, while also promoting social interaction. MLP is therefore committed to supporting university and leisure sports. We also support the "Rhein-Neckar sport region".

MLP has been title sponsor of the German University Sports Championships since 2004 – in the financial year 2008 supporting basketball, beach volleyball, football and golf. And by sponsoring USC Heidelberg we continue to support the growth of basketball in Germany. The professional league riders in the MLP cycling team are committed to keeping professional cycling a sport free of doping incidents.

MLP Marathon Mannheim

The popular sports highlight of the year in 2008 was once again the MLP Mannheim Marathon. This event is known throughout Germany and is unique since competitors only reach the finishing line at Mannheim Rosengarten after dusk. Around 8,000 runners took part in the event on May 24, 2008, which also attracted 130,000 visitors.

**Culture**

As prime partner of the "Heidelberger Frühling" international music festival, we are involved in the innovative financing concept of one of the most successful young German festivals, thereby supporting classic and contemporary music with internationally renowned artists. In the cultural support arena, in 2008, we also continued our patronage of the Palatinate Chamber Orchestra we initiated in 2006. The orchestra performs around 80 concerts every year.

**Ecology**

MLP encourages environmental friendly behaviour

Although MLP has only limited influence on the environment as a financial and investment adviser, the relevant areas within our company are geared to environmental awareness and friendliness.

Since their construction, the buildings of MLP AG in Wiesloch are supplied with heat and regenerative energy solely via the local heat network of the Wiesloch biomass heating station. The environmentally friendly heat is generated by burning natural wood harvested during countryside and forestry maintenance work in the region. Using renewable raw materials in this way allows long-term, CO2-neutral energy generation with a carbon dioxide saving of more than 620 tonnes per year compared to conventional oil heating.

Among other areas, MLP Facility Management and Group Purchasing also built on their measures to increase energy efficiency and energy optimisation as well as environmentally friendly use of resources in the financial year 2008. Points of note here include the frequency-controlled pump technology in the heating system, the technology for central control of the heating, ventilation, sanitary and electrical installations, as well as an air conditioning system with reduced consumption thanks to free cooling and use of natural night-time cooling to reduce the room temperatures in summer.

**Health & social aspects**

Development of statutory health system

We are committed to sustainable further development of the German healthcare system. The 2008 MLP Health Report, in which the Allensbach Institute questioned around 2,300 citizens and doctors, once again highlighted strengths and weaknesses in medical provision in Germany. MLP also supported aspiring medics in 2008 with the “Medi-Chance” scholarship programme.

Social cohesion is also a key aim within the scope of MLP Finanzdienstleistungen AG’s donations and sponsorships. Examples range from supporting the non-profit community foundation “Bürgerstiftung Wiesloch”, right up to support of the crisis line in Stuttgart, the “Stiftung Kinderland” children’s foundation or the “Kinderhospiz Sterntaler” children’s hospice. In addition, MLP also played an active part in the first volunteer day in the Rhein-Neckar metropolitan region held on September 20, 2008. A total of 6,700 helpers all worked to the motto “We can do it” in their support of over 300 individual projects.

On February 7, 2008, the Berlin-based foundation “Gute Tat” was awarded the annual Feri Foundation Award 2008, an award that the Feri Finance AG presented every year since 2005.

# MLP consolidated financial statements

# Consolidated income statement

## Income statement for the period from January 1 to December 31, 2008

| All figures in €'000 | Notes | 2008 | 2007* |
|---|---|---|---|
| Revenues | (10) | 554,807 | 588,217 |
| Other revenues | (11) | 42,940 | 41,584 |
| **Total revenues** | | **597,748** | **629,801** |
| Commission expenses | (12) | –204,656 | –216,011 |
| Interest expenses | (13) | –23,514 | –17,335 |
| Personnel expenses | (14) | –110,626 | –104,936 |
| Depreciation and amortisation | (15) | –20,988 | –19,318 |
| Other operating expenses | (16) | –182,084 | –158,200 |
| Earnings from shares accounted for using the equity method | (17) | 740 | –65 |
| **Earnings before interest and taxes (EBIT)** | | **56,619** | **113,935** |
| Other interest and similar income | | 5,436 | 4,965 |
| Other interest and similar expenses | (18) | –14,979 | –8,823 |
| **Finance cost** | | **–9,543** | **–3,858** |
| **Earnings before taxes (EBT)** | | **47,076** | **110,078** |
| Income taxes | (32) | –16,020 | –32,609 |
| **Earnings from continuing operations after taxes** | | **31,056** | **77,469** |
| **Earnings from discontinued operations after taxes** | **(36)** | **–6,271** | **–15,322** |
| **Net profit (total)** | | **24,785** | **62,146** |
| Of which | | | |
| shareholders of the MLP AG | | 24,785 | 62,146 |
| minority interests account for | | – | – |
| | | | |
| **Earnings per share in €** | | | |
| **From continuing operations** | | | |
| basic | | 0.30 | 0.78 |
| diluted** | | 0.30 | 0.77 |
| **From continuing and discontinued operations** | | | |
| basic | | 0.24 | 0,62 |
| diluted** | | 0.24 | 0.62 |

* Previous year's values adjusted. The adjustments are disclosed under note 3

** The maximum number of ordinary shares to be issued on the closing date due to the conversion of convertible debentures (see note 42) are treated like already issued shares

# Consolidated balance sheet

## Assets as at December 31, 2008

| All figures in €'000 | Notes | Dec 31, 2008 | Dec 31, 2007* |
|---|---|---|---|
| Intangible assets | (19) | 162,422 | 184,739 |
| Property, plant and equipment | (20) | 80,409 | 83,910 |
| Investment property | (21) | 11,700 | 14,635 |
| Shares accounted for using the equity method | (22) | 2,319 | 1,579 |
| Deferred tax assets | (32) | 1,326 | 1,570 |
| Receivables from clients from the banking business | (23) | 275,433 | 260,297 |
| Receivables from banks from the banking business | (23) | 605,580 | 603,951 |
| Financial investments | (24) | 179,941 | 52,400 |
| Tax refund claims | (32) | 26,870 | 9,653 |
| Other receivables and other assets | (25) | 147,051 | 162,075 |
| Cash and cash equivalents | (26) | 38,088 | 37,251 |
| Non-current assets held for sale and disposal groups | (37) | 3,281 | 12,154 |
| **Total** | | **1,534,418** | **1,424,214** |

## Liabilities and shareholders' equity as at December 31, 2008

| All figures in €'000 | Notes | Dec 31, 2008 | Dec 31, 2007* |
|---|---|---|---|
| Equity attributable to MLP AG shareholders | (27) | 429,125 | 339,660 |
| Minority interest | (27) | – | 63 |
| **Total shareholders' equity** | **(27)** | **429,125** | **339,723** |
| Provisions | (28) | 52,896 | 43,777 |
| Deferred tax liabilities | (32) | 9,597 | 9,897 |
| Liabilities towards clients from the banking business | (29) | 778,835 | 724,816 |
| Liabilities towards banks from the banking business | (29) | 25,024 | 27,465 |
| Tax liabilities | (32) | – | 74 |
| Other liabilities | (30) | 236,361 | 278,461 |
| Liabilities in connection with non-current assets held for sale and disposal groups | | 2,581 | – |
| **Total** | | **1,534,418** | **1,424,214** |

*Previous year's values adjusted. The adjustments are disclosed under note 3

# Consolidated cash flow statement

## Cash flow statement for the period from January 1 to December 31, 2008

| All figures in €'000 | 2008 | 2007* |
|---|---|---|
| **Net profit (total)** | **24,785** | **62,146** |
| Write-downs/impairments/reversal of impairments on intangible assets and property, plant and equipment | 21,170 | 20,385 |
| Impairments on financial investments | 2,194 | – |
| Allowances for bad debts | 5,901 | 7,962 |
| Increase/decrease of provisions | 9,305 | 1,413 |
| Adjustments from income taxes, interest and other non-cash transactions | 60,841 | 4,753 |
| Gain/loss from the disposal of intangible assets and property, plant and equipment | 726 | 1,101 |
| Gain/loss from the disposal of financial investments | 636 | 10 |
| Increase/decrease of receivables from/liabilities due to banks from the banking business | –4,070 | –226,358 |
| Increase/decrease of receivables from/liabilities due to bank clients | 34,591 | 155,664 |
| Increase/decrease of other assets | –3,563 | 22,221 |
| Increase/decrease of other liabilities and shareholders' equity | –48,256 | –18,470 |
| Gains from the disposal of subsidiaries | – | 4,851 |
| Income taxes paid | –35,274 | –28,055 |
| Interest and dividends received | 45,921 | 39,500 |
| Interest paid | –33,909 | –23,724 |
| **Cash flow from operating activities** | **80,997** | 23,399 |
| **of which from discontinued operations** | **343** | **954** |
| | | |
| Proceeds from disposal of intangible assets and property, plant and equipment | 327 | 331 |
| Payments for intangible assets and property, plant and equipment | –11,432 | –16,162 |
| Proceeds from disposal of financial investments | 42,273 | 25,389 |
| Payments for purchases of financial investments | –161,812 | –34,065 |
| Payments for the acquisition of shares in associates | –173 | –1,645 |
| Proceeds from the disposal of subsidiaries | – | 8,626 |
| Payments for the disposal of subsidiaries | –7,742 | –2,573 |
| Payments for the acquisition of subsidiaries | –5,572 | –2,040 |
| **Cash flow from investing activities** | **–144,131** | **–22,139** |
| **of which from discontinued operations** | **–8,124** | **–3,975** |

| All figures in €'000 | 2008 | 2007* |
|---|---|---|
| | | |
| Proceeds from transfer to equity | 125,077 | 227 |
| Payments to company owners and minority shareholders | –48,996 | –39,967 |
| Payments for the acquisition of treasury stock | –11,455 | –7,453 |
| Payments for the repayment of bonds and redemption of loans | –155 | –84 |
| **Cash flow from financing activities** | **64,471** | **–47,277** |
| **of which from discontinued operations** | **–** | **–** |
| | | |
| Changes in cash and cash equivalents from cash relevant transactions | 1,337 | –46,017 |
| Changes in cash and cash equivalents due to exchange rate movements | – | –71 |
| Cash and cash equivalents at the beginning of period | 37,110 | 83,198 |
| **Cash and cash equivalents at end of period** | **38,447** | **37,110** |
| | | |
| **Composition of cash and cash equivalents** | | |
| Cash and cash equivalents | 38,470 | 37,234 |
| Liabilities to banks due on demand | –23 | –124 |
| **Cash and cash equivalents at the end of period** | **38,447** | **37,110** |

*Previous year's values adjusted. The adjustments are disclosed under note 3

The notes on the consolidated cash flow statement appear under note 34.

# Changes in the consolidated shareholders' equity

| All figures in €'000 | Equity attributable to MLP AG shareholders | | | | | | Minority interests | Total share-holders' equity |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Securities marked to market | Other compre-hensive income | Treasury stock | Total | | |
| **As at Jan 1, 2007** | **108,781** | **14,487** | **69** | **349,836** | **–148,353** | **324,820** | **63** | **324,883** |
| Changes to the scope of consolidation | – | – | – | –1,267 | – | –1,267 | – | –1,267 |
| Securities marked to market | – | – | –220 | – | – | –220 | – | –220 |
| **Net income recognised directly in equity** | **–** | **–** | **–220** | **–1,267** | **–** | **–1,487** | **–** | **–1,487** |
| Net profit | – | – | – | 62,146 | – | 62,146 | – | 62,146 |
| **Total recognised income and expense for the period** | **–** | **–** | **–220** | **60,879** | **–** | **60,659** | **–** | **60,659** |
| Dividend | – | – | – | –39,967 | – | –39,967 | – | –39,967 |
| Exertion of conversion rights | 31 | 1,569 | – | – | – | 1,600 | – | 1,600 |
| Acquisition of treasury stock | – | – | – | – | –7,452 | –7,452 | – | –7,452 |
| **Sum of other equity capital changes** | **31** | **1,569** | **–** | **–39,967** | **–7,452** | **–45,819** | **–** | **–45,819** |
| **As at Dec 31, 2007** | **108,812** | **16,056** | **–151** | **370,749** | **–155,805** | **339,660** | **63** | **339,723** |

| All figures in €'000 | Equity attributable to MLP AG shareholders | | | | | | Minority interest | Total share-holders' equity |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Securities marked to market | Other compre-hensive income | Treasury stock | Total | | |
| **As at Jan 1, 2008** | **108,812** | **16,056** | **–151** | **370,749** | **–155,805** | **339,660** | **63** | **339,723** |
| Securities marked to market | – | – | 54 | – | – | 54 | – | 54 |
| **Net income recognised directly in equity** | **–** | **–** | **54** | – | – | **54** | **–** | **54** |
| Net profit | – | – | – | 24,785 | – | 24,785 | – | 24,785 |
| **Total recognised income and expense for the period** | **–** | **–** | **54** | **24,785** | **–** | **24,839** | **–** | **24,839** |
| Dividend | – | – | – | –48,996 | – | –48,996 | – | –48,996 |
| Exertion of conversion rights | 70 | 1,243 | – | – | – | 1,314 | – | 1,314 |
| Acquisition of treasury stock | – | – | – | – | –11,455 | –11,455 | – | –11,455 |
| Reduction of capital – § 237 AktG | –10,821 | 10,821 | – | –167,260 | 167,260 | 0 | – | 0 |
| Acquisition of remaining shares of BERAG | – | – | – | – | – | – | –63 | –63 |
| Increase of capital – § 202 AktG | 9,799 | 113,964 | – | – | – | 123,763 | – | 123,763 |
| **Sum of other equity capital changes** | **–951** | **126,028** | **–** | **–216,256** | **155,805** | **64,626** | **–63** | **64,563** |
| **As at Dec 31, 2008** | **107,861** | **142,084** | **–97** | **179,278** | **0** | **429,125** | **0** | **429,125** |

The notes on shareholders' equity appear under note 27.

# Notes to the consolidated financial statements

## Segment reporting

| All figures in €'000 | Financial services | |
|---|---|---|
| | 2008 | 2007* |
| Revenues | 519,916 | 549,147 |
| of which with other segments | 202 | 85 |
| Other revenues | 23,697 | 18,005 |
| of which with other segments | 2,516 | 2,360 |
| **Total revenues** | **543,613** | **567,152** |
| Commission expenses | –203,064 | –213,821 |
| Interest expenses | –23,954 | –17,600 |
| Personnel expenses | –81,974 | –75,069 |
| Depreciation and amortisation | –13,011 | –13,089 |
| Impairment | –96 | – |
| Other operating expenses | –166,488 | –140,066 |
| Earnings from shares accounted for using the equity method | 740 | –65 |
| **Segment earnings before interest and taxes (EBIT)** | **55,766** | **107,442** |
| Other interest and similar income | 477 | 633 |
| Other interest and similar expenses | –1,902 | –1,247 |
| **Finance cost** | **–1,425** | **–613** |
| **Earnings before taxes (EBT)** | **54,341** | **106,829** |
| Income taxes | | |
| **Earnings from continuing operations after taxes** | | |
| **Earnings from discontinued operations after taxes** | **–6,177** | **–10,951** |
| **Group net profit (total) incl. minority interests** | | |
| **Segment assets** | **1,157,796** | **1,170,232** |
| of which companies accounted for using the equity method | 2,319 | 1,579 |
| of which tax receivables/deferred tax assets | 1,534 | 1,961 |
| of which non-current assets held for sale and disposal groups | 3,281 | 11,141 |
| **Segment liabilities** | **1,050,147** | **1,029,021** |
| of which tax liabilities/deferred tax liabilities | 2 | – |
| of which liabilities in connection with non-current assets held for sale and disposal groups | 2,581 | – |
| **Investments in intangible assets and property, plant and equipment** | **8,730** | **13,496** |
| **Major non-cash expenses** | | |
| Impairment charges/reversal of impairment charges for receivables and financial investments | –7,884 | –4,252 |
| Increase/decrease of provisions/accrued liabilities | –21,793 | –10,996 |
| Interest charge/income | –189 | – |
| Purchase price components | – | – |

*Previous year's values adjusted. The adjustments are diclosed under note 3

| Feri | | Holding | | Consolidation/Other | | Total | |
|---|---|---|---|---|---|---|---|
| 2008 | 2007* | 2008 | 2007* | 2008 | 2007* | 2008 | 2007* |
| 35,244 | 39,442 | – | – | –353 | –373 | 554,807 | 588,217 |
| 151 | 288 | – | – | –353 | –373 | 0 | 0 |
| 11,178 | 11,214 | 22,551 | 25,961 | –14,484 | –13,596 | 42,940 | 41,584 |
| 616 | – | 11,353 | 11,235 | –14,484 | –13,596 | 0 | 0 |
| **46,422** | **50,656** | **22,551** | **25,961** | **–14,838** | **–13,968** | **597,748** | **629,801** |
| –1,720 | –2,190 | – | – | 128 | – | –204,656 | –216,011 |
| – | – | – | – | 440 | 265 | –23,514 | –17,335 |
| –24,424 | –22,717 | –4,228 | –7,150 | – | – | –110,626 | –104,936 |
| –1,922 | –2,687 | –3,448 | –3,542 | – | – | –18,381 | –19,318 |
| – | – | –2,511 | – | – | – | –2,607 | – |
| –12,692 | –11,744 | –17,603 | –20,358 | 14,699 | 13,968 | –182,084 | –158,200 |
| – | – | – | – | – | – | 740 | –65 |
| **5,662** | **11,318** | **–5,239** | **–5,089** | **429** | **265** | **56,619** | **113,935** |
| 309 | 276 | 15,843 | 9,961 | –11,193 | –5,906 | 5,436 | 4,965 |
| –214 | –26 | –13,409 | –7,873 | 547 | 323 | –14,979 | –8,823 |
| **94** | **250** | **2,434** | **2,088** | **–10,646** | **–5,583** | **–9,543** | **–3,858** |
| **5,757** | **11,568** | **–2,805** | **–3,000** | **–10,217** | **–5,318** | **47,076** | **110,078** |
| | | | | | | –16,020 | –32,609 |
| | | | | | | **31,056** | **77,469** |
| – | – | – | – | **–93** | **–4,372** | **–6,271** | **–15,322** |
| | | | | | | **24,785** | **62,146** |
| **110,920** | **124,956** | **517,416** | **462,308** | **–251,714** | **–333,282** | **1,534,418** | **1,424,214** |
| – | – | – | – | – | – | 2,319 | 1,579 |
| 1,451 | 1,084 | 25,193 | 8,178 | 18 | – | 28,196 | 11,223 |
| – | 1,013 | – | – | – | – | 3,281 | 12,154 |
| **19,161** | **19,901** | **86,649** | **132,745** | **–50,664** | **–97,176** | **1,105,293** | **1,084,491** |
| 9,409 | 9,686 | 171 | 286 | 15 | – | 9,597 | 9,971 |
| – | – | – | – | – | – | 2,581 | – |
| **2,459** | **1,116** | **1,003** | **1,549** | **–** | **–** | **12,192** | **16,162** |
| | | | | | | | |
| –177 | –63 | – | – | – | – | –8,060 | –4,316 |
| –3,557 | –5,531 | –1,251 | –3,975 | – | – | –26,600 | –20,502 |
| – | – | –3,334 | –3,493 | – | – | –3,522 | –3,493 |
| – | – | 6,953 | 10,213 | – | – | 6,953 | 10,213 |

See note 35 for the composition of segments.

## General information

### (1) Information about the company

The consolidated financial statements were prepared by MLP AG, Wiesloch, Germany, the parent company of the MLP Group. MLP AG is listed in the Mannheim Commercial Register under the number HRB 332697 at the address Alte Heerstraße 40, 69168 Wiesloch, Germany.

Since it was founded in 1971, MLP has been operating as a broker and adviser for academics and other discerning clients in the fields of old-age provision including old-age provision, healthcare, financing, wealth management and banking services.

### (2) Principles governing the preparation of the financial statements

The consolidated financial statements of MLP AG have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB), taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they apply in the European Union (EU). In addition, the commercial law regulations to be observed pursuant to § 315a (1) of the German Commercial Code (HGB) were also taken into account. The financial year corresponds to the calendar year.

The consolidated financial statements have been prepared on the basis of the historical cost convention with the exception that certain financial instruments are measured at fair value. MLP presents the consolidated balance sheet based on liquidity. This form of presentation offers information that is more relevant than if it were based on the time-to-maturity factor.

The consolidated income statement is prepared in accordance with the nature of expense method. The net income of discontinued operations is disclosed separately. Adjusted previous year's figures are not directly comparable with figures disclosed in the financial statements of previous years. For details please refer to notes 3 and 36.

The consolidated financial statements are drawn up in euros (€), which is the functional currency of the parent company. Unless otherwise specified all amounts are stated in thousands of euros (€'000). 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.

### (3) Adjustments to the accounting policies

The accounting policies applied are the same as those used in the previous year, with the following exceptions:

In the second quarter of 2007, MLP Finanzdienstleistungen Aktiengesellschaft was merged into MLP Bank AG. Then, MLP Bank AG changed its name to "MLP Finanzdienstleistungen AG". The merging of MLP Finanzdienstleistungen Aktiengesellschaft into MLP Bank AG led to an adjustment of internal reporting. The following changes in disclosure reflect this. From 2008, MLP will combine income/expenses from the brokerage business, income/expenses from the banking business and the income/expenses from wealth management as well as parts of the other interest and similar income in the following items: "Revenues" and "Commission or interest expenses". Allowances for losses in the banking business will now be included in "Other operating expenses." Cash and cash equivalents of MLP Finanzdienstleistungen AG have been reclassified from "Cash and cash equivalents" to "Receivables from banks from the banking business". The item "Receivables/liabilities from banking business" has been subdivided into "Receivables from/liabilities towards clients from the banking business" and "Receivables from/liabilities towards banks from the banking business". In all instances, the figures disclosed in the previous year have been adjusted. The changes in the figures disclosed have not had any effect on net profit or earnings per share.

MLP assessed the impairment of receivables due from office managers up until 2007 using a gross rental method on the basis of the planning of each office. Because it is hard to predict the net income of individual offices, from the start of the financial year 2008, MLP will establish any impairment loss in relation to these receivables using an experience-based reference balance.

From the financial year 2008, MLP will change the classification of the reinsured benefit obligations for independent commercial agents and treat the obligation as one relating to a defined contribution plan. MLP is thus following the new prevailing opinion and is interpreting the concept of the contribution obligation in economic terms. The final liability attaching to MLP should be regarded as a contingent liability. The changes in accounting have not had any effect on the net profit or on earnings per share.

The tables below illustrate the effects of the changes in the accounting policies on the previous year's figures:

**Consolidated balance sheet**

| All figures in €'000 | Dec 31, 2007 adjusted | Dec 31, 2007 as reported | Change in disclosure |
|---|---|---|---|
| Receivables from clients from the banking business | 260,297 | – | 260,297 |
| Receivables from banks from the banking business | 603,951 | – | 603,951 |
| Receivables from banking business | – | 771,751 | –771,751 |
| Other receivables and other assets | 162,075 | 157,263 | 4,812 |
| Cash and cash equivalents | 37,251 | 134,559 | –97,309 |
| Liabilities towards clients from the banking business | 724,816 | – | 724,816 |
| Liabilities towards banks from the banking business | 27,465 | – | 27,465 |
| Liabilities due to banking business | – | 752,281 | –752,281 |

## Consolidated income statement

| All figures in €'000 | 2007 adjusted | 2007 as reported | +/– | of which IFRS 5 | of which other changes in disclosure |
|---|---|---|---|---|---|
| Revenues | 588,217 | – | 588,217 | –8,791 | 597,007 |
| Revenues – brokerage business | – | 476,254 | –476,254 | – | –476,254 |
| Revenues – banking business | – | 79,902 | –79,902 | – | –79,902 |
| Revenues – wealth management | – | 39,154 | –39,154 | – | –39,154 |
| Other revenues (previous year: other income) | 41,584 | 41,815 | –231 | –231 | – |
| **Total revenues** | **629,801** | **637,126** | **–7,325** | **–9,022** | **1,696** |
| Commission expenses | –216,011 | – | –216,011 | 4,581 | –220,592 |
| Interest expenses | –17,335 | – | –17,335 | – | –17,335 |
| Expenses for brokerage business | – | –217,047 | 217,047 | – | 217,047 |
| Expenses for banking business | – | –21,356 | 21,356 | – | 21,356 |
| Expenses for wealth management | – | –2,190 | 2,190 | – | 2,190 |
| Personnel expenses | –104,936 | –107,425 | 2,488 | 2,488 | – |
| Depreciation and amortisation | –19,318 | –19,450 | 132 | 132 | – |
| Other operating expenses | –158,200 | –159,256 | 1,056 | 3,752 | –2,696 |
| Earnings from shares accounted for using the equity method | –65 | –65 | – | – | – |
| **Earnings before interest and taxes (EBIT)** | **113,935** | **110,337** | **3,598** | **1,932** | **1,666** |
| Other interest and similar income | 4,965 | 6,696 | –1,731 | –35 | –1,696 |
| Other interest and similar expenses | –8,823 | –8,859 | 37 | 6 | 31 |
| **Finance cost** | **–3,858** | **–2,163** | **–1,695** | **–29** | **–1,666** |
| **Earnings before taxes (EBT)** | **110,078** | **108,174** | **1,903** | **1,903** | **0** |
| Income taxes | –32,609 | –32,135 | –474 | –474 | – |
| **Earnings from continuing operations** | **77,469** | **76,039** | **1,430** | **1,430** | **0** |
| **Earnings from discontinued operations** | **–15,322** | **–13,893** | **–1,430** | **–1,430** | **–** |
| **Net profit (total)** | **62,146** | **62,146** | **0** | **0** | **0** |

MLP started applying the new standard relating to segment reporting, IFRS 8 "Operating segments" on January 1, 2008, before its application becomes binding. Up until December 31, 2007, segment reporting had followed IAS 14 "Segment reporting" (see note 35 in "Notes on Group reporting by segment"). The previous year's disclosures were adjusted accordingly. Due to the first-time adoption of IFRS 8 and because of the resulting IAS 36 amendment, goodwill has had to be tested for impairment on altered cash-generating units. For details on impairment testing please refer to note 9. The Group net profit and the earnings per share have not been changed by the process of transition to IFRS 8.

The following new or amended accounting provisions of the IFRS financial reporting framework had to be applied for the first time in the 2008 financial year:

- Amendment of IAS 39 and IFRS 7 – Reclassification of financial assets (to be applied to the reclassification affected by these changes to the standard, which took place on or after July 1, 2008). Now, the altered IAS 39, in exceptional cases, also permits the reclassification of certain financial assets in the "held for trading" category, and further reclassification options for financial assets in the "available for sale" category. The altered IFRS 7 specifies additional notes if such reclassification have been effected.
- IFRIC 11 "IFRS 2 – Group and treasury share transactions". The interpretation regulates the application of IFRS 2 "Share-based payments" with regard to agreements which grant company equity instruments or equity instruments of another company within the same group (such as equity instruments of the parent company) as remuneration.
- IFRIC 14 "IAS 19 Employee benefits: the limit on a defined benefit asset, minimum funding requirements and their interaction" provides guidelines on defining the limit on the amount of a surplus in a pension plan they can recognise as an asset under IAS 19. Furthermore, IFRIC 14 also explains how statutory or contractual minimum funding requirements may affect the accounting of assets and liabilities resulting from a defined pension plan. IFRIC 14 is to be applied to financial years beginning on or after January 1, 2008.

Because they are not relevant to MLP, the new or amended IFRS mentioned above do not have any influence on the consolidated financial statements.

The application of the following new or amended standards and new interpretations was not yet binding for the financial year beginning on January 1, 2008, and they were not early adopted:

- Revision of IAS 23 "Borrowing costs". The main amendment concerns the elimination of the option of recognising immediately as an expense borrowing costs that are directly attributable to a qualifying asset. In accordance with the new standard, borrowing costs must be capitalised as part of the acquisition or manufacturing costs of the asset. The amended version of IAS 23 is to be applied to borrowing costs for qualifying assets capitalised on or after January 1, 2009. The revised standard is to be applied for financial years beginning on or after January 1, 2009.

- Revision of IAS 1 "Presentation of financial statements". Amendments to the current version of IAS 1 include: (a) separate disclosure of all equity capital changes, which are not shareholder-related. This can be done either through a "comprehensive statement of earnings" or in two separate presentations (a traditional income statement and a comprehensive statement of earnings); (b) The retrospective application of accounting policies in the case of correction of an error or changes in disclosure which has an effect on the opening balance sheet of the first comparative period to be presented, an additional balance sheet must be included in the financial statements at the beginning of the earliest comparative period. The revised standard is to be applied to financial years beginning on or after January 1, 2009.
- Amendment of IFRS 2 "Vesting conditions and cancellations": (a) Vesting conditions include only service conditions and (non-market-related) performance conditions. Other features of a share-based payment arrangement are not considered to be vesting conditions. Under IFRS 2, agreements relating to a share-based payment arrangement that are not considered to be vesting conditions must be taken into account when the fair value of the share-based payment is determined. (b) Cancellations are to be presented under the requirements of IFRS 2 regardless of whether they are effected by the entity or the counterparties. The cancellation of equity instruments is recognised as an accelerated vesting, i.e. amounts not yet recognised that would otherwise have been recognised as expenses over the remainder of the vesting period must be recognised immediately. Payments connected with the cancellation are to be accounted for up to the amount of the fair value of the equity instruments as the repurchasing of the entity's own shares. Payments that exceed the fair value of the equity instruments granted are to be recognised as expenses. The revised standard is to be applied to financial years beginning on or after January 1, 2009.
- Revision of IFRS 3 and IAS 27 "Business combinations, Phase II". The changes in the standards largely relate to the method used to account for business combinations, the recognition of goodwill and transactions with minority interests. As a departure from the legal position hitherto, IFRS 3 and IAS 27, inter alia, provide for the following rules: (a) Incidental acquisition costs that are incurred when the business combination is created are to be recognised as expenditure. (b) In the amount of the fair value of contingent considerations the level of which depends on events that occur after acquisition (e.g. payments based on earn-out clauses), an asset, a liability or an equity instrument is to be recognised at the time of acquisition. (c) There is the option of capitalising the good-

will relating to the minority interests using the full goodwill method. (d) Disposals of shares that do not involve a loss of control will be recognised as straightforward transactions between the shareholders, i.e. recognised directly in equity. The same applies to acquisitions of other shares in subsidiaries after control has been achieved. The revised standards are to be applied, if accepted in their current form by the EU, to financial years beginning on or after July 1, 2009.

- Amendment of IAS 32 and IAS 1 "Puttable financial instruments". According to the existing version of IAS 32, instruments must be classified as financial liabilities if the issuer can be required to pay cash or another financial asset in return for redeeming or repurchasing a financial instrument. As a result of the changes, puttable financial instruments and liabilities which only have to be paid back upon the issuer's liquidation will be classified as equity if specified criteria are met. The classification of these instruments as equity triggers additional disclosure obligations in the notes. The standards are to be applied to financial years beginning on or after January 1, 2009.
- Amendment of IFRS 1 and IAS 27 "Cost of an investment in the separate financial statements of a parent". The amendment makes it easier to measure the acquisition costs of shares in subsidiaries, jointly-controlled entities and associates in the separate individual financial statements on first-time adoption of the IFRSs. In addition, the measurement of the acquisition costs of shares in the separate individual financial statements of a new parent that has been formed as a result of reorganisation is provided for. Both standards are to be applied to financial years beginning on or after January 1, 2009.
- Amendment of IAS 39 "Exposures qualifying for hedge accounting". On the one hand, the altered version of the standard specifies the risks that qualify for hedge accounting and, on the other hand, it clarifies when an entity can designate a portion of the cash flows of a financial instrument as an item to be hedged. If accepted in its current form by the EU, the altered standard is to be applied to financial years beginning on or after July 1, 2009.
- Revision of IAS 39 "Reclassification of financial assets". On October 27, 2008, the IASB published an updated version of the "reclass" amendments of IAS 39 dated October 13, 2008. This version clarifies the fact that any reclassification that takes place on or after November 1, 2008, will become effective at the time of the reclassification. Reclassifications taking place before November 1, 2008, can become effective on July 1, 2008, or at a later date. Retrospective reclassifications at a date before July 1, 2008, are not permitted. The clarification has not yet been adopted by the EU.

- Revision of IFRS 1 "First-time adoption of the International Financial Reporting Standards". IFRS 1 is being restructured with the aim of making it clearer and easier to follow. The improved structure is also intended to better accommodate future changes to the standard. If accepted in its current form by the EU, the revised version of IFRS 1 will come into force for entities who adopt IFRSs for the first time for financial years beginning on or after January 1, 2009. Earlier application is permitted.
- In May 2008, the Board published, for the first time, a collection of amendments designed to change various IFRSs with the primary objective of removing inconsistencies and clarifying wordings. Each standard has its own transitional provisions. The changes are to be applied at the earliest to financial years beginning on or after January 1, 2009.
- IFRIC 12 "Service concession arrangements" refers to arrangements whereby the public sector grants contracts for the supply of public services (such as roads) to private sector operators and addresses the application of IFRS by the private sector. If accepted in its current form by the EU, IFRIC 12 is to be applied to financial years beginning on or after January 1, 2008.
- IFRIC 13 "Customer loyalty programmes" addresses the accounting by entities that grant their customers award credits when purchasing other goods or services. In particular the question of how companies have to recognise their obligations to provide free or discounted goods or services ("incentives") to customers redeeming their credits in the balance sheet is clarified. IFRIC 13 is to be applied to financial years beginning on or after July 1, 2008.
- IFRIC 15 "Agreements for the construction of real estate". IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction contracts" or within the scope of IAS 18 "Revenue". It shows when revenue from the construction should be recognised in the financial statements. If accepted in its current form by the EU, IFRIC 15 is to be applied to financial years beginning on or after January 1, 2009.
- IFRIC 16 "Hedges of a net investment in a foreign operation". IFRIC 16 clarifies three main issues concerning the hedging of a net investment in a foreign operation: (a) Foreign exchange differences arising from net investments that arise from differing functional currencies within a Group can be hedged. (b) Hedging instruments can be held by any entity within the Group with the exception of the entity in relation to which the currency risk arising from the net investment is hedged. c) IAS 39 must be applied to determine the amounts that need to be reclassified to profit or loss in respect of the hedging instrument from the foreign currency translation reserve if the net investment is disposed of. IAS 21 must be applied in respect of the underlying. If accepted in its current form by the EU, IFRIC 16 is to be applied to financial years beginning on or after October 1, 2008.

- IFRIC 17 “Distributions of non-cash assets to owners”. According to IFRIC 17, the dividends should be entered on the liabilities side if the dividend has been authorised and is no longer at the discretion of the entity distributing it. Non-cash dividends should be measured at the fair value of the assets being paid out. If there is any difference between the fair value and the carrying amount of the assets, the latter will be recognised in profit or loss. If accepted in its current form by the EU, IFRIC 17 has to be applied prospectively to financial years beginning on or after July 1, 2009.

The conditions mentioned in the new IFRIC have not occurred at MLP to date. IAS 1 (revised) will have an effect on the formal presentation of the consolidated financial statements, but it will not have lead to any material changes in the representation of MLP’s net assets, financial position or results of operations. The revised version of IFRS 3 will largely be applied prospectively. Depending on the nature and volume of future transactions, the changes will have an effect on the Group’s net assets, financial position and results of operations. In all other cases, MLP is not expecting any effects on the representation of the Group’s net assets, financial position or results of operations. If the retrospective application of the new provisions is required, MLP is not expecting any effects on the representation of the net assets, financial position or results of operations. MLP will apply the new and/or revised IFRS standards at the latest when their application becomes binding following their acceptance by the EU.

**(4) Significant discretionary decisions, estimates and changes in estimates**

On occasions, the preparation of the financial statements included in IFRS consolidated financial statements requires estimates, which influence the level of the disclosed assets and debts, the disclosures of contingent liabilities and receivables, the income and expenses of the reporting period and the other disclosures in the consolidated financial statements. The actual values may deviate from the estimates.

The accounting policies applied are described in note 9. Significant discretionary decisions and estimates affect the following events:

MLP considers a lease agreement governing the commercial leasing of its building in Heidelberg, Forum 7, to be an **operating lease**, as the significant risks and rewards incident to ownership of the property was not transferred to the lessee. As at December 31, 2008, the carrying amount of the property stood at € 11,700 thsd (previous year: € 14,635 thsd).

For the development of new software, MLP performs **internal development activities** primarily in cooperation with external software partners. The capitalisation of the development costs starts with the fulfilment of the recognition criteria as per IAS 38.57. The depreciation of the capitalised expenses by MLP begins once they are ready for use or when the software is rolled out and will be effected over the expected useful life of three to five years. In the financial year 2008, internal development costs of € 1,045 thsd net (previous year: € 1,525 thsd) were capitalised.

MLP classifies € 22,828 thsd (previous year: € 13,963 thsd) of financial instruments as **"held to maturity"**. These financial instruments are fixed income securities that are quoted on the stock exchange. So far MLP has not sold or reclassified any financial instruments classified as "held to maturity" before maturity.

For the **evaluation of pension obligations**, MLP uses actuarial calculations to estimate future events for the calculation of the expenses, obligations and entitlements in connection with these plans. These calculations are based on assumptions regarding the discount rate and the growth rates of salaries and pensions. The interest rate used to discount post-employment benefit obligations is derived from the interest rates of corporate bonds with an AA-Rating. As at December 31, 2008, the present value of provisions for pensions and other post-employment benefits payable under defined benefit plans was € 19,285 thsd (previous year: € 17,895 thsd). Further details of pension provisions are given in note 31.

**Allowances for losses in the banking business** are estimated on the basis of historical loss rates. Specific allowances for bad debts are recognised if receivables are likely to be uncollectable. In addition, MLP forms allowances for bad debts on a portfolio basis for remaining accounts receivable based on the dunning level. The individual allowances as at December 31, 2008, came to € 3,751 thsd (previous year: € 2,860 thsd). The impairment loss on portfolio basis as at December 31, 2008, came to € 9,390 thsd (previous year: € 9,439 thsd). Alongside the receivables deducted from the allowance on the assets side of € 13,140 thsd (previous year: € 12,299 thsd), the allowances for losses on loans and advances comprise provisions for the lending business of € 1,614 thsd (previous year: € 1,524 thsd).

The allowances for **other receivables and other assets** essentially relate to receivables from branch office managers and consultants. Value adjustments on receivables from active consultants are recognised on the basis of estimations of remaining terms and fluctuation rates, while value adjustments on receivables from consultants, no longer active for the company are recognised on the basis of a range of factors such as amount and age structure. In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, impairment losses are recognised on the basis of empirical values. The same applies to receivables which are disputed and where legal action is pending. Because the earnings of individual offices are difficult to forecast, MLP determines any impairment of receivables from active office managers on the basis of an experience-based reference balance. Value adjustments on receivables from office managers no longer active for the company are established individually and usually amount to 100 %. Allowances for losses on individual account amount to € 7,805 thsd as at December 31, 2008, (previous year: € 8,210 thsd). The impairment losses on portfolio basis as at December 31, 2008 are € 5,035 thsd (previous year: € 3,242 thsd).

**Business combinations** require estimates of the fair value of the assets, assumed debts and contingent liabilities purchased. Property, plant and equipment are usually measured by independent experts, while marketable securities are shown at their stock market price. If intangible assets are to be valued, MLP either consults an independent external expert or calculates the fair value internally based on a suitable valuation method, generally discounted cash flows, depending on the type of asset and the complexity involved in calculating the value. Depending on the type of asset and the availability of information, various valuation techniques are applied (market-price-oriented, capital-value-oriented and cost-oriented methods). For instance, when valuing trademarks and licences, the relief-from-royalty method may be appropriate, whereby the value of intangible assets is assessed on the basis of royalties saved for trademarks and licences held by the company itself. Please refer to note 8 regarding the companies acquired in the previous year and the assets and liabilities identified in the purchase price allocation including contingent liabilities and their fair values.

On October 1, 2008, Feri EuroRating Services AG acquired the business operations of Property Funds Research Ltd. ("PFR"), Reading (UK), by means of an asset deal. PFR only operates in the area of "Research of Closed-End Funds". The PFR products contain details of the funds, managers, investors and consultants associated with closed-end funds, and they are distributed through subscriptions that clients usually take out for a year at a time. The business operations include, in particular, service contracts with clients, databases, client bases and other assets (e.g. receivables and items of property, plant and equipment). Depending on the future economic development of the Property Fund Research business segment the fixed purchase price component (€ 0.3 million) may rise by a variable purchase price component. The present value of the variable purchase price component is GBP 0.7 million (December 31, 2008: € 0.9 million). The variable purchase price component is due in instalments in the years 2009 to 2012 and is expected to lead to a cash outflow of GBP 0.9 million (December 31, 2008: € 1.1 million). The variable purchase price component and the expected cash outflow are maximum amounts which at the same time correspond to the anticipated values.

On February 29, 2008, MLP acquired 100 % of the voting rights in TPC-Group GmbH, Hamburg. In addition to the payment of a fixed purchase price component of € 1,000 thsd, the sale contract included a variable purchase price component. Depending on the economic development of TPC-Group GmbH, Hamburg, the variable purchase price component can be as much as € 29.0 million. As at December 31, 2008, a purchase price liability of € 6.5 million was expensed. In 2013, the variable purchase price component will become due and will probably lead to a cash outflow of € 7.4 million.

As the owner of 56.586 % of the shares in Feri Finance AG für Finanzplanung und Research (also called "Feri Finance AG" below), Bad Homburg v.d. Höhe, MLP had the right (call option) to acquire the remaining 43.414 % of the shares in Feri Finance AG. MLP exercised its call option on October 29, 2007. The fixed price component to be paid for the shares amounts to € 47,755 thsd. On initial recognition, the variable purchase price component from the call option that was exercised was measured at its fair value of € 40,000 thsd.

As at December 31, 2008, MLP adjusted the estimate of the variable purchase price component to € 5,000 thsd. The difference of € 35,000 thsd reduced the goodwill. The accumulated accrued interest effect on the change in estimate of € 2,953 thsd is recognised in other revenues. As at December 31, 2008, the overall accrued liability from the fixed and variable purchase price component amounted to € 57,062 thsd (previous year: € 91,764 thsd). The remaining stake of 43.414 % in Feri Finance AG will be transferred to MLP AG at the earliest by April 15, 2011. The overall liability will become due with the actual transfer of shares.

Since the principal opportunities and risks associated with the shares that have not yet been transferred with legal effect rest with MLP, no minority shares were posted for Feri Finance. Profit distributions to the owners of Feri shares not yet with legal effect transferred will be recognised as interest charge. In the financial year 2008, an interest expense of € 7,830 thsd arising from such distributions had to be taken into account (previous year: € 2,151 thsd).

In the first quarter of 2008, MLP acquired additional shares in BERAG Versicherungs-Makler GmbH and BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH (now: TPC THE PENSION CONSULTANCY GmbH) from the minority shareholders, thus increasing its holding in the two companies from 51.08 % to 100 % in each case. Extending a majority holding is not governed as such by the current IFRSs. MLP represents acquisition business of this nature in the consolidated financial statements using **the parent entity extension method**. It does not provide for the adjustment of the balance sheet values of the assets and liabilities of the subsidiary. A difference between the purchase price of the shares that have additionally been acquired and (lesser) net assets passing to the Group (valued at carrying amounts) is recognised as goodwill. In the case of the BERAG companies, a goodwill of € 3,186 thsd resulted as the difference between the purchase price of € 3,250 thsd and the carrying amount of the minority item of € 63 thsd.

MLP tests **Goodwill** from business combinations for impairment at least once a year. For the purpose of the impairment test, goodwill is allocated to cash-generating units at the acquisition date. The impairment test compares the carrying amount of the cash-generating units with the recoverable amount. The recoverable amount is the higher amount of the net selling price and the value in use of the cash-generating unit. For the allocation of goodwill, MLP identified the operating segments financial services, old-age provision (included in the financial services reporting segment), Feri Family Trust, Feri Institutional Advisors and Feri EuroRating Services (included in the Feri reporting segment) as relevant cash-generating units. The cash-generating units financial services, old-age provisions, Feri Family Trust, Feri Institutional Advisors and Feri EuroRating Services were allocated the following goodwill values arising from business combinations:

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Financial services | 27,042 | 62,042 |
| Old-age provision | 16,259 | 685 |
| Feri Family Trust | 23,702 | 23,702 |
| Feri Institutional Advisors | 24,030 | 24,030 |
| Feri EuroRating Services | 7,762 | 6,812 |
| **Total** | **98,795** | **117,271** |

Finalising the purchase price allocation resulted in a shift of goodwill between the business segments of financial services and Feri Euro Rating Services of € 2,395 thsd in the financial year 2007. This shift did not affect the recoverability of goodwill, either in the previous year or in the reporting year.

MLP establishes the recoverable amount as value in use and thus as the present value of future cash flow of the respective cash-generating unit. The future cash flows are based on MLP planning. The calculation of the present value of anticipated future cash flows is based on assumptions on the development of funds under management, future sales volumes and expenses. The cash flow estimates are based on detailed planning periods extending through to 2013. For the period after that, the planning is based on an average growth rate of 1.0 % (previous year: 1.0 %). The cash flow figures for the detailed planning phase were discounted with weighted capital cost rates of 11.3 % to 12.1 % (previous year: 13.8 % to 15.1 %) before tax. Taking account of the growth rates, the discount rates for the period after the detailed planning phase range between 10.3 % and 11.1 % (previous year: 12.1 % and 13.0 %) before taxes.

As at December 31, 2008, a total goodwill of € 98,795 thsd (previous year: € 117,271 thsd) had been capitalised. As in the previous year, the impairment test has confirmed the anticipated carrying amounts for goodwill.

Within the scope of its impairment testing MLP carried out sensitivity analyses. For this purpose the discount rates were alternatively increased by 1.0 % or the planned EBTs reduced by 5.0 %. This variation of valuation parameters would have also not resulted in an impairment loss for recorded goodwill.

**Indefinite-lived intangible assets** are also to be tested for possible impairment on a yearly basis. This concerns the "Feri" brand, which was acquired in 2006 within the scope of the business combination with the Feri Group. In view of the recognition of this brand, at present no definite end of its useful life can be specified. The carrying amount of the "Feri" brand is € 15,829 thsd (previous year: € 15,829 thsd). The brand is fully attributed to the group of cash generating units of the "Feri" reporting segment. A fair value minus costs of disposal has been established for the "Feri" brand on the basis of the relief-from-royalty method. Since this value exceeds the carrying amount of the "Feri" brand, no impairment loss had to be recorded, as was the case in the previous year. As regards business segments MLP considers the brand to be a corporate asset.

**Definite-lived intangible assets** need to be estimated with regard to the depreciation method. Useful life periods are defined on the basis of empirical values. A change in underlying economic conditions might require the choice of a different method. This can have a significant effect on the amount of depreciation. At MLP this mainly concerns client relations and software.

For the liability arising due to the premature loss of brokered insurance policies whereby commission that has been earned must be refunded in part, MLP sets up provisions for **cancellation risks**. MLP generally estimates the cancellation rate by product group, tariff and the period of the underlying policy that has already run on the basis of empirical values. The period in which MLP is obliged to refund portions of the commissions due to the premature loss of a policy is determined either by the statutory provisions of the German Insurance Act or the distribution agreements that have been concluded with the product providers. MLP will use the longer of these periods. As at December 31, 2008, the carrying amount of the provision amounts to € 15,713 thsd (previous year: € 13,750 thsd).

Through the sale of the former MLP Lebensversicherung AG in the 2005 financial year, MLP took on additional cancellation risks for selected insurance policies of the former subsidiary. Because there are no empirical values on the cancellation behaviour for these policies, provisions were made for the maximum possible risk. As at June 30, 2008, it was possible to evaluate the relevant portfolio with statistical validity for the first time. MLP now estimates the cancellation risk to be far less. The income from the adjustment is recognised in earnings from discontinued operations after tax.

On December 31, 2008, MLP considered as impaired debt instruments that are quoted on the stock exchange according to the criteria of IAS 39.59 and, therefore, recognised an impairment loss of € 2,194 thsd in the income statement in the 2008 financial year. As at December 31, 2008, after accounting for the impairment, the debt instruments considered to be impaired show a carrying amount of € 2,306 thsd (previous year: € 4,136 thsd).

On account of the crisis in the economy and the financial markets, in the view of MLP, indicators of an impairment loss are also present for such assets which cannot be tested annually for a possible impairment loss in the same way as goodwill or the "Feri" brand. Therefore, MLP also tested the property, plant and equipment, and other intangible assets for a possible impairment loss. In estimate the future cash flows, as in the determination of the valuation parameters, MLP has taken the effects of the crisis in the economy and the financial markets into account. The impairment test undertaken by MLP has confirmed the carrying amounts of the assets that have been tested. The sensitivity analyses carried out by MLP showed that even in the case of a variation of these parameters within certain fluctuation margins no impairment loss would need to be recognised.

For the fair value of the office and administration building that is held as an investment property, MLP has obtained an expert's report from KPMG Deutsche Treuhandgesellschaft Aktiengesellschaft. In that report, KPMG established the fair value of the building to be € 11,700 thsd. Since, as at December 31, 2008, the carrying amount of the building before any impairment loss amounted to € 14,211 thsd, an impairment loss expense of € 2,511 thsd had to be recognised. For other notes on the determination of fair value, reference is made to note 21.

In the financial year 2008, MLP set up a share-based remuneration system for office managers, consultants and employees. The recognition of the anticipated expenditure arising from this system demands that assumptions be made about turnover and exercise rates. Moreover, the number of remuneration instruments reaching their vesting date by the end of 2008 has been estimated. As at December 31, 2008, the carrying amount of the provision is € 621 thsd (previous year: € 961 thsd). Further details as to the setting up of the system can be found in note 27.

**(5) Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the Stock Corporation Act (AktG)**

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.

**(6) Scope of consolidation and shares in associates**

| | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Number of fully consolidated subsidiaries | | |
| Germany | 6 | 8 |
| Foreign operations | 1 | 1 |
| Number of associates | | |
| Germany | 1 | 1 |
| Foreign operations | – | – |

**Subsidiaries**

The consolidated financial statements include MLP AG as parent company and the companies **(subsidiaries)** controlled by it. Subsidiaries are companies in which MLP AG holds the majority of the voting rights or exerts any other means of control over the financial and operating policy so as to obtain benefits from its activities. The subsidiaries consolidated as at December 31, 2008, are listed in the table below:

| | Shareholding in % | First consolidated |
|---|---|---|
| MLP Finanzdienstleistungen AG, Wiesloch | 100.00 | Dec 31, 1997 |
| TPC THE PENSION CONSULTANCY GmbH, Hamburg (formerly: BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen) | 100.00 | Oct 8, 2004 |
| MLP Finanzdienstleistungen AG, Vienna, Austria | 100.00 | Mar 9, 2005 |
| Feri Finance AG für Finanzplanung und Research, Bad Homburg v.d. Höhe | 56.59 | Oct 20, 2006 |
| Feri Family Trust GmbH (formerly: Feri Wealth Management GmbH), Bad Homburg v.d. Höhe | 56.59 | Oct 20, 2006 |
| Feri Institutional Advisors GmbH, Bad Homburg v.d. Höhe | 56.59 | Oct 20, 2006 |
| Feri EuroRating Services AG (formerly: Feri Rating & Research GmbH), Bad Homburg v.d. Höhe | 56.59 | Oct 20, 2006 |

In the financial year 2008, the scope of consolidation of MLP AG changed as follows: TPC THE PENSION CONSULTANCY GmbH (TPC Pension Consultancy) and TPC THE PRIVATE CONSULTANCY GmbH (TPC Private Consultancy) were merged into TPC-Group GmbH. BERAG Versicherungs-Makler GmbH was merged with BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH (BERAG). TPC-Group GmbH was then merged with BERAG. BERAG was then renamed in TPC THE PENSION CONSULTANCY GmbH. In addition, MLP BAV GmbH was merged with MLP Finanzdienstleistungen AG.

The complete listing of MLP's shareholding is recorded in the electronic German Register of Companies and can be accessed via www.ebundesanzeiger.de.

The effects of the business combinations in 2008 are explained in note 8.

**Shares in associates**

Associates are companies where MLP AG has significant influence on financial and operating policy, but which are neither subsidiaries nor joint ventures.

MLP Finanzdienstleistungen AG purchased a total of 49.8 % of the shares in MLP Hyp GmbH, Schwetzingen, in July 2007. MLP Hyp GmbH forms the platform for the joint construction financing business of MLP Finanzdienstleistungen AG and Interhyp AG. The financial year of MLP Hyp GmbH corresponds to the calendar year.

## (7) Principles of consolidating subsidiaries and associates

**Full consolidation**

The consolidated financial statements include the financial statements of MLP AG and its subsidiaries as at December 31 of each financial year. The financial statements of the parent company and of the subsidiaries are prepared in accordance with uniform accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which MLP AG gains control. They are deconsolidated as soon as the parent company loses control.

As a rule, assets, liabilities and contingent liabilities resulting from company acquisitions are valued at fair value at the date of acquisition. If the cost of an acquisition exceeds the pro rata net assets of the object to be acquired, goodwill corresponding to the difference is recognised. A negative difference is recognised as income in the period of the acquisition. The interest of other shareholders is measured in proportion to the net fair value of the assets of the subsidiary. The results of the subsidiaries achieved during the financial year are included in the consolidated income statement from the effective date of their acquisition.

The consolidated financial statements contain no effects of intercompany transactions. Receivables and liabilities between the consolidated companies are offset and intra-group gains and losses are eliminated. Intra-group income is offset against the corresponding expenses. Deferred taxes are recognised by MLP to accommodate any unrecognised differences between the IFRS carrying amounts and the tax values resulting from the consolidation.

**Equity method**

The shares in associates accounted for using the equity method are recorded at the date of addition based on their historical costs. The goodwill corresponds to the positive difference between the historical costs of the interest and the pro rata net fair value of the associates assets. When applying the at equity method, the goodwill is not amortised, but is reviewed for signs of an impairment of the shares.

The acquisition costs are annually updated by taking into account the equity capital changes of the associate corresponding to MLP's equity share. Unrealised profits and losses from transactions with associates are eliminated based on the percentage of shares held. The changes of the pro rata shareholders' equity are shown in the company's income statement under "Earnings from companies accounted for using the equity method".

If shares in associates are to be classified as "available for sale", the shares are no longer valued using the equity method, but rather at the lesser of either the last carrying amount or the fair value minus costs of sale. In the balance sheet these shares are disclosed under "Non-current assets held for sale and disposal groups".

**Currency translation**

Since all subsidiaries operate as financially, economically and organisationally independent entities, their respective local currency is their functional currency. The assets and liabilities of foreign subsidiaries are translated at the closing rate on the closing date and expenses and income are translated based on monthly average rates. Translation differences are recognised directly in the equity with no effect on the operating result until the disposal of the subsidiary.

**Monetary items** (liquid funds, receivables, liabilities) measured in foreign currency are translated using the closing rate, while **non-monetary items** are translated at their historical costs. The differences resulting from the translation of monetary items are recorded by MLP AG in the income statement under other operating expenses and other revenues. In the financial year 2008, income of € 273 thsd (previous year: € 13 thsd) and expenses of € 294 thsd (previous year: € 308 thsd) resulted from the currency translation.

Currency translation differences arising from foreign-currency loans, insofar as they are part of a **net investment in a foreign operation**, are not included in the company's income statement. In this case capital is provided and no repayment of it is planned or likely in a foreseeable period. In this case, the translation differences are recognised directly in equity with no effect on the operating result and are transferred to net income for the period when the foreign entity is disposed of. Within the scope of the deconsolidation of MLP Private Finance plc., London, UK, currency differences of € 688 thsd were reversed in the income statement.

No subsidiaries of the MLP Group operate in hyper-inflationary economies.

Currency translation is based on the exchange rates of the main currencies listed below:

| Currency translation 1€ = | Closing rates (€) | | Average rates (€) | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Currencies | | | | |
| GBP | 0.9525 | 0.73335 | 0.8302 | 0.68479 |
| Swiss franc | 1.4850 | 1.65470 | 1.5165 | 1.64318 |
| US dollar | 1.3917 | 1.47210 | 1.2744 | 1.37074 |

### (8) Business combinations and changes in the scope of consolidation

To consolidate our market position in old-age provision, MLP acquired a 100 % stake in the **TPC-Group GmbH**, Hamburg, on February 29, 2008. The TPC-Group GmbH was incorporated into the consolidated financial statements as of the date of acquisition (February 29, 2008). The TPC-Group GmbH merged with the BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH in the third quarter of 2008.

The TPC-Group GmbH, as the parent company, assumed exclusively holding company functions. It holds a 100 % stake in TPC Pension Consultancy and in TPC Private Consultancy. TPC Pension Consultancy and TPC Private Consultancy merged with the TPC-Group GmbH in the third quarter. Subsequently, the TPC-Group GmbH merged with BERAG.

The TPC-Group complements MLP with its specialisation in consulting services for old-age provision. The consulting focuses on provision solutions for leading trade associations, consulting for medium-sized businesses and implementing innovative concepts such as lifetime working accounts.

The anticipated total purchase price for the acquisition of all the shares in TPC-Group GmbH is € 7,304 thsd. This is made up of:

| All figures in €'000 | 2008 |
|---|---|
| Fixed purchase price components | 1,000 |
| Variable purchase price components (anticipated value) | 6,304 |
| **Purchase price** | **7,304** |

The allocation of the purchase price from this acquisition was concluded in the third quarter of 2008. This resulted in capitalising additional intangible assets of € 1,426 thsd. The remaining goodwill after the purchase price allocation is attributed to various factors. These include primarily general synergies and cost-saving potential in product purchasing and sales. In addition, the acquisition results in a clear consolidation of the market position of the MLP Group in old-age provision.

See below for an overview of calculating goodwill:

### Acquired net assets

| All figures in €'000 | Carrying amount before purchase | Adjustment | Fair value |
|---|---|---|---|
| Intangible assets | 78 | 1,426 | 1,504 |
| Property, plant and equipment | 204 | – | 204 |
| Financial investments | 52 | – | 52 |
| Other receivables and other assets | 3,606 | – | 3,606 |
| Provisions | –123 | – | –123 |
| Liabilities | –8,902 | – | –8,902 |
| Deferred tax liabilities | 0 | –427 | –427 |
| **Net assets** | **–5,086** | **999** | **–4,087** |
| Pro rata net assets | | 100% | –4,087 |
| Goodwill | | | 12,388 |
| **Purchase price** | | | **7,304** |
| Incidental acquisition expenses | | | 997 |
| **Acquisition costs** | | | **8,301** |
| Cash outflow to date due to the acquisition | | | 1,997 |

The TPC-Group contributed € –3,450 thsd to the net profit in 2008. If the business merger had taken place at the beginning of the year, the net profit for the financial year 2008 would have been € 23,881 thsd and revenues from continuing operations € 555,169 thsd.

Feri EuroRating Services AG acquired business operations from Property Funds Research Ltd. ("PFR"), Reading, UK, on October 1, 2008, as an asset deal. The PFR operates exclusively in the range "research of closed-end funds". 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 provisionally considered purchase price for the acquisition is € 1,233 thsd. This is made up of:

| All figures in €'000 | 2008 |
|---|---|
| Fixed purchase price components | 341 |
| Variable purchase price components (anticipated value) | 892 |
| **Purchase price** | **1,233** |

The allocation of the purchase price from this acquisition had not been concluded when the consolidated financial statements were drawn up. The provisional differential, resulting from the difference between the anticipated total purchase price and the provisional fair value of the assets, liabilities and contingent liabilities identified so far, amounts to € 950 thsd. It is recognised as goodwill. See below for the calculation of the provisional goodwill:

**Acquired net assets**

| All figures in €'000 | Carrying amount before purchase | Adjustment | Fair value |
|---|---|---|---|
| Intangible assets | – | 215 | 215 |
| Property, plant and equipment | 5 | 1 | 6 |
| Other accounts receivable and other assets | 131 | – | 131 |
| Liabilities | –69 | – | –69 |
| **Net assets** | **67** | **216** | **283** |
| Pro rata net assets | | 100% | 283 |
| Goodwill | | | 950 |
| **Purchase price** | | | **1,233** |
| Cash outflow to date due to the acquisition | | | 190 |

PFR contributed € 46 thsd to net profit in 2008. If the business combination had taken place at the start of the year, the net profit for year 2008 would have been € 24,920 thsd and the revenues from continuing operations for 2008 would have been € 555,252 thsd.

## (9) Accounting policies

### Income

**Revenues** are generally recognised if it is probable that MLP will gain a definable economic benefit from it.

MLP generates revenues from **commission**. This commission is in turn generated in the areas of old-age provision, wealth management, health insurance, non-life insurance, financing and other consulting services. In addition, **revenues from the interest rate business** is generated from transactions with MLP clients. Revenues from the interest rate business also includes interest income from the investment of funds of MLP Finanzdienstleistungen AG. Interest income from investment of funds from other Group companies is a constituent of the finance cost.

In the field of **old-age provision**, only commission income from the brokering of life insurance policies is included. In the areas of **non-life and health insurance**, commission income comes solely from the brokering of corresponding insurance products.

**Commission income** from the brokerage of insurance policies **(acquisition commission)** is recognised independently of the inflow of funds if the Group is entitled to receive payment. The entitlement to payment automatically arises when the first premium of the policy holder has been collected by the insurance company, but at the earliest upon conclusion of the insurance contract. MLP is entitled to time-limited **trail commissions** for the brokerage of certain contracts (especially pertaining to life insurance). They are realised according to the same principles as acquisition commissions. MLP receives partially recurrent **trailer fees** for brokered life and health insurance contracts. The company is entitled to these as long as premiums are payable for underlying contracts. MLP sets up cancellation provisions based on empirical values with regard to its obligation to repay commissions received if brokered insurance policies are cancelled.

Revenues from **wealth management** includes issuing premiums, custody and account maintenance charges, fund management fees, as well as brokerage and trailer commission from wealth management mandates. Further wealth management revenue comes from research and rating services. Revenue is generated after service provision.

Commission income from the brokering of loans (credit brokering commission) is attributed to the revenues from **financing**. MLP realises brokerage commissions for loan brokerage after concluding the respective loan agreement.

**Income from consulting services** is generated at the level to which consulting services are performed. In particular, this affects consulting services for companies in setting up old-age provision as well as consulting for medical practice financing and business start-ups.

**Revenues from the interest rate business** is earned by MLP for the duration of the capital investment in line with the effective interest method. Commissions that are part of the effective interest return of a receivable are treated as revenues from the interest rate business and recorded in those periods in which they are actually earned. They include **commitment interest** for giving loan commitments or taking over an existing liability. The company realises fees for other current handling and processing services (for example prematurity compensation) after providing these services.

**Interest income** is earned for the duration of the capital investment in line with the effective interest method, **dividends** are recognised the moment an entitlement to payment arises.

**Rental income** from investment property is realised by the Group on a straight-line basis over the duration of the tenancy agreement.

The result of a **disposal** or **retirement of an asset** is measured by calculating the difference between the sales proceeds and the asset's carrying amount at the time of disposal and then recognised in the income statement.

### Intangible assets

**Intangible assets generated internally** are only capitalised at their cost of conversion if the conditions required pursuant to IAS 38 are fulfilled. The cost of conversion includes all costs directly attributable to the development process and appropriate portions of development-related overheads. If the capitalisation conditions for internally generated intangible assets are not met, MLP recognises the development costs as expenses in the period in which they were incurred. On initial recognition, individually acquired intangible assets are recorded at their acquisition costs. Borrowing costs are not recognised as part of the acquisition or production costs. The costs of acquisition of intangible assets due to business combinations correspond to their fair values at the date of their acquisition.

**Definite-lived intangible assets** are usually written down on a straight-line basis over their economic life. Amortisation begins once the intangible asset becomes ready for use and ends as soon as the asset is derecognised or if the asset is no longer classified as "available for sale". The residual value, useful life and amortisation method for a definite-lived intangible asset are reviewed at the end of each financial year. If the expected useful life or the expected pattern of an asset's usage has changed, MLP caters to this by adjusting the amortisation period or selecting a different amortisation method. MLP treats these changes as changes in estimates. Definite-lived intangible assets are tested for impairment whenever there are indications that these assets may be impaired.

**Indefinite-lived intangible assets** are not amortised. They are subjected to an impairment test individually or at the level of the cash-generating unit at least once a year. They are also reviewed once a year to establish whether their classification as an indefinite-lived asset is still justified. If this is not the case, the asset is handled according to the principles for definite-lived assets from then on.

Definite-lived intangible assets are amortised on a straight-line basis over the following useful life periods:

| Intangible assets | Useful life |
|---|---|
| Acquired software | 3–7 years |
| Software created internally | 3–5 years |
| Acquired trademark rights | 10–15 years |
| Customer relations | 5–25 years |

### Goodwill

Goodwill is valued at the excess of the business combination's acquisition cost over the acquired net assets on the date of addition. Subsequent to initial recognition, MLP measures goodwill at cost less cumulative impairment losses.

### Property, plant and equipment

Items of property, plant and equipment are measured at cost and, if applicable, less amortisation and impairment losses. The production costs of the property, plant and equipment produced internally include all costs directly attributable to the production process and appropriate portions of production-related overheads. Borrowing costs are not capitalised, but directly recognised as an expense. MLP does not apply the revaluation method.

Scheduled amortisation takes place on a straight-line basis. Depreciation of the property, plant and equipment or components with a finite useful life begins once the assets have been brought to working condition. Probable physical wear and tear, technical obsolescence and legal/contractual limitations are taken into account in determining expected useful lives.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

| Property, plant and equipment | Useful life/residual value |
|---|---|
| Administration buildings | 33 years to residual value (30% of original cost) |
| Land improvements | 15–25 years |
| Leasehold improvements | Term of the respective lease |
| Furniture and fittings | 10–25 years |
| IT hardware, IT cabling | 3–13 years |
| Office equipment, office machines | 3–13 years |
| Cars | 6 years |

The residual carrying amounts of assets, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted according to the regulation regarding estimated adjustments where necessary.

**Investment property**

Investment property pursuant to IAS 40 consists of all property that is held to earn rental income and/or for capital appreciation, rather than for use in the supply of services or for administrative purposes or sale in the company's ordinary course of business. MLP applies the acquisition cost model when valuing real estate of this kind. Investment property is written off in accordance with the principles detailed for property, plant and equipment.

Investment property is derecognised if it is sold or no longer used on a permanent basis or if no future economic benefit is expected when selling it. Gains or losses from the shutdown or the disposal of an investment property are recognised at the time of their shutdown or sale.

**Impairment of property, plant and equipment, investment property and intangible assets (without goodwill)**

At each closing date, MLP assesses whether there are any indications that a long-term asset may be impaired. If this is the case, the Group estimates its recoverable amount. If the recoverable amount for the individual asset cannot be determined, the estimate is made for the smallest cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of the fair value of an asset less selling costs and the value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and is written down to its recoverable amount. For the purposes of determining value in use, estimated future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Impairment losses are shown in the income statement under "Depreciation and amortisation".

At each closing date, the Group assesses whether there are any indications that an impairment loss recognised in prior reporting periods no longer exists or may have decreased. If there is any such indication, it measures the recoverable amount. An impairment loss recognised previously is reversed if, since the last impairment loss was recognised and due to a change in the estimates, the recoverable amount is higher than the asset's carrying amount. The reversal may not exceed what the amortised costs would have been if an impairment had not been recognised in the previous years. Such a reversal must be recognised directly in the net income for the period. Once impairment losses have been reversed, an adjustment may need to be made in future reporting periods so as to systematically distribute the asset's adjusted carrying amount less any residual value over its remaining useful life.

**Impairment of goodwill**

Goodwill is tested for impairment losses at least once a year and also at any time when there is indication of potential impairment losses on assets.

For the purposes of impairment tests, the goodwill must be allocated from the date of acquisition onwards to those of the Group's cash-generating units or groups of cash-generating units that are to benefit from the synergies from the combination. This applies irrespective of whether other assets or liabilities of the acquired company have been allocated to these units or groups of units. Each unit or group of units to which goodwill has been allocated

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes, and
- is no larger than a operating segment in the sense of IFRS 8.

Impairment is measured by calculating the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

If the Group sells a business segment of a cash generating unit to which goodwill is allocated, the book value of the goodwill is regularly divided in proportion to the values of the sold and retained portion of the unit. The proportional goodwill allocated to the part that has been sold is included in the calculation of the profit from sale of discontinued operations.

**Leases**

MLP operates as both a lessee and lessor to third parties. MLP determines whether a contractual agreement constitutes or contains a lease on the basis of the economic substance of the agreement concluded. This requires an assessment of whether performance of the agreement is dependent upon the use of a particular asset or particular assets and whether the agreement confers the right to use the asset.

MLP has not signed any agreements that essentially transfer all risks and rewards associated with the ownership of the leased asset to the lessee (finance leases). The further notes are therefore limited to operating leases.

**Group as lessor:** Leases where all risks and rewards incident to ownership of the leasing object remain substantially with the Group are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and expensed over the term of the lease, just as rental income is recognised as expenses over the term of the lease.

**Group as lessee:** Rental payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. The same principle applies to benefits received and receivable that serve as an incentive to enter into an operating lease.

**Financial instruments – General information**

Financial instruments are capitalised in the consolidated balance sheet if the Group becomes a contracting party with regard to the contract terms of the financial instrument. In the case of regular-way purchases and sales, financial instruments are recognised or derecognised in the balance sheet on the trade date. Regular-way purchases or sales are purchases or sales of financial assets requiring delivery of the assets within a period dictated by market regulations or conventions. They are initially recognised at their fair value plus transaction costs. Transaction costs incurre when purchasing financial instruments of the category "at fair value through profit or loss" are recognised directly as charges to the income statement. Non-interest bearing receivables or receivables with interest rates not in line with prevailing market rates are recognised at their present value of the expected future cash flow using a market price that caters both to the risk and the term.

**"Available-for-sale"** financial instruments are non-derivative financial assets and are carried at their fair value. Changes in fair value between reporting dates are recognised as the "Securities marked to market" under the item "Other equity" which has no effect on the operating result. Impairment losses and gains from currency translation under monetary items are excluded from this. These flow directly into earnings. The reserve is reversed to income either when the assets are sold or if the assets are impaired. MLP values equity instruments of which the fair value cannot be reliably determined and derivatives to such instruments at their cost of acquisition.

Financial instruments of the category **"held to maturity"** are non-derivative financial assets with fixed or determinable payments traded on an active market. Classifying the instruments as such assumes MLP's capability and intention to hold the securities to maturity. They are valued at amortised costs using the effective interest method. Impairment losses are charged to income if the recoverable amount falls below the carrying amount.

Financial instruments classified as **"Loans and receivables"** are also measured at amortised cost using the effective interest method.

Financial instruments of the category **"at fair value through profit or loss"** comprise the subcategories "held for trading" and "designated at fair value". Financial instruments of this category are measured at fair value. The change in fair value is directly recognised in the net income for the period.

**Financial instruments – Receivables due from banking business**

Receivables from the banking business due from financial institutions and receivables due from clients for loans are recognised at amortised cost using the effective interest method. Charges and premiums/discounts are recognised as part of the actual interest return of the financial instrument over the term of the relevant loan.

In order to avoid any inconsistency in recognition, MLP measures receivables from clients due to loans with a nominal value of € 4,978 (previous year: € 5,000 thsd) at their fair value. These are offset against interest rate swaps. Profit and loss from changes to the fair value are recognised in both cases directly in the net income for the period.

**Financial instruments – Financial investments**

The **financial investments** of the Group include debt securities, shares in investment funds, shareholdings, loans and other investments.

**Investments** are capitalised as available-for-sale financial assets at their acquisition costs less any impairment losses. The investments represent equity instruments of non-consolidated companies. They are not traded on an active market. It is not possible to calculate their fair value reliably any other way.

**Loans** belong to the category "Loans and receivables". The same applies to the other investments. These include fixed term deposits with a term of one day and up to three months and fixed income securities which are not listed on an active market and which have a maximum residual term of three months at the date of acquisition.

The **securities** not contained in the other investments are classified as "held to maturity" if they are financial assets with fixed or determinable payments which the company intends and is able to hold to maturity. All other debt securities and holdings in investment funds are classified as "available for sale".

**Financial instruments – Other receivables and other assets**

Other receivables and other assets are measured at amortised cost less impairment losses. The impairment loss is recognised in the income statement.

**Financial instruments – Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits at the Deutsche Bundesbank and due on demand bank deposits insofar as these are not to be allocated to the banking business of MLP Finanzdienstleistungen AG. They are measured at face value.

**Financial instruments – Impairment**

MLP tests the carrying amounts of the financial assets that are not measured at fair value through profit or loss individually at each closing date to determine whether there is objective, material evidence of **impairment of the financial assets**. For receivables due from banking business and for other receivables and other assets, impairment losses on portfolio basis are formed for receivables for which no specific allowances are recognised. The allowances are determined based on the dunning level, the age of the receivables and on the basis of the past experience. Any impairment losses at the level of the difference between the carrying amount and lower recoverable amount are recognised in profit or loss on the corresponding impairment account. If a receivable is uncollectable (i.e. payment is almost certainly impossible), it will be written off.

If changes to the fair value of available-for-sale financial assets led to formation of a negative reserve in the shareholders' equity, these must now be reclassified from equity in the amount of the impairment determined to the income statement. If, in a subsequent period, the fair value of debt instruments increases and this increase can be related objectively to events occurring after the impairment was recognised, the impairment loss is reversed to income in the appropriate amount. Impairment losses on equity instruments that are classified as available for sale may not be reversed. MLP records any further increase of the fair value under shareholders' equity with no effect on the operating result.

Both the recoverable amount of securities held to maturity and the recoverable amount of the loans and receivables valued at amortised cost, which are required for impairment testing, correspond to the present value of the expected future cash flow. To determine impairment losses for the unquoted equity instruments measured at cost, the expected future cash flows are discounted using the current interest rate that corresponds to the investment's special risk position.

**Financial instruments – Liabilities due to banking business**

The liabilities due to banking business are carried as financial liabilities for their initial recognition at fair value, if applicable including deduction of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Financial instruments – Other liabilities**

Trade accounts payable and other liabilities are recognised at amortised cost. The fair value of the liabilities approximately corresponds to their carrying amount.

**Financial instruments – Derivative financial instruments**

The derivative financial instruments of the MLP Group primarily cover interest rate swaps. They are initially recognised at fair value excluding transaction costs and subsequently remeasured at fair value. Derivatives with positive market values are recognised in the balance sheet item "Other receivables and other assets" and derivatives with negative market values in the item "Other liabilities". The MLP Group does not make use of hedge accounting pursuant to IAS 39. Changes in the market value of derivatives are directly recognised in the income statement and are contained in the finance cost and the income/expenses from the banking business.

**Non-current assets held for sale and disposal groups**

Individual, formerly non-current assets and disposal groups, whose sale is to be expected within twelve months after classification as "available for sale" are recorded either at the adjusted carrying amount or their fair value minus the costs of disposal.

**Treasury stock**

MLP deducts own shares bought back at the level of the acquisition costs of the shareholders' equity attributed to the shareholders of the parent company. Transactions to purchase, sell, issue and call in treasury stock are recognised with no effect on the operating result.

**Share-based payments**

The MLP Group grants the Executive Board, employees and independent commercial agents share-based payments that can be settled partly by issuance of equity instruments and partly in cash.

The expense incurred as a result of **equity-settled payments** is recognised at the grant-date fair value of the equity instruments granted. The fair value is determined using the Black-Scholes formula and is recognised on a straight-line basis as personnel expenses or other operating expenses over the period during which the exercise conditions are to be met. This time period ends as soon as the eligible employee is irrevocably entitled to receive the awards. In return capital reserves are increased by a corresponding amount.

The proportion of the fair value of share-based **payments settled in cash** attributable to services provided up to the valuation date is recognised as personnel expenses rather than commission expenses and also as a provision. The fair value determined based on the Monte-Carlo simulation or another qualified pricing model is recalculated on each balance sheet date and on the payment date. Any change to the fair value is to be recognised in profit or loss. At the payment date, the fair value of the liability corresponds to the amount which is to be paid to the eligible employee.

**Provisions**

The **pension obligations** due to defined benefit plans are determined pursuant to IAS 19 according to the projected unit credit method. Obligations are measured on the basis of an independent actuarial study. The interest component of pension expenses is reported under other interest and similar expenses. MLP applies the corridor method to recognise actuarial gains and losses.

Payments for defined contribution plans represent the costs for periods in which the associated work is performed. Payments for statutory pension plans are treated in the same way as defined contribution plans.

**Other provisions** are recognised when the Group has a present obligation (legal or constructive) resulting from a past event, settlement is expected to result in an outflow of resources and the obligation's amount can be estimated reliably. If the Group expects to receive a reimbursement of at least part of a practically certain provision from an identifiable third party (e.g. in case of an existing insurance policy), MLP recognises the reimbursement as a separate asset. The expenditure required to set up the provision is recognised in the income statement after deduction of the reimbursement. Where the effect of the time value of money is material, provisions are stated at their present value. MLP recognises the increase in provisions due to the passage of time as an interest charge.

**Taxes**

Actual **tax refund claims** and **tax liabilities** for both the current period and earlier periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amount is determined on the basis of the tax rates and tax legislation that apply on the balance sheet date.

**Deferred taxes** are recognised in accordance with the balance sheet liability method for all taxable temporary differences existing on the balance sheet date between the values of the IFRS consolidated balance sheet and the taxable values of the individual companies.

Deferred taxes are measured at the tax rates that apply when an asset is realised or a liability settled. Deferred taxes are recognised in the income statement, except where the temporary difference has a direct effect on equity.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets also comprise tax load reducing claims resulting from an expected future carryover of existing losses which will probable take place. Deferred tax assets are recognised to the extent that it is probable that there will be clearable taxable income available at the time of reversing the deductible temporary differences. Deferred taxes are not recorded where the temporary difference arises from the initial recognition of goodwill or from the recognition of other assets and liabilities for the first time that do not result from a business combination and which neither affect the taxable income nor net income at the date of addition.

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient taxable profit against which the deferred tax assets can be used. Deferred tax assets that have not been recognised are reviewed at each closing date and recognised to the extent that it has become probable that future taxable profit will make recovery possible.

Deferred tax assets and deferred tax liabilities are offset against one another if the Group has an enforceable right to offset tax refund claims against tax liabilities and if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

MLP records the **amount of value-added tax** to be reimbursed by or remitted to the tax authority under the items “Other receivables and other assets” or “Other liabilities”.

## Notes to the consolidated income statement

### (10) Revenues

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Old-age provision | 346,401 | 359,349 |
| Wealth management | 82,228 | 94,938 |
| Health insurance | 45,888 | 56,327 |
| Non-life insurance | 23,164 | 21,990 |
| Loans and mortgages | 12,382 | 17,593 |
| Other commissions and fees | 3,978 | 3,887 |
| **Commission and fees** | **514,040** | **554,086** |
| **Interest income** | **40,767** | **34,131** |
| **Total** | **554,807** | **588,217** |

### (11) Other revenues

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Cost transfers to commercial agents | 8,245 | 7,130 |
| Income from investments | 5,025 | 2,467 |
| Subsequent income from sale | 4,000 | 11,295 |
| Reversal of deferred obligations | 3,232 | 3,006 |
| Reversal of impairment losses/income from written-off receivables | 3,109 | 545 |
| Income from the reversal of provisions | 1,558 | 2,519 |
| Rent | 1,436 | 1,357 |
| Own work capitalised | 1,045 | 1,525 |
| Income from currency translation | 273 | 13 |
| Income from service provision and infrastructure | 93 | 869 |
| Income from the disposal of intangible assets and property, plant and equipment | 17 | 52 |
| Income from the disposal of assets | – | 3,984 |
| Sundry other income | 14,908 | 6,823 |
| **Total** | **42,940** | **41,584** |

The sub-item “Cost transfers to commercial agents” covers among other things income from the renting out of laptops and the cost transfers of other material costs. The subsequent income from sales is due to the sale of MLP Lebensversicherung AG (now: Heidelberger Lebensversicherung AG) and contains the portion of the subsequent profit component attributable to the financial year 2008. The item “Reversal of impairment losses/income from written-off receivables” relates to the items “Receivables from clients from the banking business” and “Other receivables and other assets”. On the other hand, allowances for bad debts are disclosed under “Other operating expenses”. The own work capitalised mainly contains development activities in connection with the MLP broker platform and product selection. The income from service provision and infrastructure concerns amounts billed to Heidelberger Lebensversicherung AG and Janitos Versicherung AG (formerly MLP Versicherung AG) for services rendered. The drop in this figure is due to a significant fall in the utilisation of IT and Computer Centre services in the last financial year. Income from the disposal of assets results from the sale of Feri Fund Market Information Ltd. and its subsidiary FI Datenservice GmbH. The item “Sundry other income” mainly consists of the income from reinsuring pension obligations and from the adjustment of the variable purchase price liability for Feri Finance AG. Premium payments recorded in other operating expenses are in connection with income from reinsurance business.

### (12) Commission expenses

The cost of purchased services from the commission business mainly consists of the turnover-dependent commission payments and other remuneration components for the self-employed MLP consultants. This item dropped by € 11,355 thsd to € 204,656 thsd during the financial year (previous year: € 216,011 thsd).

## (13) Interest expenses

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| **Interest and similar expenses** | | |
| Financial instruments measured at amortised cost | 21,004 | 17,032 |
| Available-for-sale financial instruments | 2,277 | 32 |
| **Change fair value option** | | |
| Financial instruments at fair value through profit or loss | 232 | 270 |
| **Total** | **23,514** | **17,335** |

## (14) Personnel expenses/Number of employees

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Salaries and wages | 94,745 | 89,177 |
| Social security contributions | 12,250 | 11,819 |
| Expenses for old-age pensions and benefits | 3,631 | 3,940 |
| **Total** | **110,626** | **104,936** |

Personnel expenses essentially include salaries and wages, remuneration and other payments to employees.

The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums.

Expenses for old-age pensions and benefits mostly include employer's shares of supplementary occupational provision.

The rise in personnel expenses is mainly attributable to the inclusion of the TPC-Group for the first time, general salary increases and an increase in personnel in the area of wealth management.

Compensation of € 461 thsd (previous year: € 4,042 thsd) was granted for the termination of employment contracts.

**Number of employees:**

The average number of staff employed increased from 1,902 in 2007 to 2,060 in 2008.

| | 2008 | of which marginal part-time employees | 2007 | of which marginal part-time employees |
|---|---|---|---|---|
| Financial services | 1,792 | 474 | 1,647 | 446 |
| Feri | 257 | 60 | 246 | 90 |
| Holding | 11 | 1 | 9 | 0 |
| **Total** | **2,060** | **535** | **1,902** | **536** |

Due to the concentration of the business activities in Germany, employee statistics are no longer broken down by location (Germany or abroad), but rather by operating segment as of 2008. Employees in the discontinued operations are included in the calculation pro rata temporis up to the date of deconsolidation.

The average number of employees in the continuing operations increased by 167 from 1,819 to 1,986. This was mainly due to the inclusion of employees from the TPC-Group for the first time and the increase in personnel in the area of wealth management. An average of 120 people (previous year: 110) were trained in the financial year.

### (15) Depreciation, amortisation and impairment

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Scheduled depreciation/amortisation | | |
| Intangible assets | 11,238 | 11,483 |
| Property, plant and equipment | 6,718 | 7,396 |
| Investment property | 424 | 438 |
| | **18,381** | **19,318** |
| Impairment | | |
| Intangible assets | – | – |
| Property, plant and equipment | 96 | – |
| Investment property | 2,511 | – |
| | **2,607** | **–** |
| **Total** | **20,988** | **19,318** |

The impairment losses on property, plant and equipment of € 96 thsd affect inventory on hand from closed offices. The impairment loss on the office and administration building held as an investment property is based on a valuation report by KPMG Deutsche Treuhandgesellschaft.

The development of the non-current assets are disclosed in note 19 (intangible assets), note 20 (property, plant and equipment) and note 21 (investment property).

### (16) Other operating expenses

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| IT costs | 47,208 | 36,916 |
| Cost of premises | 22,463 | 21,728 |
| Audit and consultancy costs | 15,193 | 17,347 |
| Advertising expenses | 11,622 | 9,382 |
| Training and seminars | 11,396 | 11,235 |
| Communication requirements | 8,665 | 8,420 |
| Banking-related expenses | 8,607 | 8,336 |
| Allowances for bad debts | 6,939 | 4,688 |
| Representation and entertainment expenses | 6,498 | 5,576 |
| Insurance | 6,358 | 2,238 |
| Expenses for consultants and branch office managers | 5,777 | 6,083 |
| Rental and leasing | 5,007 | 4,758 |
| Office supplies | 2,921 | 3,265 |
| Travel expenses | 2,488 | 2,241 |
| Other personnel costs | 2,069 | 2,021 |
| Expenses for corporate communications | 1,398 | 1,222 |
| Vehicle costs | 1,389 | 759 |
| Premiums and fees | 1,327 | 2,331 |
| Losses on the disposal of intangible assets and property, plant and equipment | 534 | 1,152 |
| Share-based payment (convertible debentures) | 513 | 1,263 |
| Sundry other operating expenses | 13,714 | 7,238 |
| **Total** | **182,084** | **158,200** |

The increase in IT costs is mainly attributable to higher maintenance expenses and, due to a wider range of services, higher costs for the Computer Centre.

The audit and consultancy costs fell due to the lower number of projects in the current fiscal year. The increased expenses for advertising activities are mainly attributable to increased sales activities with cooperation partners and the broadening of the media presence. The higher expenses for representation and entertainment are largely due to increased costs for training courses and conventions. Insurance expenses increased due to premium payments for reinsurance of pension obligations. The reduction in premiums and fees is primarily attributable to the fact that contributions in deposit guarantee schemes for two institutions accrued in the previous year. The sundry other operating expenses consist of third party work/services, goodwill gestures, repair and maintenance costs and the addition of tax liabilities.

The adjustments made are explained in note 3.

### (17) Earnings from shares accounted for using the equity method

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Revenue of MLP Hyp GmbH, Schwetzingen | 6,452 | 338 |
| Earnings of MLP Hyp GmbH, Schwetzingen | 1,485 | –131 |
| **Earnings from shares accounted for using the equity method (pro rata)** | **740** | **–65** |

### (18) Other interest and similar expenses

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Interest from financial instruments | –13,853 | –7,918 |
| Accrued interest on pension provisions | –396 | –900 |
| Losses on the disposal of financial investments | –730 | –5 |
| **Other interest and similar expenses** | **–14,979** | **–8,823** |

The other interest and similar expenses include the interest rate of the purchase price liability from the acquisition of Feri Finance AG, dividend payouts to other shareholders of Feri Finance AG, interest in accordance with the effective interest method, losses from financial instruments recognised in the income statement and the interest charge from the accrued interest on pension provisions. The increase in interest from financial instruments is mainly due to dividend payouts to the other shareholders of Feri Finance AG, which amount to € 7,830 thsd in the financial year 2008 (previous year: € 2,151 thsd).

The adjustments made are explained in note 3.

## Notes to the consolidated balance sheet

### (19) Intangible assets

| All figures in €'000 | Goodwill | Software (created internally) | Software (purchased) | Advance payments and developments in progress | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **Acquisition costs** | | | | | | |
| **As at Jan 1, 2007** | **119,112** | **15,438** | **49,709** | **15,061** | **37,693** | **237,013** |
| Changes to the scope of consolidation | −6,546 | −236 | – | – | −353 | −7,135 |
| Adjustment of purchase price allocation | 4,707 | – | – | – | – | 4,707 |
| Currency differences | – | – | −4 | – | – | −4 |
| Additions | – | 456 | 1,985 | 8,897 | 246 | 11,584 |
| Disposals | – | −241 | −4,528 | – | – | −4,769 |
| Transfers | – | – | 9,301 | −9,301 | – | 0 |
| **As at Dec 31, 2007** | **117,273** | **15,417** | **56,463** | **14,657** | **37,586** | **241,396** |
| Changes to the scope of consolidation | 15,574 | – | 75 | – | 1,429 | 17,078 |
| Adjustment of purchase price allocation | −35,000 | – | – | – | – | −35,000 |
| Additions | 950 | 536 | 1,189 | 4,998 | 438 | 8,111 |
| Disposals | – | – | −1 | −398 | −417 | −816 |
| Transfers | – | – | 18,444 | −18,444 | – | 0 |
| Discontinued operation | – | – | −419 | −293 | – | −712 |
| **As at Dec 31, 2008** | **98,798** | **15,953** | **75,751** | **520** | **39,037** | **230,059** |
| **Depreciation and amortisation** | | | | | | |
| **As at Jan 1, 2007** | **3** | **13,189** | **35,426** | **–** | **1,279** | **49,897** |
| Changes to the scope of consolidation | – | – | – | – | −18 | −18 |
| Currency differences | – | – | −5 | – | – | −5 |
| Depreciation and amortisation | – | 1,023 | 8,673 | – | 1,812 | 11,508 |
| Impairment | – | – | 40 | – | – | 40 |
| Disposals | – | −241 | −4,524 | – | – | −4,765 |
| Transfers | – | 151 | 1 | – | −152 | 0 |
| **As at Dec 31, 2007** | **3** | **14,123** | **39,611** | **–** | **2,921** | **56,657** |
| Depreciation and amortisation | – | 902 | 9,363 | – | 1,053 | 11,318 |
| Disposals | – | – | – | – | −207 | −207 |
| Discontinued operation | – | – | −131 | – | – | −131 |
| **As at Dec 31, 2008** | **3** | **15,024** | **48,843** | **–** | **3,767** | **67,637** |
| Carrying amount Jan 1, 2007 | 119,109 | 2,249 | 14,284 | 15,061 | 36,414 | 187,117 |
| **Carrying amount Dec 31, 2007** | **117,271** | **1,294** | **16,852** | **14,657** | **34,665** | **184,739** |
| Carrying amount Jan 1, 2008 | 117,271 | 1,294 | 16,852 | 14,657 | 34,665 | 184,739 |
| **Carrying amount Dec 31, 2008** | **98,795** | **929** | **26,907** | **520** | **35,270** | **162,422** |

The acquired intangible assets comprise goodwill, software, customer relations, concessions, industrial property rights, licences and similar rights. The item “Software (purchased)” also includes expenses for internal development services which were incurred for preparing software developed by third parties for its intended use.

Intangible assets created in-house concern development costs for internally developed software. All development costs incurred in the financial year 2008 met the criteria for inclusion on the asset side in line with IAS 38.57 (2008: € 1,045 thsd; 2007: € 1,525 thsd). They are recorded under “Software (purchased)“, “Software (created internally)” and “Advance payments and developments in progress”.

“Changes to the scope of consolidation” discloses the purchase of a further 48.92 % of shares in BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH and BERAG Versicherungs-Makler GmbH as well as the purchase of shares in TPC-Group GmbH (see note 4 and note 8). The previous year’s figure mainly consists of the sale of FI Datenservice GmbH. As in the previous year, there was no need for a devaluation of recorded goodwill in the financial year 2008 (see note 4).

The item “Adjustment of purchase price allocation” primarily contains adjustments to the purchase price of Feri Finance AG due to the call option being exercised in the financial year 2007 and the adjustment to the variable purchase price components in the financial year 2008 (see note 4).

Of the amortisation of intangible assets, € 11,238 thsd (previous year: € 11,483 thsd) is for continuing operations and € 79 thsd (previous year: € 25 thsd) for discontinued operations. No impairment loss had to be recognised during the financial year. In the previous year, impairment losses of € 40 thsd were incurred on intangible assets in discontinued operations. Amortisation and impairment of intangible assets relating to continuing operations is shown in note 15.

There are no restraints and pledges with regard to intangible assets.

## (20) Property, plant and equipment

| All figures in €'000 | Land, leasehold rights and buildings | Other fixtures, fittings and office equipment | Payments on account and assets under construction | Total |
|---|---|---|---|---|
| **Acquisition costs** | | | | |
| **As at Jan 1, 2007** | **80,294** | **70,038** | **146** | **150,478** |
| Changes to the scope of consolidation | – | –7 | – | –7 |
| Currency differences | –55 | –102 | – | –157 |
| Additions | 829 | 2,562 | 1,027 | 4,419 |
| Disposals | –934 | –6,217 | –25 | –7,177 |
| Transfers | 148 | – | –148 | 0 |
| **As at Dec 31, 2007** | **80,283** | **66,274** | **1,000** | **147,558** |
| Changes to the scope of consolidation | – | 204 | – | 204 |
| Additions | 422 | 2,151 | 1,509 | 4,082 |
| Disposals | –271 | –3,868 | –121 | –4,260 |
| Transfers | 1,864 | 68 | –1,932 | 0 |
| Discontinued operation | –547 | –1,388 | – | –1,935 |
| **As at Dec 31, 2008** | **81,752** | **63,442** | **456** | **145,650** |
| **Depreciation and amortisation** | | | | |
| **As at Jan 1, 2007** | **18,259** | **43,156** | **–** | **61,415** |
| Changes to the scope of consolidation | – | –5 | – | –5 |
| Currency differences | –50 | –87 | – | –137 |
| Depreciation and amortisation | 2,308 | 5,320 | – | 7,628 |
| Impairment | 292 | 479 | – | 771 |
| Disposals | –899 | –5,125 | – | –6,024 |
| **As at Dec 31, 2007** | **19,911** | **43,737** | **–** | **63,648** |
| Depreciation and amortisation | 2,213 | 4,609 | – | 6,821 |
| Impairment | – | 96 | – | 96 |
| Disposals | –178 | –3,635 | – | –3,813 |
| Discontinued operation | –400 | –1,111 | – | –1,511 |
| **As at Dec 31, 2008** | **21,545** | **43,696** | **–** | **65,241** |
| Carrying amount Jan 1, 2007 | 62,035 | 26,882 | 146 | 89,063 |
| **Carrying amount Dec 31, 2007** | **60,373** | **22,537** | **1,000** | **83,910** |
| Carrying amount Jan 1, 2008 | 60,373 | 22,537 | 1,000 | 83,910 |
| **Carrying amount Dec 31, 2008** | **60,206** | **19,746** | **456** | **80,409** |

Of the depreciation of property, plant and equipment, € 6,718 thsd (previous year: € 7,396 thsd) is for continuing operations and € 103 thsd (previous year: € 231 thsd) for discontinued operations.

In the continuing operations, impairment losses of € 96 thsd (previous year: € 0 thsd) were incurred on inventory from closed offices. There was no need for impairment in discontinued operations in the financial year under review. The previous year's figure includes impairment losses on property, plant and equipment from closed down operations in UK and Spain totalling € 771 thsd.

Depreciation of intangible assets relating to continuing operations is shown in note 15.

There are no restraints or pledges with regard to property, plant and equipment.

### (21) Investment property

| All figures in €'000 | Investment property | Payments on account and assets under construction | Total |
|---|---|---|---|
| **Acquisition costs** | | | |
| **As at Jan 1, 2007** | **25,564** | **–** | **25,564** |
| Additions | – | 286 | 286 |
| Disposals | –818 | – | –818 |
| Transfers | 286 | –286 | 0 |
| **As at Dec 31, 2007** | **25,033** | **–** | **25,033** |
| **As at Dec 31, 2008** | **25,033** | **–** | **25,033** |
| **Depreciation and amortisation** | | | |
| **As at Jan 1, 2007** | **10,501** | **–** | **10,501** |
| Depreciation and amortisation | 438 | – | 438 |
| Disposals | –542 | – | –542 |
| **As at Dec 31, 2007** | **10,397** | **–** | **10,397** |
| Depreciation and amortisation | 424 | – | 424 |
| Impairment | 2,511 | – | 2,511 |
| **As at Dec 31, 2008** | **13,333** | **–** | **13,333** |
| Carrying amount Jan 1, 2007 | 15,063 | – | 15,063 |
| **Carrying amount Dec 31, 2007** | **14,635** | **–** | **14,635** |
| Carrying amount Jan 1, 2008 | 14,635 | – | 14,635 |
| **Carrying amount Dec 31, 2008** | **11,700** | **–** | **11,700** |

The investment property held by the Group concerns an office and administration building which is rented out under an operating lease. As at December 31, 2008, the recoverable amount stood at € 11,700 thsd (previous year: € 14,700 thsd). It is based on an appraisal report issued by the auditing company KPMG Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft. This evaluation was carried out in line with the gross rental method for buildings and with the sales comparison approach for land.

In order to calculate the land value, the standard land value is used as a basis, taking into account the derived floor space index in accordance with the advice of the local expert advisery committee. There was only a marginal change compared to the previous year. The gross rental value is determined on an estimate of the sustainable gross rental income. Taking into account the specific location of the real estate and the estimated development of the rental tariffs of comparable objects at the same location, the sustainable annual gross proceeds have been reduced compared to the previous year. The anticipated property return is 5.5 % (previous year 5.25 %). Due to the given parameters, there was an impairment loss on the recoverable amount of € 2,511 thsd.

Rent income from the rental of investment property held by the Group amounted to € 1,436 thsd in 2008 (previous year: € 1,357 thsd). The expenses in connection with the investment property totalled € 403 thsd in the financial year 2008 (previous year: € 510 thsd).

### (22) Shares accounted for using the equity method

The shares accounted for using the equity method relate only to the 49.8 % share in MLP Hyp GmbH and have developed as follows:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Share as at Jan 1 | 1,579 | – |
| Additions | – | 1,645 |
| Disposals | – | – |
| Pro rata profit after tax | 740 | –65 |
| **Share as at Dec 31** | **2,319** | **1,579** |

The following table contains summarised financial information on MLP Hyp GmbH:

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Assets of MLP Hyp GmbH | 5,332 | 3,614 |
| Outstanding debts of MLP Hyp GmbH | 977 | 745 |
| Shareholders' equity of MLP Hyp GmbH | 4,354 | 2,869 |
| Equity attributable to MLP (49.8%) | 2,168 | 1,429 |

### (23) Receivables from banking business

In the table below the balance sheet items “Receivables from clients from the banking business” and “Receivables from banks from the banking business” have been summarised.

| All figures in €’000 | Dec 31, 2008 | | | Dec 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Receivables from banks | 600,580 | 5,000 | 605,580 | 583,951 | 20,000 | 603,951 |
| Receivables from clients | 156,207 | 132,366 | 288,573 | 153,056 | 119,540 | 272,596 |
| **Total, gross** | **756,787** | **137,366** | **894,153** | **737,007** | **139,540** | **876,547** |
| Impairment | –9,955 | –3,185 | –13,140 | –9,917 | –2,382 | –12,299 |
| **Total, net** | **746,832** | **134,181** | **881,013** | **727,090** | **137,158** | **864,248** |

The **receivables from clients** mainly concern receivables from loans, current accounts and credit cards.

| All figures in €’000 | Gross value at Dec 31, 2008 | Of which financial assets at Dec 31, 2008 | Financial assets at Dec 31, 2008 neither impaired nor overdue | Financial assets at Dec 31, 2008 neither impaired nor overdue within the following time span | | |
|---|---|---|---|---|---|---|
| | | | | < 90 days | 90–180 days | > 180 days |
| Receivables from clients | 288,573 | 288,573 | 272,341 | 9,110 | 303 | 943 |
| **Total** | **288,573** | **288,573** | **272,341** | **9,110** | **303** | **943** |

| All figures in €’000 | Gross value at Dec 31, 2007 | Of which financial assets at Dec 31, 2007 | Financial assets at Dec 31, 2007 neither impaired nor overdue | Financial assets at Dec 31, 2007 neither impaired nor overdue within the following time span | | |
|---|---|---|---|---|---|---|
| | | | | < 90 days | 90–180 days | > 180 days |
| Receivables from clients | 272,596 | 272,596 | 259,417 | 7,105 | 312 | 851 |
| **Total** | **272,596** | **272,596** | **259,417** | **7,105** | **312** | **851** |

Receivables from clients due to originated loans are generally secured by land charges, liens on life insurance policies or securities. Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date that debtors will not meet their payment obligations. Receivables due from banking business for which new terms were agreed and which otherwise would have been overdue or impaired amounted to € 2,181 thsd on the closing date (previous year: € 4,875 thsd). Due to defaults of debtors of € 1,030 thsd during the financial year (previous year: € 1,026 thsd) financial and non-financial assets were assigned to MLP by way of collateral for originated loans and receivables. The carrying amount of these assets was € 1,030 thsd at the closing date (previous year: € 1,026 thsd). The assets mainly concern receivables from claimed life insurance policies.

Overdue accounts receivable for which no specific allowance has been made are secured with customary banking collaterals. Receivables for which a specific allowance has been made are secured by customary banking collaterals of € 851 thsd (previous year: € 645 thsd).

Allowances for losses on individual accounts of € 3,751 thsd (previous year: € 2,860 thsd) and impairment losses on portfolio basis of € 9,390 thsd (previous year: € 9,439 thsd) were recognised for counterparty default risks. Alongside the receivables deducted from the allowances for losses on the assets side of € 13,140 thsd (previous year: € 12,299 thsd), the allowances for losses on loans and advances include provisions for credit risks of € 1,614 thsd (previous year: € 1,524 thsd). Thus the total allowance for losses is € 14,754 thsd (previous year: € 13,823 thsd).

| All figures in €'000 | Allowances for losses on individual account | | Impairment loss on portfolio basis | | Provisions | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| **As at Jan 1** | **2,860** | **2,885** | **9,439** | **9,496** | **1,524** | **597** | **13,823** | **12,977** |
| Allocation | 1,347 | 866 | 168 | 180 | 231 | 1,725 | 1,746 | 2,771 |
| Reversal/utilised | –456 | –891 | –217 | –237 | –141 | –798 | –814 | –1,926 |
| **As at Dec 31** | **3,751** | **2,860** | **9,390** | **9,439** | **1,614** | **1,524** | **14,754** | **13,823** |
| **Of which allowances for bad debts measured at amortised cost** | **3,751** | **2,860** | **9,390** | **9,439** | **1,614** | **1,524** | **14,754** | **13,823** |

Taking into account total direct amortisation of € 1,058 thsd (previous year: € 912 thsd) allocations to allowances for losses on loans and advances recognised in the income statement of € 1,746 thsd (previous year: € 2,771 thsd) and reversals of € 248 thsd (previous year: € 987 thsd) resulted in net cost of allowances for losses of € 737 thsd (previous year: € 2,696 thsd).

Receivables for which specific allowances have been made amount in total to € 5,876 thsd (previous year: € 4,911 thsd). For € 908 thsd of these (previous year: € 661 thsd) the impairment loss was less than 50 % of the gross receivable, the remaining volume was written down by more than 50 %. The allowance for bad debts comes to € 3,751 thsd (previous year: € 2,860 thsd). This corresponds to a percentage of 64 % (previous year: 58 %). Accounts receivable which are in the organisation phase are written down by 50 % and receivables which are in the debt enforcement phase are written down by 100 %.

Receivables from banks mainly concern time deposits. The accounts receivable with up to one year remaining to maturity amount to € 600,580 thsd (previous year: € 583,951 thsd), while those with more than one year remaining to maturity amount to € 5,000 thsd (previous year: € 20,000 thsd). The receivables are not collateralised. At the closing date there are no receivables from financial institutions which are overdue or impaired.

Further information about receivables from the banking business is given in note 33.

The changes in disclosure made are explained in note 3.

### (24) Financial investments

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Available for sale | | |
| Debt securities and holdings in investment funds | 47,885 | 34,741 |
| Investments | 4,227 | 3,629 |
| Held-to-maturity securities | 22,828 | 13,963 |
| Loans and receivables | 105,002 | 66 |
| **Total** | **179,941** | **52,400** |

### Available-for-sale debt securities and holdings in investment funds

| All figures in €'000 | (Amortised) acquisition costs | | Accumulated unrealised gains | | Accumulated unrealised losses | | Market values | |
|---|---|---|---|---|---|---|---|---|
| | Dec 31, 2008 | Dec 31, 2007 | Dec 31, 2008 | Dec 31, 2007 | Dec 31, 2008 | Dec 31, 2007 | Dec 31, 2008 | Dec 31, 2007 |
| Debt securities | | | | | | | | |
| up to 1 year | – | 5,001 | – | – | – | –3 | – | 4,997 |
| more than 1 year and up to 5 years | 16,217 | 16,352 | 4 | 2 | –483 | –36 | 15,738 | 16,318 |
| more than 5 years | – | – | – | – | – | – | – | – |
| Holdings in investment funds | 31,628 | 13,214 | 761 | 213 | –241 | – | 32,147 | 13,427 |
| **Total** | **47,845** | **34,567** | **765** | **214** | **–724** | **–40** | **47,885** | **34,741** |

Unrealised gains of € 623 thsd (previous year: € 111 thsd) and unrealised losses of € 693 thsd (previous year: € 30 thsd) were taken directly to shareholders' equity "Securities marked to market" in the period under review. The recognised losses from the market valuation of securities contributed € –2,793 thsd (previous year: € –8 thsd) to the net income for the period.

The average cost method is applied to determine realised gains and losses on securities and investment funds.

### Held-to-maturity securities

| All figures in €'000 | Amortised costs | | Market values | |
|---|---|---|---|---|
| | Dec 31, 2008 | Dec 31, 2007 | Dec 31, 2008 | Dec 31, 2007 |
| Securities | | | | |
| up to 1 year | – | 1,996 | – | 1,993 |
| more than 1 year and up to 5 years | 22,828 | 9,993 | 23,032 | 9,969 |
| more than 5 years | – | 1,973 | – | 1,901 |
| **Total** | **22,828** | **13,963** | **23,032** | **13,863** |

The fair value of individual securities may drop temporarily below their carrying amount. However, insofar as there are no credit risks, these securities are not written down.

### Loans and receivables

The **loans** amount to € 105,002 thsd (previous year: € 66 thsd) and have a remaining term to maturity of up to one year.

### Assets pledged as collateral:

A security with a face value of € 1,500 thsd and a carrying amount of € 1,502 thsd (previous year: face value of € 1,500 thsd and carrying amount of € 1,499 thsd) was transferred to Clearstream Banking AG, Frankfurt am Main, to cover the replacement risk on account of stock market transactions.

A security amounting to € 1,001 thsd with a face value of € 1,000 thsd was pledged to Deutsche Wertpapier Service Bank AG as collateral for liabilities arising from security processing.

A security amounting to € 2,027 thsd with a face value of € 2,000 thsd was pledged to DZ Bank AG as collateral for liabilities arising from security processing.

All collaterals transferred can only be utilised by the respective secured party in the event that MLP Finanzdienstleistungen AG is not able to meet its payment obligations on a timely basis.

For further disclosures regarding financial investments, please refer to note 33.

## (25) Other receivables and other assets

| All figures in €'000 | Dec 31, 2008 | | | Dec 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Trade accounts receivable | 81,851 | – | 81,851 | 96,014 | – | 96,014 |
| Receivables from commercial agents | 12,353 | 20,847 | 33,200 | 10,124 | 22,893 | 33,017 |
| Advance payments | 23,443 | – | 23,443 | 22,530 | – | 22,530 |
| Interest derivatives | – | – | – | – | 285 | 285 |
| Other assets | 17,220 | 4,175 | 21,395 | 21,565 | 116 | 21,682 |
| **Total, gross** | **134,867** | **25,022** | **159,889** | **150,233** | **23,294** | **173,527** |
| Impairment | –3,603 | –9,236 | –12,839 | –3,745 | –7,708 | –11,452 |
| **Total, net** | **131,265** | **15,786** | **147,051** | **146,489** | **15,586** | **162,075** |

The main items included in trade receivables are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Receivables from sales representatives concern MLP consultants and branch office managers.

The item “Advance payments” comprises trail commissions paid to self-employed commercial agents in advance on commissions for the procurement of unit-linked life insurance policies.

The other assets mainly include the receivable arising from the subsequent profit component in the financial year 2008 as a result of the sale of MLP Lebensversicherung AG, receivables from reinsured pension commitments and accrued receivables.

The allowances for bad debts and other assets are as follows:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| **Impairment losses as at Jan 1** | **11,452** | **19,098** |
| Discontinued operations | –384 | –6,502 |
| Utilisation | –1,321 | –2,592 |
| Allocations | 4,136 | 1,992 |
| Reversals | –1,043 | –545 |
| **Impairment losses as at Dec 31** | **12,839** | **11,452** |

Other receivables and other assets are usually not collateralised. With regard to other receivables and other assets which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no other receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

| All figures in €'000 | Gross value at Dec 31, 2008 | Of which financial assets at Dec 31, 2008 | Financial assets at Dec 31, 2008 neither impaired nor overdue | Financial assets at Dec 31, 2008 neither impaired nor overdue within the following time span | | |
|---|---|---|---|---|---|---|
| | | | | < 90 days | 90–180 days | > 180 days |
| Trade accounts receivable | 81,851 | 81,851 | 74,024 | 6,910 | 476 | 294 |
| Receivables from commercial agents | 33,200 | 33,200 | 23,758 | 57 | 81 | 286 |
| Advance payments | 23,443 | 23,443 | 23,443 | – | – | – |
| Interest derivatives | – | – | – | – | – | – |
| Other assets | 21,395 | 11,170 | 10,155 | 91 | 10 | 164 |
| **Total** | **159,889** | **149,664** | **131,380** | **7,057** | **567** | **744** |

| All figures in €'000 | Gross value at Dec 31, 2007 | Of which financial assets at Dec 31, 2007 | Financial assets at Dec 31, 2007 neither impaired nor overdue | Financial assets at Dec 31, 2007 neither impaired nor overdue within the following time span | | |
|---|---|---|---|---|---|---|
| | | | | < 90 days | 90–180 days | > 180 days |
| Trade accounts receivable | 96,014 | 96,014 | 90,140 | 3,793 | 189 | 1,892 |
| Receivables from commercial agents | 33,017 | 33,017 | 22,264 | 90 | 71 | 55 |
| Advance payments | 22,530 | 22,530 | 22,530 | – | – | – |
| Interest derivatives | 285 | 285 | 285 | – | – | – |
| Other assets | 21,682 | 15,585 | 14,950 | 12 | – | 13 |
| **Total** | **173,527** | **167,430** | **150,169** | **3,895** | **260** | **1,960** |

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending. As at December 31, 2008, receivables for which specific allowances have been made amount to a total of € 9,915 thsd (previous year: € 11,145 thsd). For € 2,215 thsd of these (previous year: € 3,080 thsd) the allowance for bad debts was less than 50 % of the gross receivable, the remaining volume was written down by more than 50 %. The impairment loss comes to a total of € 7,805 thsd (previous year: € 8,210 thsd). This corresponds to an average impairment rate of 79 % (previous year: 74 %).

Additional information on the other receivables and other assets is given in note 33.

### (26) Cash and cash equivalents

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Bank deposits | 21,576 | 22,214 |
| Deposits at the Deutsche Bundesbank | 16,404 | 14,863 |
| Cash on hand | 108 | 174 |
| **Total** | **38,088** | **37,251** |

Changes in cash and cash equivalents during the financial year are shown in the cash flow statement.

### (27) Shareholders' equity

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Share capital | 107,861 | 108,812 |
| Capital reserves | 142,084 | 16,056 |
| Securities marked to market | –97 | –151 |
| Other equity | 179,278 | 370,749 |
| Treasury stock | – | –155,805 |
| Minority interests | – | 63 |
| **Total** | **429,125** | **339,723** |

**Changes in the fully paid-in shares outstanding:**

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| As at Jan 1 | 99,163,680 | 99,918,294 |
| Treasury stock | –1,172,156 | –785,500 |
| Conversion of convertible debentures | 70,465 | 30,886 |
| Increase in capital stock | 9,799,152 | – |
| **As at Dec 31** | **107,861,141** | **99,163,680** |

The changes in the consolidated shareholders' equity in the financial years 2008 and 2007 are shown on page 134.

**Share capital**

The share capital consists of 107,861,141 (December 31, 2007: 108,812,289) no-par-value shares in MLP AG. The change results from the retirement of 10,820,765 own shares on the one hand. On the other, based on a resolution by the Executive Board and with the consent of the Supervisory Board, on August 21, 2008, 9,799,152 new no-par-value shares were issued from authorised capital in exchange for a cash contribution of € 123,763,290. The new shares were issued in an accelerated procedure under the exclusion of subscription rights.

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.

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 Supervisory Board's approval, to increase the company's share capital on one or more occasions by up to € 21,000,000 in exchange for cash or non-cash contributions. Due to an increase in share capital by € 9,799,152 agreed by the Executive Board on August 21, 2008, and approved by the Supervisory Board on the same day, as well as through an amendment by the Supervisory Board also on August 21, 2008, the authorised capital now amounts to € 11,200,848.

### Acquisition of treasury stock

MLP AG, authorised by the resolutions of the Annual General Meeting between 2005 and 2007, purchased a total of 9,648,609 own shares. A further 1,172,156 own shares were purchased in the first quarter of 2008. The company redeemed all 10,820,765 own shares in March 2008. This corresponds to 9.95 % of the share capital at the time of the resolution.

A resolution passed by the Annual General Meeting of May 16, 2008, also authorised the Executive Board, 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.

### Share-based payments

The resolution passed by the Annual General Meeting of May 28, 2002, authorised the Executive Board of MLP AG to formally issue non-interest-bearing **convertible debentures** in one or more tranches up to a total amount of the conditional capital of € 1,700,000 in the period up to May 28, 2007, subject to the approval of the Supervisory Board.

Within the scope of the MLP Incentive Programme, the company formally issued non-interest-bearing convertible debentures made out to the bearer between 2002 and 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, as well as for MLP consultants acting as self-employed commercial agents and employees of affiliated companies pursuant to § 15 et seq. of the German Stock Corporation Act (AktG).

The convertible debentures rank pari passu with the partial debentures made out to the 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 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) exceeds 130 % of the basis price at least once during the qualifying period (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. When the right is exercised, each partial debenture with a face value of € 1 is exchanged for a new no-par-value share of MLP AG against payment of the conversion price.

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.

The exercise hurdle for the third tranche 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.

The exercise hurdle for the fourth tranche 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.

During the financial year 2008, 70,465 conversion rights (previous year: 30,886 conversion rights) were exercised and converted to MLP AG shares. The conditional capital decreased to a total of € 1,457,932 (previous year: € 1,528,397).

The right to cancel convertible debentures lies exclusively with the bearers and may only be exercised if the issuer is insolvent or in receivership.

MLP estimates the fair value of the conversion rights at the grant date using the Black-Scholes formula and taking into account the conditions upon which the conversion rights are granted. The payments received are recognised over the expected vesting period. The liability from the issue of the convertible debentures is recorded by MLP at the time of its addition based on its fair value. Subsequent measurement is made applying the effective interest rate method.

The costs for the programme included in the income statement for the financial year 2008 are € 513 thsd (previous year: € 1,263 thsd) disclosed under operating expenses and € 0 thsd (previous year: € 109 thsd) under personnel expenses. In return the capital reserves were increased by € 513 thsd (previous year: € 1,373 thsd).

At December 31, 2008, the carrying amount of the liability from the issued convertible debentures amounted to € 933 thsd (previous year: € 1,005 thsd).

The following table shows details of the Incentive-Programme:

| | 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 |
| of which converted until Dec 31, 2007 (€ or units) | 169,753 | 1,850 | – |
| of which repaid in total until Dec 31, 2007 (€ or units) | 32,692 | 92,598 | 24,788 |
| Convertible debentures not converted by 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 |
| Repaid in 2008 (€ or units) | 4,320 | 42,619 | 37,538 |
| Convertible debentures not converted by Dec 31, 2008 (€ or units) | 57,830 | 510,888 | 490,547 |
| of which Executive Board (€ or units) | – | 32,300 | – |
| Weighted average share price 2006 (€) | 14.30 | – | – |
| Weighted average share price 2007 (€) | 15.11 | 11.61 | – |
| Weighted average share price 2008 (€) | 11.96 | 13.08 | 13.35 |
| Parameters for the fair value: | | | |
| Dividend yield (%) | 1.68 | 2.34 | 2.37 |
| Expected volatility (%) | 64.52 | 47.75 | 31.49 |
| Risk-free interest rate (%) | 3.68 | 3.56 | 2.86 |
| Anticipated remaining term of option (years) | 0.59 | 1.63 | 2.63 |

The anticipated volatility is based on the assumption that future trends can be inferred from historical volatility. The actual volatility may deviate from the assumptions made.

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 taxes (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 taxes (EBT) of the MLP Group in the years 2005 to 2007 reach a certain amount (performance hurdle), which is established by the 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 taxes (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 taxes (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.

The LTI-programme does not provide for settlement by issuance of equity instruments.

The anticipated costs resulting from the LTI-programme are valued using the Monte-Carlo simulation based on the fair value of the phantom shares. MLP updates the valuation of the fair value for every balance sheet date and for every settlement date. The company records the anticipated total cost of the programme pro rata temporis over the time period up to the first possible exercise date of the phantom shares.

Details of the LTI can be found in the following table:

| | Tranche 2005 | Tranche 2006 | Tranche 2007 | Tranche 2008 |
|---|---|---|---|---|
| Performance shares at time of allocation (units) | 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 Jan 1, 2007 (units) | 124,053 | 117,260 | – | – |
| Performance shares expired in 2007 | 24,121 | 27,060 | – | – |
| Performance shares as at Dec 31, 2007 (units) | 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 in 2008 | 91,317 | – | – | – |
| Performance shares as at Dec 31, 2008 (units) | 0 | 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 |
| Parameters for the fair value as at Dec 31, 2008: | | | | |
| Dividend yield (%) | – | – | 5.04 | 4.98 |
| Expected volatility (%) | – | – | 44.91 | 38.97 |
| Risk-free interest rate (%) | – | – | 2.67 | 2.68 |
| Anticipated remaining term of option (years) | – | – | 1 | 2 |
| Parameters for the fair value as at Dec 31, 2007: | | | | |
| Dividend yield (%) | – | 4.17 | 4.17 | – |
| Expected volatility (%) | – | 35.24 | 38.58 | – |
| Risk-free interest rate (%) | – | 4.05 | 3.99 | – |
| Anticipated remaining term of option (years) | – | 1 | 2 | – |

The payments for the 2005 tranche took place 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. At December 31, 2008, the tranches 2006 to 2008 have a value of € 0 thsd (previous year: € 961 thsd). In the financial year 2008 no costs were recorded for the Long Term Incentive-Programme (previous year: € 338 thsd).

In the financial year 2008, MLP launched **a participation programme** for office managers, consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares for office managers and consultants, depending on their sales performance in the core competencies of old-age provision, health insurance and investment in the assessment period (calendar year 2008), and for the employees, depending on position and gross annual income in the financial year 2008. These phantom shares can only be allocated after a period of three years (after December 31, 2011). The entitlements for the phantom shares distributed in 2009 for the year 2008 vest by December 31, 2011 (end of phase 1), on the condition that the contractual relationship with the eligible parties does not end before this date. The value of these is derived from the value of an MLP share at the time of the payment request. The tranche of phantom shares distributed in 2008 have a share price guarantee, which, however, will be dispensed with, should the eligible party decide to extend the programme beyond 2011. The share price guarantee corresponds to the MLP share price at the close of trading on January 31, 2009. Those eligible parties whose phantom shares have not expired by December 31, 2011, and who have decided to continue their participation in the programme are entitled to a further allocation of phantom shares (turbo shares-1), which corresponds to the number of phantom shares allocated in 2009. In this case the eligible party can request his or her entitlement to be paid out of the phantom shares received in phase 1 (from the assessment year 2008) and turbo shares 1 (from 2012) when the vesting period for turbo shares-1 has expired on December 31, 2015, (turbo I phase) at the earliest.

If, on the other hand, the eligible party decides to request payment of the entitlement he or she has earned once the phase 1 expires on December 31, 2011, he or she receives the higher value of the share price guarantee multiplied by the number of phantom shares held from phase 1 or the current market value of the MLP share multiplied by the number of phantom shares held from phase 1.

If the contractual relationship with an eligible party ends before December 31, 2015, he or she is only entitled to the payment from the phantom shares of the first tranche valued at the current market value of the MLP share. The allocated turbo shares-1 are no longer valid in this case.

Eligible parties whose phantom shares have not lapsed by December 31, 2015, (through exercise or termination of service contract) are once again entitled to an allocation of phantom shares (turbo shares-2), which corresponds to the number of phantom shares allocated in 2009. If the allocation is accepted, the term of the programme is extended by another four years to December 31, 2019, and the previously earned phantom shares will then not be paid out by December 31, 2015. The turbo shares-2 vest if the contractual relationship with an eligible party is extended at least to this date in 2019 (turbo II phase). All non-expired phantom shares as at December 31, 2019, are paid out in 2020 on the basis of the current MLP share price. If the eligible party decides to receive the payout to which he or she is entitled once the turbo I phase has expired, he or she receives the value from the number of phantom shares held from phase 1 and turbo I phase multiplied by the current MLP share price. No payment is then received from turbo shares-2. The same applies if the eligible party exits the scheme before the turbo II phase has expired.

### Capital reserves

The change in the capital reserves in the financial year is due to the retirement of own shares, the increase in capital stock and the recognition of share-based payments pursuant to IFRS 2. The allocation due to share-based payment has resulted in the disclosure of personal expenses of € 0 thsd (previous year: € 109 thsd) and operating expenses of € 513 thsd (previous year: € 1,263 thsd) in the income statement.

Due to the conversion rights exercised in 2008, the capital reserves increased by € 730 thsd. The allocation in the financial year 2008 is the difference between the exercise price of the second, third or fourth tranche conversion rights and the nominal amount of the issued shares (€ 7.02 – € 1; € 12.40 – € 1; € 13.01 – € 1).

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| **As at Jan 1** | **16,056** | **14,487** |
| Retirement of own shares | 10,821 | – |
| Increase in capital stock | 113,964 | – |
| Issue of conversion rights | 513 | 1,373 |
| Exercising of conversion rights | 730 | 196 |
| **As at Dec 31** | **142,084** | **16,056** |

### Securities marked to market

This item shows unrealised profits and losses on securities available for sale having accounted for deferred taxes.

### Other equity

Other equity mainly comprises accumulated non-distributed earnings of the MLP Group.

### Proposed appropriation of profit

Executive Board and Supervisory Board of MLP AG propose a dividend of € 0.28 per share for the financial year 2008 (previous year: € 0.50 per share) to the Annual General Meeting.

## (28) Provisions

| All figures in €'000 | Dec 31, 2008 Current | Dec 31, 2008 Non-current | Dec 31, 2008 Total | Dec 31, 2007 Current | Dec 31, 2007 Non-current | Dec 31, 2007 Total |
|---|---|---|---|---|---|---|
| Pensions | 272 | 20,691 | 20,963 | 264 | 18,630 | 18,895 |
| Cancellation risks | 8,052 | 7,661 | 15,713 | 8,393 | 5,357 | 13,750 |
| Bonus schemes | 7,643 | – | 7,643 | 3,432 | – | 3,432 |
| Litigation risks/ costs | 1,902 | – | 1,902 | 2,341 | – | 2,341 |
| Lending business | 741 | 873 | 1,614 | 1,524 | – | 1,524 |
| Rent | 231 | 689 | 920 | 40 | 96 | 136 |
| Partial retirement | 139 | 542 | 681 | 95 | 533 | 627 |
| Anniversaries | 191 | 386 | 577 | 169 | 531 | 700 |
| Economic loss | 197 | – | 197 | 182 | – | 182 |
| Share-based payments | – | 621 | 621 | – | 961 | 961 |
| Other | 1,599 | 465 | 2,065 | 994 | 237 | 1,231 |
| **Total** | **20,968** | **31,928** | **52,896** | **17,433** | **26,344** | **43,777** |

Provisions have changed as follows:

| All figures in €'000 | Jan 1, 2008 | Changes to the scope of consolidiation | Utilised | Released | Allocation | Discon-tinued operation | Dec 31, 2008 |
|---|---|---|---|---|---|---|---|
| Pensions | 18,895 | – | –272 | –144 | 2,485 | – | 20,963 |
| Cancellations risks | 13,750 | 78 | –78 | – | 1,963 | – | 15,713 |
| Bonus schemes | 3,432 | – | –3,178 | –253 | 7,688 | –45 | 7,643 |
| Litigation risks/costs | 2,341 | – | –708 | –549 | 1,068 | –250 | 1,902 |
| Lending business | 1,524 | – | –141 | – | 231 | – | 1,614 |
| Rent | 136 | – | –33 | – | 817 | – | 920 |
| Partial retirement | 627 | – | –96 | – | 150 | – | 681 |
| Anniversaries | 700 | – | – | –100 | 6 | –29 | 577 |
| Economic loss | 182 | – | –5 | –33 | 54 | – | 197 |
| Share-based payments | 961 | – | –552 | –408 | 621 | – | 621 |
| Other | 1,231 | 56 | –181 | –70 | 1,030 | – | 2,065 |
| **Total** | **43,777** | **134** | **–5,245** | **–1,558** | **16,112** | **–324** | **52,896** |

You can find further details on pension obligations in note 31.

The provisions for cancellations allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies. The increase in provisions for cancellations is mainly caused by the extended cancellation liability periods for brokered insurance policies in line with the German Insurance Act that came into force in early 2008.

The provisions for bonus schemes and share-based payments are recognised for incentive agreements and profit sharing for the Executive Board, employees and self-employed commercial agents.

### (29) Liabilities due to banking business

In the table below the balance sheet items of "Liabilities towards clients from the banking business" and "Liabilities towards banks from the banking business" have been summarised.

| All figures in €'000 | Dec 31, 2008 | | | Dec 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Liabilities due to clients | 778,400 | 435 | 778,835 | 724,134 | 682 | 724,816 |
| Liabilities due to banks | 1,059 | 23,965 | 25,024 | 3,590 | 23,876 | 27,465 |
| **Total** | **779,459** | **24,400** | **803,859** | **727,724** | **24,558** | **752,281** |

The change in liabilities due to banking business of € 752,281 thsd to € 803,859 thsd is essentially due to the increase in client deposits.

At December 31, 2008, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 9,632 thsd (previous year: € 8,977 thsd).

The liabilities towards clients or towards banks does not comprise any large individual items.

The changes in disclosure made are explained in note 3.

See note 33 for further details about this item.

## (30) Other liabilities

| All figures in €'000 | Dec 31, 2008 Current | Dec 31, 2008 Non-current | Dec 31, 2008 Total | Dec 31, 2007 Current | Dec 31, 2007 Non-current | Dec 31, 2007 Total |
|---|---|---|---|---|---|---|
| Purchase price liability Feri Finance AG | – | 57,062 | 57,062 | – | 91,764 | 91,764 |
| Purchase price liability TPC THE PENSION CONSULTANCY GmbH | – | 6,493 | 6,493 | – | – | – |
| Purchase price liability Property Funds Research Ltd. | 118 | 774 | 892 | – | – | – |
| Liabilities due to commercial agents | 58,590 | 1,857 | 60,447 | 69,988 | 1,367 | 71,356 |
| Advance payments received | 43,427 | 11 | 43,438 | 35,331 | – | 35,331 |
| Trade accounts payable | 16,949 | 17 | 16,966 | 19,086 | 17 | 19,103 |
| Interest derivatives | – | 3,522 | 3,522 | – | 4,583 | 4,583 |
| Liabilities due to other taxes | 7,921 | – | 7,921 | 3,595 | – | 3,595 |
| Convertible debentures | 933 | – | 933 | 1,005 | – | 1,005 |
| Liabilities due to banks | 23 | – | 23 | 124 | – | 124 |
| Liabilities from social security contributions | 63 | – | 63 | 79 | – | 79 |
| Other liabilities | 31,764 | 6,837 | 38,601 | 44,461 | 7,060 | 51,521 |
| **Total** | **159,789** | **76,572** | **236,361** | **173,670** | **104,791** | **278,461** |

For more information on purchase price liabilities due to the acquisition of shares in Feri Finance AG, in TPC THE PENSION CONSULTANCY GmbH, in Property Funds Research Ltd. please refer to notes 4 and 8.

Liabilities due to self-employed commercial agents represent unsettled commissions. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

The item "Advance payments received" concerns paid-in-advance trail commissions from unit-linked life insurance policies.

With regard to liabilities from convertible debentures we refer to note 27 "Shareholders' equity", section "Share-based payments".

The sub-item "Other liabilities" covers commissions withheld from MLP consultants due to cancellations and amounts to € 9,384 thsd (previous year: € 9,432 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

See note 33 for further details about these financial instruments.

## Other disclosures

### (31) Pension schemes

At MLP, executive members have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- old-age pension upon reaching 60 or 62 years of age,
- disability pension,
- widow's and widower's pension of 60 % of the pension of the original recipient, and
- orphan's pension of 10 % of the pension of the original recipient.

The pension payments are funded by means of provisions. In the financial year 2008, the total expenses for defined pension plans amount to € 3,297 thsd (previous year: € 3,258 thsd). Current service cost is included in the income statement under "Personnel expenses". The corresponding interest components are recorded under "Other interest and similar expenses".

The expenses for old-age provisions and benefits from defined benefit schemes are as follows:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Current service cost | 1,385 | 2,147 |
| Accrued interest on pension entitlements | 977 | 900 |
| Actuarial gains/losses | –21 | 212 |
| **Total** | **2,341** | **3,258** |

Pension provisions are measured in line with IAS 19. The method of valuation on which the report is based is the projected unit credit method using the mortality charts 2005G compiled by Dr. Klaus Heubeck. Actuarial gains or losses are accounted for using the corridor approach. Actuarial gains or losses are only recorded if they exceed 10 % of the defined benefit obligation. The exceeding amount is spread over the residual service time of active employees and is recognised in the income statement under personnel expenses.

The defined benefit obligations which are funded by provisions is € 19,285 thsd (previous year: € 17,895 thsd). The reconciliation of pension obligations to pension provisions is shown in the table below: pension provisions include provisions of € 3,494 thsd (previous year: € 2,833 thsd) for Executive Board members active on the balance sheet date.

| All figures in €'000 | 2008 | 2007* |
|---|---|---|
| **Defined benefit obligation (DBO)** | | |
| Benefit obligations as at Jan 1 | 17,895 | 20,584 |
| Current service cost | 1,385 | 2,147 |
| Interest | 977 | 900 |
| Actuarial gains and losses | –699 | –5,471 |
| Benefits paid | –272 | –264 |
| **Defined benefit obligation (DBO) as at December 31** | **19,285** | **17,895** |
| Unrecognised actuarial gains and losses | 1,678 | 999 |
| **Pension provisions recognised in the balance sheet as at December 31** | **20,963** | **18,895** |

* Previous year's values adjusted. The adjustments are disclosed under note 3

Actuarial calculations incorporate the following assumptions:

| | 2008 | 2007 |
|---|---|---|
| Assumed interest rate | 5.70% | 5.50% |
| Anticipated annual salary development | 2.60% | 2.60% |
| Anticipated annual pension adjustment | 2.00% | 2.00% |
| Assumed retirement age | 60 or 62 | 60 or 62 |

Experience adjustments of defined benefit obligations are as follows:

| All figures in €'000 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Expected defined benefit obligation | 19,985 | 23,366 | 21,393 | 14,987 |
| Experience adjustments | 24 | –2,461 | –142 | 1,030 |
| Change in the assumption on which calculations were based | –724 | –3,010 | –667 | 2,744 |
| **Defined benefit obligation** | **19,285** | **17,895** | **20,584** | **18,761** |

In 2009 we anticipate payments with regard to pension provisions of € 272 thsd which is attributable to anticipated pension payments.

In addition there are defined contribution plans. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums are recognised as personnel expenses or operating expenses in the respective year. In the financial year 2008 they totalled € 7,655 thsd (previous year: € 7,190 thsd; previous year's value adjusted. The adjustments are disclosed under note 3).

### (32) Income taxes, including deferred taxes

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Income tax attributable to continuing operations | 16,020 | 32,609 |
| of which current taxes on income and profit | 16,844 | 32,843 |
| of which deferred taxes | –824 | –234 |
| Income tax attributable to discontinued operations | 187 | –1,070 |
| **Total** | **16,207** | **31,538** |

On July 6, 2007, the German Bundesrat endorsed the law for corporate tax reform in 2008. In particular, the reduction in the rate of corporation tax from 25 % to 15 % with effect from January 1, 2008, reduced the MLP Group's rate of taxation as of the financial year 2008.

Current taxes on income from continuing operations include income of € 1,000 thsd which is attributable to previous periods.

Income taxes from Group companies outside Germany were attributed to discontinued operations.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The combined income tax rate for domestic companies is made up of corporation tax at 15 % (previous year: 25 %), the solidarity surcharge at 5.5 % (previous year: 5.5 %) and an average municipal trade tax rate of 13.4 % or 12.3 % (previous year: 16.1 %).

The effective income tax rate applicable to the earnings before tax is 34.0 % for continuing operations (previous year: 29.6 %). The following reconciliation account shows the relationship between the earnings before tax and the taxes on income and profit in the financial year. The anticipated tax expense is based on the German combined income tax rate of 29.25 % (previous year: 38.50 %).

| All figures in €'000 | **2008** | **2007** |
|---|---|---|
| Earnings before tax from continuing operations | 47,076 | 110,078 |
| Earnings before tax from discontinued operations | –6,084 | –16,393 |
| | **40,992** | **93,685** |
| Group income tax rate | 29.25% | 38.50% |
| **Calculated income tax expenditure in the financial year** | **11,990** | **36,069** |
| Tax-exempt earnings and permanent differences | 2,393 | –6,639 |
| Non-deductible expenses | 871 | 1,413 |
| Divergent trade taxation charge | 305 | –409 |
| Effects of other taxation rates applicable abroad | 182 | 952 |
| Income tax not relating to the period | –531 | 15 |
| Change in the tax effect due to unrecognised differences and tax losses for which no deferred tax assets were formed | 1,031 | 2,831 |
| Effects of the corporate tax reform | 0 | –2,849 |
| Other | –35 | 156 |
| **Income taxes** | **16,207** | **31,538** |

The item income tax not relating to the period includes effects of the ongoing tax field audit for the period between 2002 and 2006, insofar as these are known and put in sufficiently concrete terms.

The tax-exempt earnings and permanent differences include investment income of the Feri Group and the tax effect of the dividends paid to minority shareholders.

### Deferred taxes

| All figures in €'000 | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| | Dec 31, 2008 | Dec 31, 2007 | Dec 31, 2008 | Dec 31, 2007 |
| Intangible assets | 81 | 91 | 10,176 | 10,191 |
| Property, plant and equipment | – | – | 1,845 | 1,585 |
| Financial investments | – | – | 22 | 28 |
| Investment property | – | – | 543 | 1,118 |
| Other assets | 1,632 | 350 | 1,229 | 205 |
| Tax loss carryforwards | 2 | 469 | – | – |
| Provisions | 2,780 | 2,504 | – | – |
| Liabilities | 1,114 | 1,442 | 64 | 56 |
| **Gross value** | **5,609** | **4,856** | **13,879** | **13,183** |
| Netting of deferred tax assets and liabilities | –4,283 | –3,286 | –4,283 | –3,286 |
| **Total** | **1,326** | **1,570** | **9,597** | **9,897** |

The foreign branches and Group companies report tax loss carryforwards of € 9,835 thsd (previous year: € 5,703 thsd). For these, deferred tax assets for tax loss carryforwards were not accounted in the balance sheet. In the previous year, no deferred taxes were formed on the basis of tax loss carryforwards of € 3,829 thsd. There are no significant unrecognised differences from retained earnings. In the Dutch enterprise, the utilisation of losses is limited to a maximum of nine years.

At December 31, 2008, deferred income tax claims of € 155 thsd (previous year: € 20 thsd) and deferred income tax liabilities of € 13 thsd (previous year: € 3 thsd) were recognised directly in the shareholders' equity.

### Tax refund claims

Tax refund claims include € 18,447 thsd (previous year: € 8,316 thsd) of corporation tax and € 8,422 thsd (previous year: € 1,338 thsd) of trade tax. The major portion of € 25,193 thsd (previous year: € 8,178 thsd) is attributable to MLP AG.

### Tax liabilities

| All figures in €'000 | Jan 1, 2008 | Utilised | Released | Allocation | Dec 31, 2008 |
|---|---|---|---|---|---|
| Corporation tax | 55 | – | 55 | – | 0 |
| Trade tax | 19 | 19 | – | – | 0 |
| **Total** | **74** | **19** | **55** | **–** | **0** |

Liabilities are set up for taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

### (33) Additional information on financial instruments

Based on the relevant items in the balance sheet, the following tables show the carrying amounts of the financial instruments held on the closing date in the categories laid down by IAS 39. MLP's categorisation according to IAS 39 corresponds with the classification pursuant to IFRS 7.

| All figures in €'000 as at Dec 31, 2008 | IAS-39 category | Carrying amount | (Amortised) cost | Fair value (with no effect on the operating result) | Fair value (recognised in the income statement |
|---|---|---|---|---|---|
| Receivables from banking business – banks | L+R | 605,580 | 605,580 | – | – |
| Receivables from banking business – clients | L+R | 270,027 | 270,027 | – | – |
| Receivables from banking business – clients | FVPL | 5,405 | – | – | 5,405 |
| Financial assets – securities | AfS | 47,885 | – | 45,579 | 2,306 |
| Financial assets – investments | AfS | 4,227 | 4,227 | – | – |
| Financial assets – securities | HtM | 22,828 | 22,828 | – | – |
| Financial assets – loans | L+R | 105,002 | 105,002 | – | – |
| Trade accounts receivable | L+R | 81,602 | 81,602 | – | – |
| Receivables from commercial agents | L+R | 21,360 | 21,360 | – | – |
| Advance payments | L+R | 23,443 | 23,443 | – | – |
| Interest derivatives | HfT | – | – | – | – |
| Other assets | L+R | 10,420 | 10,420 | – | – |
| Cash and cash equivalents | L+R | 38,088 | 38,088 | – | – |
| Non-current assets held for sale | AfS | 729 | – | 729 | – |
| Financial instruments in connection with disposal groups held for sale | L+R | 1,464 | 1,464 | – | – |
| **Aggregated in line with IAS-39 categories** | | | | | |
| Loans and receivables | L+R | 1,156,986 | 1,156,986 | – | – |
| Designated at fair value through profit or loss | FVPL | 5,405 | – | – | 5,405 |
| Held to maturity | HtM | 22,828 | 22,828 | – | – |
| Held for trading | HfT | – | – | – | – |
| Available for sale | AfS | 52,841 | 4,227 | 46,309 | 2,306 |

| All figures in €'000 as at Dec 31, 2008 | IAS-39 category | Carrying amount | (Amortised) cost | Fair value (with no effect on the operating result) | Fair value (recognised in the income statement |
|---|---|---|---|---|---|
| Receivables from banking business – banks | L+R | 603,951* | 603,951* | – | – |
| Receivables from banking business – clients | L+R | 255,177 | 255,177 | – | – |
| Receivables from banking business – clients | FVPL | 5,120 | – | – | 5,120 |
| Financial assets – securities | AfS | 34,741 | – | 34,741 | – |
| Financial assets – investments | AfS | 3,629 | 3,629 | – | – |
| Financial assets – securities | HtM | 13,963 | 13,963 | – | – |
| Financial assets – loans | L+R | 66 | 66 | – | – |
| Trade accounts receivable | L+R | 95,912* | 95,912* | – | – |
| Receivables from commercial agents | L+R | 22,274 | 22,274 | – | – |
| Advance payments | L+R | 22,530 | 22,530 | – | – |
| Interest derivatives | HfT | 285 | – | – | 285 |
| Other assets | L+R | 14,977* | 14,977* | – | – |
| Cash and cash equivalents | L+R | 37,251* | 37,251* | – | – |
| Non-current assets held for sale | AfS | 12,154 | – | 12,154 | – |
| Financial instruments in connection with disposal groups held for sale | L+R | – | – | – | – |
| **Aggregated in line with IAS-39 categories** | | | | | |
| Loans and receivables | L+R | 1,052,138* | 1,052,138* | – | – |
| Designated at fair value through profit or loss | FVPL | 5,120 | – | – | 5,120 |
| Held to maturity | HtM | 13,963 | 13,963 | – | – |
| Held for trading | HfT | 285 | – | – | 285 |
| Available for sale | AfS | 50,524 | 3,629 | 46,895 | – |

* The changes in disclosure made are explained in note 3

All figures in €'000 as at Dec 31, 2008

| | IAS-39 category | Carrying amount | (Amortised) cost | Fair value (with no effect on the operating result) | Fair value (recognised in the income statement) |
|---|---|---|---|---|---|
| Liabilities due to banking business – clients | AC | 778,835 | 778,835 | – | – |
| Liabilities due to banking business – banks | AC | 25,024 | 25,024 | – | – |
| Purchase price liability Feri Finance AG | AC | 57,062 | 57,062 | – | – |
| Purchase price liability TPC THE PENSION CONSULTANCY GmbH | AC | 6,493 | 6,493 | – | – |
| Purchase price liability Property Funds Research Ltd. | AC | 892 | 892 | – | – |
| Liabilities due to commercial agents | AC | 59,762 | 59,762 | – | – |
| Advance payments received | AC | 43,438 | 43,438 | – | – |
| Trade accounts payable | AC | 16,966 | 16,966 | – | – |
| Interest derivatives | HfT | 3,522 | – | – | 3,522 |
| Convertible debentures | AC | 933 | 933 | – | – |
| Liabilities due to banks | AC | 23 | 23 | – | – |
| Other liabilities | AC | 9,292 | 9,292 | – | – |
| Liabilities in connection with disposal groups held for sale | AC | 1,363 | 1,363 | – | – |
| **Aggregated in line with IAS-39 categories** | | | | | |
| Financial liabilities, measured at amortised cost | AC | 1,000,083 | 1,000,083 | – | – |
| Financial liabilities, held for trading | HfT | 3,522 | – | – | 3,522 |

All figures in €'000 as at Dec 31, 2007

| | IAS-39 category | Carrying amount | (Amortised) cost | Fair value (with no effect on the operating result) | Fair value (recognised in the income statement |
|---|---|---|---|---|---|
| Liabilities due to banking business – clients | AC | 724,816 | 724,816 | – | – |
| Liabilities due to banking business – banks | AC | 27,465 | 27,465 | – | – |
| Purchase price liability Feri Finance AG | AC | 91,764 | 91,764 | – | – |
| Purchase price liability TPC THE PENSION CONSULTANCY GmbH | AC | – | – | – | – |
| Purchase price liability Property Funds Research Ltd. | AC | – | – | – | – |
| Liabilities due to commercial agents | AC | 70,910 | 70,910 | – | – |
| Advance payments received | AC | 35,331 | 35,331 | – | – |
| Trade accounts payable | AC | 19,103 | 19,103 | – | – |
| Interest derivatives | HfT | 4,583 | – | – | 4,583 |
| Convertible debentures | AC | 1,005 | 1,005 | – | – |
| Liabilities due to banks | AC | 124 | 124 | – | – |
| Other liabilities | AC | 26,626 | 26,626 | – | – |
| Liabilities in connection with disposal groups held for sale | AC | – | – | – | – |
| **Aggregated in line with IAS-39 categories** | | | | | |
| Financial liabilities, measured at amortised cost | AC | 997,144 | 997,144 | – | – |
| Financial liabilities, held for trading | HfT | 4,583 | – | – | 4,583 |

The carrying amounts of financial assets and liabilities measured at fair value correspond to the market values. The fair values and carrying amounts of financial instruments measured at amortised cost are compared in the table below.

| All figures in €'000 | IAS-39 category | Dec 31, 2008 Carrying amount | Dec 31, 2008 Fair value | Dec 31, 2007 Carrying amount | Dec 31, 2007 Fair value |
|---|---|---|---|---|---|
| Investments | AfS | 4,227 | – | 3,629 | – |
| Receivables from banking business – banks | L+R | 605,580 | 605,580 | 603,951* | 603,951* |
| Receivables from banking business – clients | L+R | 270,027 | 276,097 | 255,177 | 260,361 |
| Financial assets – securities | HtM | 22,828 | 23,032 | 13,963 | 13,863 |
| Financial assets – loans | L+R | 105,002 | 105,002 | 66 | 66 |
| Trade accounts receivable | L+R | 81,602 | 81,602 | 95,912* | 95,912* |
| Receivables from commercial agents | L+R | 21,360 | 21,360 | 22,274 | 22,274 |
| Advance payments | L+R | 23,443 | 23,443 | 22,530 | 22,530 |
| Other assets | L+R | 10,420 | 10,420 | 14,977 | 14,977 |
| Cash and cash equivalents | L+R | 38,088 | 38,088 | 37,251* | 37,251* |
| Financial instruments in connection with disposal groups | L+R | 1,464 | 1,464 | – | – |
| Receivables from banking business – clients | AC | 778,835 | 778,835 | 724,816 | 724,816 |
| Receivables from banking business – banks | AC | 25,024 | 25,024 | 27,465 | 27,465 |
| Purchase price liability Feri Finance AG | AC | 57,062 | 57,062 | 91,764 | 91,764 |
| Purchase price liability TPC THE PENSION CONSULTANCY GmbH | AC | 6,493 | 6,493 | – | – |
| Purchase price liability Property Funds Research Ltd. | AC | 892 | 892 | – | – |
| Liabilities due to commercial agents | AC | 59,762 | 59,762 | 70,910 | 70,910 |
| Advance payments received | AC | 43,438 | 43,438 | 35,331 | 35,331 |
| Trade accounts payable | AC | 16,966 | 16,966 | 19,103 | 19,103 |
| Convertible debentures | AC | 933 | 933 | 1,005 | 1,005 |
| Liabilities due to banks | AC | 23 | 23 | 124 | 124 |
| Other liabilities | AC | 9,292 | 9,292 | 26,626 | 26,626 |
| Liabilities in connection with disposal groups held for sale | AC | 1,363 | 1,363 | – | – |
| **Aggregated in line with IAS-39 categories** | | | | | |
| Loans and receivables | L+R | 1,156,986 | 1,163,055 | 1,052,138 | 1,057,322 |
| Held to maturity | HtM | 22,828 | 23,032 | 13,963 | 13,863 |
| Financial liabilities, measured at amortised cost | AC | 1,000,083 | 1,000,083 | 997,144 | 997,144 |
| Available for sale (measured at cost) | AfS | 4,227 | – | 3,629 | – |

* Previous year's values adjusted. The adjustments are disclosed under note 3

Due to the difficulty of reliably determining the fair value, the investments are valued at their cost of acquisition. There is no indication of fair values being lower than carrying amounts.

Cash and cash equivalents, trade receivables, receivables from companies in which the Group holds an interest and other assets have mainly short remaining terms. Their carrying amounts on the balance sheet date are almost identical to the fair values. The same applies to the trade accounts payable.

The fair values of other non-current receivables, held-to-maturity financial investments due after one year and liabilities due to banks correspond to the present values of the payments related to the assets or debts, taking into account the current interest rate parameters that reflect market- and partner-based changes to terms and conditions, and expectations. The fair values of other financial liabilities are calculated at the present values of the payments associated with the debts, based on the applicable yield curve.

The next table shows the net gains or losses from financial instruments in line with the categories of IAS 39.

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Net gains or losses from financial instruments of the category | | |
| Loans and receivables (L+R) | 37,914 | 29,785 |
| Available for sale (AfS) | 4,123 | 3,630 |
| Fair value through profit or loss (FVPL) | 242 | 119 |
| Held to maturity (HtM) | 870 | 577 |
| Liabilities at amortised cost (AC) | –33,251 | –21,586 |
| Held for trading (HfT) | –330 | 22 |

Net gains or losses include: interest income and expenses, dividend income, impairment losses, reversals of impairment losses, sales proceeds, subsequent income from written-off financial assets, income and expenses due to the measurement at fair value.

For financial instruments not measured at fair value through profit or loss, interest income of € 44,294 thsd and interest charges of € 33,145 thsd were accrued in the last financial year (previous year: € 38,579 thsd interest income, € 21,581 thsd interest charge).

For impairment losses we refer to the note for the items "Receivables from the banking business" and "Other receivables and other assets". Impairment losses of € 2,194 thsd (previous year: € 0 thsd) were recorded for the financial instruments "held to maturity" and "available for sale".

For the "Loans and receivables" designated as at fair value through profit or loss, the maximum credit risk corresponds to the carrying amount of these financial instruments. The change in the fair value is solely due to the changes in market conditions. As in the previous year, there are no changes in the fair value due to the credit standing.

**Derivative business**

In order to fix the interest flows for the financing of individual construction phases of the Wiesloch building project completed in 2004, MLP took out two payer interest rate swaps in 1999. After the premature redemption of the loans, the open interest position resulting from the purchase of two reverse swaps with identical amounts and terms was closed. In addition, three interest rate swaps were concluded by MLP Finanzdienstleistungen AG with a total value of € 5,000 thsd. The interest rate swaps do not serve speculative purposes, but are rather taken out to hedge interest risks (interest-dependent risk of changes to the fair value of originated fixed interest-bearing loans). They are not included in a hedge accounting relationship.

| All figures in €'000 | Face value Dec 31, 2008 | Fair value Dec 31, 2008 | Face value Dec 31, 2007 | Fair value Dec 31, 2007 |
|---|---|---|---|---|
| Interest rate swap 1 | 30,000 | –1,967 | 30,000 | –1,370 |
| Interest rate swap 2 | 20,000 | –1,359 | 20,000 | –979 |
| Interest rate swap 3 | 20,000 | –48 | 20,000 | –911 |
| Interest rate swap 4 | 30,000 | –68 | 30,000 | –1,323 |
| Interest rate swap 5 | 1,000 | –36 | 1,000 | 33 |
| Interest rate swap 6 | 1,500 | –38 | 1,500 | 67 |
| Interest rate swap 7 | 2,500 | –6 | 2,500 | 184 |
| **Total** | **105,000** | **–3,522** | **105,000** | **–4,299** |

The face value of derivative financial instruments stated in the table corresponds to the purchasing/selling values or contract values of hedged items which are economically connected with the swaps. They are shown gross (even if offsetting transactions exist).

As at December 31, 2008, the accumulated fair value of the interest derivatives was € –3,522 thsd (previous year: € –4,299 thsd). The valuation is based on the market values on the balance sheet date. The instruments with an accumulated negative market value totalling € 3,522 thsd (previous year: € 4,583 thsd) are disclosed under other receivables. There are no instruments with an accumulated positive market value (previous year: € 284 thsd; reported under other receivables and other assets). The changes in fair value of derivatives of € –330 thsd (previous year: € 22 thsd) were recorded in the financial result or under earnings from the interest rate business.

**(34) Notes on the consolidated cash flow statement**

The cash flow statement illustrates the cash flows of a financial year separated into operating, investing and financing activities.

The **cash flow from operating activities** results from cash flows that cannot be defined as investing or financing activities. This is determined on the basis of the consolidated net profit for the year from continuing operations, current earnings and profit from the sale of discontinued operations. As part of the indirect determination of the cash flow, the changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation and currency translation. Therefore the changes in the respective balance sheet items cannot be aligned with the corresponding values in the published consolidated balance sheets. Cash flow from operating activities has increased by € 57,598 compared to the previous year to a level of € 80,997 thsd.

In addition to changes in the intangible assets and property, plant and equipment as well as changes in financial investments, cash flow from **investing activities** comprises the acquisition of TPC GmbH (previous year: MLP Hyp GmbH) and the rest of the shares from BERAG. These cash flows also include payments in connection with the cessation of business at MLP Private Finance plc., London, UK, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, FI Datenservice GmbH, Frankfurt am Main, MLP Private Finance AG, Zurich, Switzerland, and the insurance companies.

The **financing activity** shows the cash-related equity capital changes and loans used and paid back.

The cash flow statement also includes cash inflows and outflows of discontinued operations. These are shown separately as an "of which" item.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under **cash and cash equivalents**. Cash equivalents are short-term financial investments which can be converted into cash at any time and which are only subject to minor value fluctuation risks. The cash and cash equivalents disclosed in the balance sheet have been reduced by € 17 thsd (previous year: € 17 thsd) which are subject to restraints.

| All figures in €'000 | Dec 31, 2008 | Dec 31, 2007 |
|---|---|---|
| Cash and cash equivalents | 38,088 | 37,251 |
| Cash and cash equivalents, contained in non-current assets held for sale and disposal groups | 399 | – |
| Restraints | –17 | –17 |
| | **38,470** | **37,234** |
| Liabilities to banks due on demand | –23 | –124 |
| **Cash and cash equivalents** | **38,447** | **37,110** |

The receivables from financial institutions of MLP Finanzdienstleistungen AG are not included in cash and cash equivalents as they are to be attributed to the current business activities of the banking business segment (formerly: MLP Bank AG).

### (35) Notes on Group reporting by segment

As of January 1, 2008, IFRS 8 "Operating segments" was applied ahead of schedule in the Group. IFRS 8 stipulates the disclosure of information on business segments of the Group. The standard replaces IAS 14 "Segment reporting" and applies the "management approach" for segment reporting pursuant to IFRS, as is the case in accordance with US-GAAP as per SFAS 131. Accordingly, the division of the Group into reporting segments is to follow the composition of segments used in the internal reporting system.

For the purpose of segment reporting according to IAS 14 "Segment reporting", the MLP Group was subdivided into the following (primary) segments until December 31, 2007:

- Consulting and sales
- Banking
- Wealth management
- Internal services and administration

With the merger of MLP Finanzdienstleistungen Aktiengesellschaft and MLP Bank AG in 2007, the internal reporting has been adapted for 2008. There is no longer a distinction between the business segments "consulting and sales" and "banking". Under application of the management approach they both form the reporting object "financial services".

Due to the amended report structure, since January 1, 2008, the MLP Group is subdivided into the following reportable business segments for the purpose of segment reporting pursuant to IFRS 8 "Operating segments":

- Financial services
- Feri
- Holding

In line with IFRS 8.12, MLP has merged the operating segments of financial services and old-age provision into one operating segment "Financial services".

In order to form the reportable operating segment "Feri," MLP has merged the operating segments Feri Family Trust, Feri Institutional Advisors and Feri EuroRating Services.

The **Financial services** operating segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational pension provision schemes and loans of all kinds, as well as the brokering of contracts concerning these financial services. This segment also includes finance portfolio management, the trustee credit business and the loan and credit card business. With 2,428 consultants and a comprehensive range of services, MLP currently caters for approximately 730,000 clients in the named segments. The financial services segment, which focuses on the brokerage business, is made up of MLP Finanzdienstleistungen AG, Wiesloch, TPC THE PENSION CONSULTANCY GmbH (formerly: BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH), Bremen, and the associate MLP Hyp GmbH, Schwetzingen.

The discontinued operations of the financial services operating segment are MLP Private Finance plc., London, UK, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, MLP Private Finance AG, Zurich, Switzerland, and MLP Finanzdienstleistungen AG, Vienna, Austria. You can find further details on discontinued operations in note 36.

The business operations of the **Feri** segment cover wealth and investment consulting. This segment consists of Feri Finance AG für Finanzplanung und Research, Bad Homburg v.d. Höhe, Feri Family Trust GmbH (formerly: Feri Wealth Management GmbH), Bad Homburg v.d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v.d. Höhe and Feri EuroRating Services AG (formerly: Feri Rating & Research GmbH), Bad Homburg v.d. Höhe.

The **Holding** operating segment consists of MLP AG, Wiesloch. The main internal services and activities are combined in this segment. Intrasegment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

The management makes decisions on the allocation of resources and determines segment performance on the basis of the income statement for that segment. MLP employs the accounting policies applied in the consolidated financial statements to determine financial information on the segments.

All segments perform their economic activities predominantly in Germany.

The "Financial services" and "Holding" operating segments generated sales revenue of € 191,670 thsd (previous year: € 210,579 thsd) from two clients.

### (36) Discontinued operations/disposal groups

In order to restructure its foreign business operations, MLP has been looking for a buyer for MLP Finanzdienstleistungen AG, Vienna, Austria, since the fourth quarter of the financial year 2008. The expenses and income from this and earlier discontinued operations are illustrated below.

By valuing the assets of the discontinued operations at less than the carrying amount and fair value less costs of disposal, MLP achieved the following results:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| MLP Finanzdienstleistungen AG, Vienna | – | – |
| MLP Private Finance plc., London | – | 3,277 |
| MLP Private Finance Correduria de Seguros S.A., Madrid | – | 173 |
| MLP Private Finance AG, Zurich | – | – |

The net assets break down as follows:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Intangible assets | 581 | – |
| Property, plant and equipment | 424 | 1 |
| Other receivables and other assets | 1,116 | 497 |
| Cash and cash equivalents | 399 | 965 |
| Deferred taxes | 31 | – |
| Provisions | –324 | – |
| Liabilities | –2,257 | –1,187 |
| **Net assets** | **–29** | **276** |

The previous year's figure shows the deconsolidated net assets of MLP Private Finance plc., London, UK, and MLP Private Finance Correduria de Seguros S.A., Madrid, Spain.

### Income statement of discontinued operations

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Revenues | 7,749 | 10,913 |
| Other revenues | 467 | 348 |
| **Total revenues** | **8,217** | **11,261** |
| Commission expenses | –4,200 | –4,644 |
| Personnel expenses | –5,453 | –5,390 |
| Depreciation and amortisation | –182 | –257 |
| Other operating expenses | –2,844 | –8,046 |
| **Earnings before interest and taxes (EBIT)** | **–4,463** | **–7,076** |
| Other interest and similar income | 17 | 122 |
| Other interest and similar expenses | –4 | –6 |
| **Finance cost** | **13** | **115** |
| **Earnings before taxes (EBT)** | **–4,450** | **–6,961** |
| Income taxes | –3 | 473 |
| **Earnings from discontinued operations after taxes** | **–4,454** | **–6,488** |
| Earnings from the sale of operations before taxes | –1,634 | –9,432 |
| Income taxes | –183 | 597 |
| **Earnings from the sale of operations after taxes** | **–1,817** | **–8,835** |
| **Net earnings from discontinued operations after taxes** | **–6,271** | **–15,322** |

The operating result in 2008 only includes the expenses and income of the foreign subsidiary in Austria.

The loss disclosed in the item "Earnings from the sale of operations before taxes" for 2008 includes subsequent expenses and income from the earlier discontinuation of operations, and expenses amounting to € 134 thsd which were previously accrued in connection with the process of selling MLP Finanzdienstleistungen AG, Vienna, Austria.

#### Earnings per share

The earnings per share of the discontinued operations is disclosed in note 42.

### (37) Non-current assets held for sale and disposal groups

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Special assets/shares in funds | | |
| "X of the Best" | 729 | – |
| "ZinsPlus OP" | – | 3,539 |
| "Vermögensmanagement Rendite OP" | – | 4,478 |
| "Vermögensmanagement Chance OP" | – | 4,136 |
| Discontinued operation MLP Finanzdienstleistungen AG, Vienna, Austria | 2,552 | – |
| **Total** | **3,281** | **12,154** |

The balance sheet item includes **shares in funds** held for sale of € 729 thsd on December 31, 2008. These **special assets** handled in euros are mixed funds according to the German Investment Act (InvG). The special asset **"X of the Best"** disclosed on December 31, 2008, is managed by Sal. Oppenheim Jr. & Cie. S.C.A., Luxembourg. Unrealised losses of € 271 thsd with no effect on the operating result were included for "X of the Best" in 2008 under the equity item "Securities marked to market".

Due to the financial crisis, the anticipated sale of the shares in funds could not be realised within the twelve-month period following the classification of the assets as "held for sale", as stipulated by IFRS 5. The retained assets in funds were therefore reclassified under the balance sheet item "Financial investments". Due to the lack of control, no consolidation is required. No significant profit or loss to be recognised in the income statement was made as a result of the reclassification as financial investments.

### (38) Financial risk management

MLP is faced with a number of financial risks. MLP aims to identify and minimise these risks through a Group-wide risk management and monitoring system.

The **financial risks** relevant to MLP include the counterparty default risk, the interest risk and the liquidity risk. There is no substantial foreign exchange risk, country risk and no other market price risks. There is no concentration of risk.

**Counterparty default risks** mainly result from granting advances to consultants and office managers as well as from typical client credit business. The counterparty default risk is reflected by the carrying amounts on the balance sheet. Receivables from the banking business are secured with customary banking collaterals.

MLP monitors and controls possible counterparty 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. Accounts that are regarded as carrying risk are adjusted accordingly.

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.

When financial instruments point to a variable interest rate, MLP is faced with a **cash-flow-relevant interest risk**. For fixed interest-bearing financial instruments, the interest risk relates to the fair value of the financial instruments (fair-value-relevant interest risk).

The total stock of available-for-sale fixed income securities amounts to € 15,503 thsd (previous year: € 20,942 thsd). If the market interest rate level had been higher (lower) by 50 basis points on December 31, 2008, the market value of the total stock of fixed interest-bearing financial instruments would have been reduced by € 3 thsd (previous year: by € 5 thsd) or increased by € 3 thsd (previous year: by € 9 thsd). As these fixed income securities are classified as "available for sale", changes to the fair value are thus included in shareholders' equity, meaning that any change to the market interest rate level would have had no effect on the net profit. For this reason the notional change in the market interest rate level would have reduced or increased shareholders' equity by € 3 thsd (previous year: reduced by € 5 thsd or increased by € 9 thsd).

MLP faces a further **interest risk**, the maturity transformation risk, from the incongruities between the terms of interest of granted loans and those of the refinancing of these loans. These maturity transformation risks, which result from the incongruency in the terms of interest of granted loans and those of the refinancing of these loans, are continuously monitored and evaluated in compliance with supervisory requirements (stress scenarios).

In order to reduce the **cash-low-relevant interest risk**, we use derivative financial instruments (interest rate swaps). If the market interest rate level had been 50 basis points higher (lower) on December 31, 2008, the time value of the fixed interest-bearing loans and fixed interest-bearing refinancings, which have been designated as at "fair value through profit

and loss", would have been increased by € 130 thsd or reduced by € 135 thsd. The net profit would thus have increased by € 130 thsd or fallen by € 135 thsd.
The changes in market value of loans in the category "at fair value through profit and loss" are purely due to changes in interest rates. MLP bases the selection process of these loans on a very good credit rating of the debtor. There have been no changes in the fair value due to credit standing.

**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.

The tables below show the maturity structure of financial liabilities with contractually fixed terms to maturity:

| Total cash flow (redemption and interest) in €'000 as at Dec 31, 2008 | Due on demand | Up to 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Liabilities due to banking business – clients | 754,916 | 20,949 | 6,368 | 260 | 782,493 |
| Liabilities due to banking business – banks | 1,059 | 2,284 | 10,684 | 16,024 | 30,051 |
| Purchase price liability Feri Finance AG | – | – | 75,029 | – | 75,029 |
| Purchase price liability TPC THE PENSION CONSULTANCY GmbH | – | – | 7,400 | – | 7,400 |
| Purchase price liability Property Funds Research Ltd. | – | 124 | 969 | – | 1,093 |
| Liabilities due to commercial agents | 55,472 | 2,729 | 1,561 | – | 59,762 |
| Trade accounts payable | – | 16,949 | 17 | – | 16,966 |
| Liabilities due to savings deposits | – | 9,703 | – | – | 9,703 |
| Liabilities due to banks | 23 | – | – | – | 23 |
| Interest derivatives | – | – | 3,522 | – | 3,522 |
| Other liabilities | 470 | 53,182 | 11 | – | 53,663 |
| **Total** | **811,939** | **105,920** | **105,561** | **16,284** | **1,039,704** |

| Total cash flow (redemption and interest) in €'000 as at Dec 31, 2007 | Due on demand | Up to 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Liabilities due to banking business – clients | 718,890 | 24,760 | 280 | 749 | 744,679 |
| Liabilities due to banking business – banks | 3,531 | 2,049 | 10,013 | 17,930 | 33,523 |
| Purchase price liability Feri Finance AG | – | – | 107,299 | – | 107,299 |
| Purchase price liability TPC THE PENSION CONSULTANCY GmbH | – | – | – | – | – |
| Purchase price liability Property Funds Research Ltd. | – | – | – | – | – |
| Liabilities due to commercial agents | 66,439 | 3,434 | 1,037 | – | 70,910 |
| Trade accounts payable | – | 19,086 | 17 | – | 19,103 |
| Liabilities due to savings deposits | – | 9,045 | – | – | 9,045 |
| Liabilities due to banks | 124 | – | – | – | 124 |
| Interest derivatives | – | – | 4,583 | – | 4,583 |
| Other liabilities | 265 | 53,417 | – | – | 53,682 |
| **Summe** | **789,249** | **111,792** | **123,230** | **18,679** | **1,042,949** |

- **Other market risks** for financial instruments result from changes such as stock exchange prices for equity instruments. As at December 31, 2008, MLP has shareholdings of € 4,227 thsd (previous year: € 3,629 thsd) and available-for-sale securities of € 47,885 thsd (previous year: € 34,741 thsd). Available-for-sale securities include fixed income securities of € 0 thsd (previous year: € 4,997 thsd) and variable interest-bearing securities of € 15,503 thsd (previous year: € 15,944 thsd). The remaining available-for-sale securities of € 32,382 thsd (previous year: € 13,799 thsd) are not fixed interest-bearing. The investments are shares in non-consolidated subsidiaries, whose equity instruments have no market price and whose fair value cannot be reliably determined. The shares are thus valued at their cost of acquisition.

A detailed representation of business risks and a description of the risk management can be found in the risk report of this annual report, which forms a part of the management report.

### (39) Disclosures on capital

A primary objective of investment control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum amount of shareholders' equity backing, are fulfilled. With regard to the compliance with statutory solvency regulations as per § 2a (6) of the German Banking Act (KWG), MLP evaluates its minimum shareholders' equity backing on a consolidated basis. Pursuant to § 10a (3) no. 1 of the German Banking Act (KWG), the relevant Financial Holding Group comprises MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, Feri Finance AG, Bad Homburg v.d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v.d. Höhe, Feri Family Trust GmbH (formerly: Feri Wealth Management GmbH), Bad Homburg v.d. Höhe, and MLP Finanzdienstleistungen AG, Vienna. As a deposit-taking bank, MLP Finanzdienstleistungen AG, Wiesloch, is a holding institution according to § 10a (3) no. 4 of the German Banking Act (KWG).

The following means and measures for controlling and adjusting the capital structure are available to MLP: (a) transferring to the statutory reserve, (b) issuing new shares, (c) buying back and retiring treasury stock.

As a financial holding group, MLP is obliged to back its weighted risk assets and operational risks with at least 8 % equity (equity ratio) according to § 2 (6) of the Solvency Ordinance (SolvV – ordinance governing the capital adequacy of institutions, groups of institutions and financial holding groups) of December 14, 2006. Since January 1, 2008, MLP applies the credit risk standard approach for determining the risk-weighted exposure values (risk assets) in accordance with § 24 f. of the Solvency Ordinance (SolvV). The amount eligible for inclusion in the operational risk has been determined using the basic indicator approach since January 1, 2008, (§§ 269 (2) and § 270 f. of the Solvency Ordinance).

MLP used the transitional provision of § 64h of the German Banking Act (KWG) up to December 31, 2007. MLP applied the requirements of principle I covering the principles of equity of financial institutions in the version published on October 29, 1997, last amended in compliance with the announcement of July 20, 2000.

The backing of risk assets with core capital (tier-1 capital) generally requires a minimum ratio of 4 %. As in the previous year, these requirements have not changed during the financial year 2008. The same applies for MLP's internal processes, objectives and measures for investment control (except for the alterations in connection with the application of the Solvency Ordinance (SolvV) from 2008, as detailed above).

The core capital is made up of the following equity items of the relevant groups of institutions in line with § 10 of the German Banking Act (KWG): share capital, capital reserves, statutory reserve, reserve for treasury stock. The following reduce core capital: intangible assets, treasury stock, investment carrying amounts in companies belonging to the relevant groups of institutions, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders' equity backing during the financial year 2008. The relationship between the weighted risk assets and core capital is illustrated below.

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| **Core capital** | **359,238** | **185,227** |
| Tier-2 capital | 250 | 250 |
| Tier-3 capital | – | – |
| **Equity** | **359,488** | **185,477** |
| **Weighted risk assets** | **810,542** | **704,688** |
| **Operational risk** | **57,030** | **–*** |
| **Equity ratio min. 8 %**<br>**(Equity x 100/(12.5 x operational risk+ risk assets))** | **23,60** | **–*** |
| **Core capital ratio min. 4 %**<br>**(Core capital x 100 / (12.5 x operational risk+ risk assets))** | **23,58** | **–*** |
| **Equity ratio (equity/risk assets) min. 8 %** | **–*** | **26.32 %** |
| **Core capital ratio (core capital/risk assets) min. 4 %** | **–*** | **26.28 %** |

* Utilisation of the transitional arrangement of § 64h of the German Banking Act (KWG) in 2007

MLP's tier-2 capital solely consists of the contingency reserves according to § 340f of the German Commercial Code (HGB).

### (40) Other financial commitments

Payments for operating leases include rental charges for PC hardware, notebooks and copiers. The leases have a term of 36 months subject to a purchase option in favour of the lessee. The expenses arising from operating leases amount to € 33,409 thsd for the financial year (previous year: € 41,322 thsd).

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

| All figures in €'000 | Due 2009 | Due 2010–2013 | Due from 2014 | Total |
|---|---|---|---|---|
| Rent of offices | 15,077 | 33,677 | 5,405 | 54,158 |
| Outsourcing IT technology | 35,867 | 128,763 | 0 | 164,630 |
| Rental/leasing liabilities | 5,415 | 9,251 | 8,247 | 22,913 |
| Purchase commitments | 4,257 | 0 | 0 | 4,257 |
| Other obligations | 1,345 | 804 | 13 | 2,162 |
| **Total** | **61,962** | **172,494** | **13,665** | **248,120** |

The income from subletting notebooks to MLP consultants amounts to € 5,163 thsd (previous year: € 4,918 thsd).

### (41) Contingent assets and liabilities and other liabilities

As it is composed of companies from different business segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of unexpected decisions, which has not been fully covered by allowances for losses or insurance and which is liable to have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and income at the Group's expense are not anticipated with regard to the currently pending legal actions.

On the balance sheet date there are liabilities on account of sureties and warranties of € 15,183 thsd (previous year: € 19,438 thsd) and irrevocable credit commitments of € 9,545 thsd (previous year: € 8,584 thsd).

Reinsurance has been arranged for benefit obligations for the independent commercial agents. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) sentence 3 of the German Company Pension Law (BetrAVG).

MLP Finanzdienstleistungen AG has committed itself to providing MLP Private Finance AG, Zurich, with liquid funds, whenever necessary, until the time of completion of the liquidation proceedings.

MLP Finanzdienstleistungen AG is a member of the deposit protection fund of the Bundesverband deutscher Banken e.V. Due to the cost allocation obligation as per § 12 of the Articles of Association, obligations to make additional capital payments might arise.

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.

#### Purchase price adjustments for the acquisition of a business segment of Property Fund Research Ltd., Reading, UK

Depending on the future economic development of the business segment Property Fund Research, the fixed purchase price component (€ 0.3 million) may rise due to a variable purchase price component. The present value of the variable purchase price component is GBP 0.7 million (December 31, 2008: € 0.9 million). The variable purchase price component is due in instalments from 2009 to 2012 and is expected to lead to a cash outflow of GBP 0.9 million (December 31, 2008: € 1.1 million). The variable purchase price component and the expected cash outflow are maximum amounts, which at the same time correspond to anticipated values.

#### Purchase price adjustments for the acquisition of TPC-Group GmbH

Depending on the future economic development of TPC-Group GmbH, Hamburg, the fixed purchase price component may rise due to a variable purchase price component of up to € 25.0 million (present value of the variable purchase price component as at February 29, 2008). On the balance sheet date the present value of the maximum purchase price liability is € 25.4 million. Payment of the maximum amount would result to a cash outflow of € 29.0 million. The variable purchase price component is due in 2013 and is expected to lead to a cash outflow of € 7.4 million (liabilities recognised in the balance sheet as at December 31, 2008: € 6.5 million).

### Purchase price adjustments for the acquisition of Feri Finance AG

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. The payment of the maximum amount will probably result in a cash outflow of € 131.5 million. MLP anticipates that this variable component of the purchase price will amount to € 5.0 million. The variable purchase price component is due at the earliest on the date of actual transfer of the shares in April 2011 and will probably result in a cash outflow of € 5.9 million.

For further details, please refer to notes 4 and 8.

### Purchase price adjustments from the sale of MLP Versicherung AG

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.

### (42) Earnings per share

The calculation for the basic and diluted earnings per share for the total earnings for continuing and discontinued operations is based on the following data:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Basis of the basic earnings per share (net profit) | 24,785 | 62,146 |
| Effect of the potential share dilution: interest on convertible debentures (after tax) | 45 | 35* |
| **Basis of the diluted earnings per share** | **24,830** | **62,181*** |

*Dilutive effect on earnings adjusted; the resulting increase of diluted earnings per share of 1 cent for the financial year 2007 is mainly attributable to rounding differences

| All figures in units | 2008 | 2007 |
|---|---|---|
| Weighted average number of shares for the basic earnings per share | 102,100,933 | 99,832,590 |
| Effect of the potential share dilution: convertible debentures | 1,059,265 | 1,214,207 |
| **Weighted average number of shares for the diluted earnings per share** | **103,160,198** | **101,046,797** |

The basic earnings per share for continuing and discontinued operations is € 0.24 (previous year: € 0.62), the diluted earnings per share amounts to € 0.24 (previous year: € 0.62).

The calculation for the basic and diluted earnings per share for the total earnings for continuing operations is based on the following data:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Basis of the basic earnings per share (net profit) | 31,056 | 77,469 |
| Effect of the potential share dilution: interest on convertible debentures (after tax) | 35 | 25 |
| **Basis of the diluted earnings per share** | **31,091** | **77,494** |

| All figures in units | 2008 | 2007 |
|---|---|---|
| Weighted average number of shares for the basic earnings per share | 102,100,933 | 99,832,590 |
| Effect of the potential share dilution: convertible debentures | 1,059,265 | 1,214,207 |
| **Weighted average number of shares for the diluted earnings per share** | **103,160,198** | **101,046,797** |

The basic earnings per share for continuing operations is € 0.30 (previous year: € 0.78), the diluted earnings per share amounts to € 0.30 (previous year: € 0.77).

The calculation for the basic and diluted earnings per share for the net earnings from discontinued operations is based on the following data:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Basis of the basic earnings per share (net profit) Effect of the potential share dilution | –6,271 | –15,322 |
| Interest on convertible debentures (after tax) | 10 | 9 |
| **Basis of the diluted earnings per share** | **–6,261** | **–15,313** |

| All figures in units | 2008 | 2007 |
|---|---|---|
| Weighted average number of shares for the basic earnings per share | 102,100,933 | 99,832,590 |
| Effect of the potential share dilution: convertible debentures | 1,059,265 | 1,214,207 |
| **Weighted average number of shares for the diluted earnings per share** | **103,160,198** | **101,046,797** |

The basic earnings per share for the earnings from discontinued operations is € –0.06 (previous year: € –0.15), the diluted earnings per share amounts to € –0.06 (previous year: € –0.15).

## (43) Related parties

### Executive Board

**Dr. Uwe Schroeder-Wildberg**, Heidelberg
Chairman, responsible for planning and strategy, human resources, communication, legal affairs, audit, IT, controlling, accounting, taxes, treasury and general administration

**Gerhard Frieg**, Heidelberg
Responsible for product management and purchasing

**Muhyddin Suleiman**, Rauenberg
Responsible for sales and marketing

### Supervisory Board

**Dr. Peter Lütke-Bornefeld**, Everswinkel
Chairman of the Board of Kölnische Rückversicherungs-Gesellschaft AG
Chairman as of December 16, 2008
Vice Chairman from May 16, 2008, to December 15, 2008

**Dr. h.c. Manfred Lautenschläger**, Gaiberg
Chairman until December 15, 2008, Vice Chairman from December 16, 2008

**Gerd Schmitz-Morkramer**, Munich
Vice Chairman until May 16, 2008

**Dr. Claus-Michael Dill**, Berlin
Chairman of the Board of Damp Holding AG, from May 16, 2008

**Johannes Maret**, Burgbrohl
Entrepreneur

**Maria Bähr**, Sandhausen
Employees' representative
Departmental head at MLP Finanzdienstleistungen AG

**Norbert Kohler**, Oftersheim
Employees' representative
Team leader at MLP Finanzdienstleistungen AG

| Mandates in other statutory Supervisory Boards of companies based in Germany | Memberships in comparable domestic and foreign control bodies of commercial enterprises |
|---|---|
| Feri Finance AG, Bad Homburg v.d.H.<br>(Chairman)<br>Reutax AG, Heidelberg | MLP Finanzdienstleistungen AG, Vienna<br>(Chairman of the Supervisory Board) |
| Feri Finance AG, Bad Homburg v.d.H. | BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen<br>(Chairman of the Supervisory Board, until July 25, 2008)<br>MLP Hyp GmbH, Schwetzingen |
| Feri Finance AG, Bad Homburg v.d.H. | |

| Mandates in other statutory Supervisory Boards of companies based in Germany | Memberships in comparable domestic and foreign control bodies of commercial enterprises |
|---|---|
| VPV Lebensversicherungs-AG, Stuttgart<br>Delvag Rückversicherungs-AG, Cologne | Group companies:<br>General Reinsurance Corporation (Holding), Stamford, USA<br>General Re Life Corporation, Stamford, USA<br>GeneralCologne Re Capital GmbH, Cologne<br>Others:<br>Faraday Holdings Limited, London, Great Britain |
| MLP Finanzdienstleistungen AG, Wiesloch (Chairman) | Universitätsklinikum Heidelberg, Heidelberg (Supervisory Board) |
| Merck Finck Treuhand AG, Frankfurt am Main (Chairman)<br>bmp AG, Berlin (Chairman)<br>YOC! AG, Berlin (Chairman) | Ernst Max von Grunelius Stiftung, Frankfurt (Chairman)<br>Taurus Investment Holding, Boston, USA<br>(Chairman of the Advisory Board) |
| Kölnische Rückversicherungs-Gesellschaft AG, Cologne<br>(Chairman)<br>TÜV Rheinland Holding AG, Cologne<br>(Chairman) | TÜV Rheinland Berlin Brandenburg Pfalz, Cologne e.V.<br>(Governing Board)<br>Deutsche Bank AG, Frankfurt (Regional Advisory Board East)<br>WestLB, Dusseldorf (Economic Advisory Board)<br>HUK Coburg AG, Coburg (Group Advisory Board)<br>Gothaer Versicherungen AG, Cologne (Social Policy Advisory Board) |
| DAB Bank AG, Munich (until May 8, 2008) | Gebrüder Rhodius KG, Burgbrohl<br>(Chairman of the Advisory Board)<br>The Triton Fund, Jersey, USA (Investment Committee Member)<br>Xchanging plc., London (Non-Executive Director)<br>Basler Fashion Holding GmbH, Goldbach<br>(Chairman of the Advisory Board)<br>BEX Beteiligungs GmbH, Bad Oeynhausen<br>(Chairman of the Advisory Board)<br>CET Beteiligungs GmbH, Vienna<br>(Chairman of the Advisory Board) |
| MLP Finanzdienstleistungen AG, Wiesloch (until April 30,2008) | – |
| MLP Finanzdienstleistungen AG, Wiesloch (until April 30, 2008) | – |

### Related persons

Within the scope of the ordinary business, legal transactions were made between the Group and members of the Executive Board and the Supervisory board. The legal transactions concern the conclusion of insurance policies or business regarding payment transactions and private wealth management. The legal transactions were completed under standard market or employee conditions.

As at December 31, 2008, members of the executive bodies had current account debits, surety credits and other loans of total € 190 thsd (previous year: € 12 thsd). The surety credits get charged with 1 % interests (previous year: 1 %), the current account debits with 7.0 % to 7.5 % (previous year: 7.5 %) and the other loans with 4.5 %.

The total remuneration for members of the Executive Board active in the financial year is € 1,939 thsd (previous year: € 3,662 thsd), of which € 1,291 thsd (previous year: € 2,153 thsd) are attributable to the fixed portion of remuneration and € 648 thsd (previous year: € 1,510 thsd) to the variable portion of remuneration. Retired Executive Board members received no compensation (previous year: € 2,023 thsd). As at December 31, 2008, pension provisions for retired members of the Executive Board amounted to € 8,718 thsd (previous year: € 8,711 thsd).

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

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

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 or units | **Convertible debentures Tranche 2004 (value at grant date)** | **Convertible debentures Total units as at Dec 31, 2008** | **Convertible debentures 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** |

The payments for the 2005 tranche took place in the past financial year. The performance shares of the tranche 2006 will be forfeited as the performance hurdle was not achieved, 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.

For the detailed structure 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.

### Related companies

Within the scope of its ordinary business, MLP AG and its consolidated subsidiaries have business relations to a large number of companies. This also includes subsidiaries which are non-consolidated for reasons of materiality. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies.

All related companies included in the consolidated financial statements are stated in the list of share holdings (note 6).

### (44) Disclosures pursuant to §§ 21 (1), 22 of the German Securities Trading Act (WpHG)

Mr. Manfred Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, dropped below the threshold of 25 % on August 22, 2008, and amounted to 23.38 % on this day (25,205,534 votes). This share comprises 20.98 % of the voting rights (22,618,932 votes) of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Mr. Manfred Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 15 %, 20 % and 25 % on April 21, 2008, and amounted to 25.72 % (25,205,534 votes) on this day. This share comprises 23.08 % of the voting rights (22,618,932 votes) of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Manfred Lautenschläger Beteiligungen GmbH, 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, dropped below the thresholds of 10 %, 5 % and 3 % on April 21, 2008, due to its merger with Angelika Lautenschläger Beteiligungen Verwaltungs GmbH and amounted to 0 % (0 votes) on this day.

Manfred Lautenschläger Beteiligungen GmbH, 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 10 % on March 31, 2008, and amounted to 10.61 % (10,404,995 votes) on this day.

Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg, 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 15 % and 20 % on April 21, 2008, and amounted to 23.08 % (22,618,932 votes) on this day.

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, 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, dropped below the threshold of 3 % on May 8, 2008, and amounted to 2.23 % (2,183,499 votes) on this date.

Landesbank Berlin Holding AG, Berlin, Germany, also informed us that 2.23 % (2,183,499 votes) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Landesbank Berlin Holding AG are held by the following company it controls, whose share of the voting rights in MLP AG directly amounts to 2.23 %: Landesbank Berlin AG, Berlin, Germany.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany, informed us that Landesbank Berlin Holding AG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) is a subsidiary of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG and that the voting rights of Landesbank Berlin Holding AG in MLP AG are attributable to it. The share of the voting rights held by Landesbank Berlin Holding AG in MLP AG, Wiesloch, Germany, dropped below the threshold of 3 % on May 8, 2008, and amounts to 2.23 % (2,183,499 votes) on this date.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG also informed us that 2.23 % (2,183,499 votes) are attributable to it in line with § 22 (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 by the following companies it controls, whose direct or indirect share of the voting rights in MLP AG is 2.23 %: Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin, Germany.

Regionalverbandsgesellschaft mbH, Berlin, Germany, informed us that Landesbank Berlin Holding AG is a subsidiary of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) and that the voting rights of Landesbank Berlin Holding AG in MLP AG are attributable to it. The share of the voting rights held by Landesbank Berlin Holding AG in MLP AG, Wiesloch, Germany, dropped below the threshold of 3 % on May 8, 2008, and amounts to 2.23 % (2,183,499 votes) on this date.

Regionalverbandsgesellschaft mbH, Berlin, Germany, also informed us that 2.23 % (2,183,499 votes) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Regionalverbandsgesellschaft mbH, Berlin, Germany, are held by the following companies it controls, whose direct or indirect share of the voting rights in MLP AG is 2.23 %: Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin, Germany.

Landesbank Berlin Holding AG, Berlin, 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, dropped below the threshold of 5 % on May 2, 2008 and amounted to 4.71 % (4,614,480 votes) on this date.

Landesbank Berlin Holding AG, Berlin, Germany, also informed us that 4.71 % (4,614,480 votes) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Landesbank Berlin Holding AG are held by the following company it controls, whose share of the voting rights in MLP AG directly amounts to 4.71 %: Landesbank Berlin AG, Berlin, Germany.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, 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, dropped below the threshold of 5 % on May 2, 2008, and amounted to 4.71 % (4,614,480 votes) on this date.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, also informed us that 4.71 % (4,614,480 votes) are attributable to it in line with § 22 (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 by the following companies it controls, whose direct or indirect share of the voting rights in MLP AG is 4.71 %: Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin, Germany.

Regionalverbandsgesellschaft mbH, Berlin, 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, dropped below the threshold of 5 % on May 2, 2008, and amounted to 4.71 % (4,614,480 votes) on this date.

Regionalverbandsgesellschaft mbH, Berlin, Germany, also informed us that 4.71 % (4,614,480 votes) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Regionalverbandsgesellschaft mbH, Berlin, Germany, are held by the following companies it controls, whose direct or indirect share of the voting rights in MLP AG is 4.71 %: Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin, Germany.

Mr. Carsten Maschmeyer, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, dropped below the thresholds of 20 %, 15 %, 10 %, 5 % and 3 % on November 20, 2008, and amounted to 0 % (0 votes) on this date.

Mr. Carsten Maschmeyer, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 10 %, 15 % and 20 % on November 20, 2008, and amounted to 24.30 % (26,212,890 votes) on this date.

Mr. Carsten Maschmeyer, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, dropped below the threshold of 10 % on August 22, 2008, and amounted to 9.94 % on this date (10,712,890 votes).

Mr. Carsten Maschmeyer, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, exceeded the threshold of 10 % on August 20, 2008, and amounted to 10.93 % on this date (10,712,890 votes).

Mr. Carsten Maschmeyer, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 12, 2008, and amounted to 5.93 % on this date (5,813,000 votes).

Swiss Life Beteiligungs GmbH, Munich, 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 thresholds of 3 %, 5 %, 10 %, 15 % and 20 % on November 20, 2008, and amounted to 24.30 % (26,212,890 votes) on this date.

Swiss Life Holding AG, Zurich, Switzerland, 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 thresholds of 3 %, 5 %, 10 %, 15 % and 20 % on November 20, 2008, and amounted to 24.30 % (26,212,890 votes) on this date. The voting rights are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, 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, dropped below the thresholds of 15 % and 10 % on November 20, 2008, and amounted to 5.01 % (5,406,900 votes) on this date.

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, 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 15 % on August 12, 2008, and amounted to 15.82 % (15,506,000 votes) on this date.

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, 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 10 % on July 11, 2008, and amounted to 10.16 % (9,961,283 votes) on this date.

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, 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 thresholds of 3 % and 5 % on May 29, 2008, and amounted to 5.15 % (5,050,300 votes) on this date.

AXA S.A., Paris, France, 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, dropped below the threshold of 5 % on August 22, 2008, and amounted to 4.72 % (5,090,989 votes) on this date. 4.18 % of the voting rights (4,503,693 votes) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) and a further 0.54 % (587,296 votes) is attributable to it in line with § 22 (1) sentence 1 no. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

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

AXA S.A., Paris, France, informed us of the following in line with § 21 (1) of the German Securities Trading Act (WpHG):

The share of the voting rights of AXA Lebensversicherung AG, Cologne, Germany, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (4,503,693 votes) on this date.

The share of the voting rights of AXA Konzern AG, Cologne, Germany, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (4,503,693 votes) on this date. The inclusion of these voting rights occurs in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The share of the voting rights of Vinci B.V., Utrecht, Netherlands, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (4,503,693 votes) on this date. The inclusion of these voting rights occurs in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The share of the voting rights of AXA S.A., Paris, France, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 21, 2008, and amounted to 5.17 % (5,063,489 votes) on this date. Of this, 4.60 % (4,503,693 votes) is attributable to AXA S.A. in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) and a further 559,796 votes (0.57 %) are attributable in line with § 22 (1) sentence 1 no. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

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

Allianz SE, Munich, 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 thresholds of 3 % and 5 % on August 22, 2008, and amounted to 6.27 % (6,761,893 votes) on this date. The voting rights were attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to it were held by the following companies it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Allianz Deutschland AG, Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

At the same time, Allianz SE informed us of the following in line with §§ 21 (1) in connection with § 24 of the German Securities Trading Act (WpHG):

The share of the voting rights held by Allianz Deutschland AG, Munich, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008, and amounted to 6.27 % (6,761,893 votes). These voting rights are attributable to Allianz Deutschland AG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to Allianz Deutschland AG were held by the following companies it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

The share of the voting rights held by Jota Vermögensverwaltungsgesellschaft mbH, Munich, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008, and amounted to 6.27 % (6,761,893 votes). These voting rights are attributable to Jota Vermögensverwaltungsgesellschaft mbH in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to Jota Vermögensverwaltungsgesellschaft mbH were held by the following company it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Allianz Lebensversicherung AG.

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

Harris Associates Inc., Chicago, USA, 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, dropped below the threshold of 3 % on October 30, 2008, and amounted to 2.95 % (3,176,740 shares) on this date. These voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, USA, 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, dropped below the threshold of 3 % on October 30, 2008, and amounted to 2.95 % (3,176,740 shares) on this date. These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA, 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, dropped below the threshold of 5 % on September 30, 2008, and amounted to 4.37 % (4,714,266 shares) on this date. These voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, USA, 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, dropped below the threshold of 5 % on September 30, 2008, and amounted to 4.37 % (4,714,266 shares) on this date. These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, Illinois 60602, USA, 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, dropped below the threshold of 10 % on May 19, 2008, and is now 9.84 % (this corresponds to 9,646,572 shares). All of these voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, Illinois 60602, USA, 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, dropped below the threshold of 10 % on May 19, 2008, and is now 9.84 % (this corresponds to 9,646,572 shares). All of these voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, Illinois 60602, USA, 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 10 % on March 31, 2008, and is now 10.73 % (this corresponds to 10,516,572 shares). All of these voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, Illinois 60602, USA, 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 10 % on March 31, 2008, and is now 10.73 % (this corresponds to 10,516,572 shares). All of these voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

MLP AG with its registered office in Wiesloch, Germany, herewith discloses in accordance with § 26 (1) sentence 2 of the German Securities Trading Act (WpHG) that the proportion of its own shares that it holds dropped below the thresholds of 5 % and 3 % on March 25, 2008, and amounted to 1.96 % (1,957,656 voting rights) on this date.

### (45) Auditor's fees

The fees in connection with services of the auditing firm Ernst & Young AG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, in the financial year 2008 (including expenses and statutory value added tax) amounted to:

| All figures in €'000 | 2008 | 2007 |
|---|---|---|
| Audit | 842 | 1,308 |
| Other certification and assessment services | 108 | 88 |
| Tax advisory services | 179 | 193 |
| Other services | 148 | 386 |
| **Total** | **1,276** | **1,975** |

The item "Audit" contains the fees paid for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP AG and its subsidiaries. This item also includes fees for audit work performed in the context of meeting submission obligations and compliance.

### (46) Events after the balance sheet date

In order to strengthen its market position among medics, MLP purchased all company shares in **ZSH Vermittlung von Versicherungen und Vermögensanlagen Verwaltungs GmbH**, Heidelberg, and all limited partner's shares in **ZSH Vermittlung von Versicherungen und Vermögensanlagen GmbH & Co KG**, Heidelberg ("ZSH GmbH & Co KG") on February 4, 2009.

The object of ZSH GmbH & Co KG is the administration and brokerage of all types of insurance policies and investments, real estate and loans as well as the provision of other services economically related to the aforementioned objects.

MLP will pay the purchase price of approximately € 11.3 million 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 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 has appointed Ralf Schmid as the new Executive Board member up to December 31, 2012.

Within the scope of its strategic focus, MLP will in future concentrate on its core market of Germany in the area of consumer business. For this purpose, MLP is looking for new owners to take over its operating units 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 results of operations.

### (47) Release of consolidated financial statements

The Executive Board drew up the consolidated financial statements on March 16, 2009, and will present them to the Supervisory Board for publication on March 25, 2009.

Wiesloch, March 16, 2009

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Ralf Schmid

# Audit opinion

"We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the income statement, the balance sheet, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the Group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German Generally Accepted 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to 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 consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group 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, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a sentence 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 17, 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Prof. Dr. Pfitzer
Auditor

Skirk
Auditor

# Responsibility statement

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

Wiesloch, March 16, 2009

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg    Gerhard Frieg

Muhyddin Suleiman    Ralf Schmid

# Glossary

**Available-for-sale securities** are securities that are not to be held to maturity and have not been acquired for sale in the near term. These securities are shown at fair value.

The buyer of a **call option** has the right to buy a financial instrument at a predetermined price and in a predetermined quantity within a certain period or at a given point in time.

**Contingent liabilities** are liabilities whose occurrence is improbable. Although they are not carried in the balance sheet, they must be disclosed in the notes, e.g. as liabilities on account of sureties.

**Derivative financial instruments** are financial instruments whose value depends on the price performance of an underlying asset. Examples of derivative financial instruments include swaps.

**Earnings per share** is the ratio of the consolidated profit or loss for the year to the average number of shares issued. For diluted earnings per share, the number of shares and the consolidated profit or loss for the year are adjusted by the dilutive effects of any subscription rights that have been or can still be exercised. Subscription rights arise in connection with issues of convertible debentures and share options.

**Fair value** is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair value usually corresponds to the stock market or market value or to a value derived from this. In some cases, the fair value is calculated as the present value.

**Goodwill** is recognised by the acquirer as an asset from the acquisition date and is initially measured as the excess of the cost of the business combination over the acquirer's share of the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities. Any goodwill resulting from business combinations after March 31, 2004, is not amortised but is subject to an impairment review. If necessary, an impairment loss is recognised (impairment only approach).

The company holds **held-to-maturity securities** with the intent and ability to hold these securities to maturity.

**Interest rate swaps** are used to exchange payment obligations that are denominated in the same currency but subject to different interest terms (fixed/variable).

**International Accounting Standards (IAS)** and **International Financial Reporting Standards (IFRS)** are accounting standards promulgated by the International Accounting Standards Board (IASB), which is responsible for issuing IASs/IFRSs. Since 2002, the standards issued by the IASB are known as "IFRS"; the standards issued previously were called "IAS".

The buyer of a **put option** has the right to sell a financial instrument at a predetermined price and in a predetermined quantity within a certain period or at a given point in time.

**Segment reporting** is financial information based on the consolidated financial statements, reported by business segment.

# Financial Calendar 2009

**March 26**
MLP Group Annual Report 2008

**May 13**
Results for the 1st quarter 2009

**May 26**
Equinet European Small and Midcap Conference, London, Great Britain

**June 16**
Annual General Meeting 2009, Mannheim, Germany

**August 12**
Results for the 2nd quarter 2009

**September 22–24**
HVB UniCredit German Conference, Munich, Germany

**November 11**
Results for the 3rd quarter 2009

# Imprint

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This Annual Report is climate neutral. The greenhouse gas emissions of 1,148 kg $CO_2$ equivalents caused by production and distribution of this publication have been offset by investing in a high-quality climate protection project

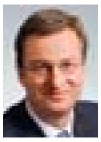
PEFC

MLP ist ein Unternehmen in der

Metropolregion
Rhein-Neckar

# The MLP Group at a glance

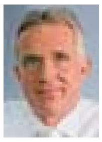
## MLP AG



**Dr. Uwe Schroeder-Wildberg**
Chairman and CEO of MLP AG
planning and strategy, human resources, communication, legal affairs, audit, IT, controlling, accounting, taxes, treasury and general administration

**Muhyddin Suleiman**
Member of the Executive Board at MLP AG
sales and marketing

**Gerhard Frieg**
Member of the Executive Board at MLP AG
product management and purchasing

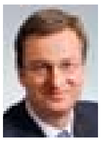


**Ralf Schmid**
Member of the Executive Board at MLP AG since March 1, 2009
Chief Operating Officer

100 %

56.6 %

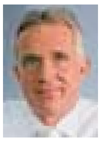
## MLP Finanzdienstleistungen AG



**Dr. Uwe Schroeder-Wildberg**
Chairman of the Executive Board
finance

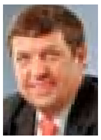
**Gerhard Frieg**
Member of the Executive Board
product management and purchasing

**Ewald Wesp**
Member of the Executive Board
banking business

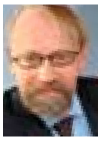


**Ralf Schmid**
Member of the Executive Board
operations

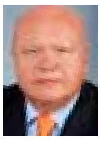
## Feri Finance AG



**Michael Stammler**
Chairman of the Executive Board
Family Trust



**Dr. Matthias Klöpper**
Member of the Executive Board
finance



**Dr. Helmut Knepel**
Member of the Executive Board
rating & research

**Dr. Heinz-Werner Rapp**
Member of the Executive Board
asset allocation & investment strategy

**Arnd Thorn**
Member of the Executive Board
institutional clients

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