

## Corporate Governance report – Declaration on Corporate Governance

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

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Text of the Declaration of Compliance "Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP AG hereby declare that the company has complied with the recommendations of the "German Corporate Governance Code" government commission (version dated May 26, 2010) since the last Declaration of Compliance was issued. Only the recommendations specified in section 4.1.5, section 4.2.3 (4) and (5), section 5.1.2 sentences 2 and 7, section 5.4.1 (2) sentence 2, section 5.4.1 (2) and (3) and section 5.4.6 sentence 4 were not followed.

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

#### Section 4.1.5 (compliance with diversity at management level)

Based on the recommendations of the German Corporate Governance Code, the Executive Board must pay attention to diversity when filling management positions and aim for an appropriate consideration of women.

The Executive Board will continue to strengthen its efforts to secure diversity when filling management positions and in particular aim for an appropriate consideration of women at the management levels within the company. The Executive Board at MLP AG has already implemented measures in the past with the objective of making it easier for staff to combine their career with a family. It will test the effectiveness of these measures in the financial year 2011 and either make any changes deemed necessary or implement additional measures to ensure that women are given appropriate consideration at the management levels, taking into account the company's specific situation.

At the present time, it has not been sufficiently clarified in corporate governance practice under which conditions full compliance with section 4.1.5 is achieved. For this reason, MLP declares that it initially deviated from this recommendation in the financial year 2010. However, the company does intend to comply with the recommendation, most likely starting in the financial year 2011.

#### Section 4.2.3 (4) and (5) (severance payment cap)

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

MLP still deviates from this recommendation in certain aspects. MLP complies with the recommendations of the Corporate Governance Code for members of the Executive Board who have signed a valid Executive Board service contract since July 31, 2009. However, the service contracts with Executive Board members signed prior to July 31, 2009 stipulate that, in the event of premature termination due to either dismissal or termination of appointment of an Executive Board member without an important reason, a severance payment corresponding to a maximum of four times the fixed annual salary of said Executive Board member is to be paid. This is paid on a pro rata temporis basis should the respective Executive Board member's contract be terminated within the last two years prior to its expiration. This stipulation still applies, even if members of the Executive Board make use of the right to an extraordinary termination granted to them in their respective contracts. This applies in certain cases where the company changes its corporate form as per the Reorganisation of Companies Act (UmwG) or if a third party who had a shareholding of less than 10% in MLP AG when signing the contract then acquires at least a 50% share of the voting rights.

There is no entitlement to severance payment in the case of termination of contract by mutual agreement. In the company's view, a severance payment based on the total remuneration of the last financial year, which thereby also includes a variable portion of remuneration, does not represent an appropriate basis of assessment for future contractual periods. For contractual reasons, provisions regulating severance payment arrangements concerning the termination of contracts by mutual agreement can in any case only be seen as a guideline. And the parties involved are free to deviate from these provisions at any time with mutual consent. For this reason, any provisions of this nature would be no more than a formality.

With regard to Executive Board service contracts signed prior to July 31, 2009 MLP will therefore not follow this recommendation in 2011 – as was also the case in 2010. The recommendation is – where applicable – to be followed in the regular extensions of service contracts for members of the Executive Board.

**Section 5.1.2 sentence 2 (diversity in the composition of the Executive Board)**

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should also pay attention to diversity in the composition of the Executive Board and in particular aim for an appropriate consideration of women.

The Supervisory Board at MLP AG aims at increasing its efforts of respecting diversity, and, in particular, ensuring appropriate consideration of women for future appointments of Executive Board members. The Supervisory Board has already given specific consideration to applications from suitable women in earlier selection procedures. Furthermore, in one of its meetings in the financial year 2010, the Supervisory Board discussed diversity issues regarding the Executive Board. In the financial year 2011, it will address this topic again and in even more detail, and modify existing selection processes as and if necessary and/or take further measures directed at attaining an appropriate consideration of women also within the company's Executive Board, taking into account the company's specific situation.

It is presently not entirely clear under what conditions section 5.1.2 sentence 2 is deemed fully complied with. MLP therefore hereby declares that it initially deviated from this recommendation in the financial year 2010. However, the Supervisory Board does intend to comply with the recommendation, most likely starting in the financial year 2011.

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

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

MLP did not follow this recommendation in 2010. No age limit is set for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. As was also the case in 2010, MLP has therefore once again elected not to follow this recommendation in 2011.

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

Based on the recommendations of the German Corporate Governance Code, an age limit should be set and taken into account when considering proposals for the election of Supervisory Board members.

MLP did not follow this recommendation in 2010. No age limit is set for members of the Supervisory Board at MLP. In light of the knowledge, skills and specialist experience stipulated in section 5.4.1 sentence 1 of the Code, it makes little sense to specify an age limit. As was also the case in 2010, MLP has therefore once again elected not to follow this recommendation in 2011.

**Section 5.4.1 (2) and (3) (specification of concrete objectives for the composition of the Supervisory Board)**

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board is to stipulate concrete objectives regarding its composition, which, whilst considering the company's specific situation, take into account the company's international operations, any potential conflicts of interest, an age limit to be specified for members of the Supervisory Board and diversity. These concrete objectives should, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the respective selection committees should also take these objectives into account. The objectives and present status of implementation are to be published in the Corporate Governance report.

MLP initially did not follow this recommendation in 2010. In one of its meetings held in the financial year 2010, the Supervisory Board at MLP AG addressed the topic of setting concrete objectives for appointments to the Supervisory Board, giving particular consideration to diversity, and then commissioned the Nomination Committee to review the nomination procedure applied to date under this aspect and develop proposals for any necessary modifications. Since the focus of the company's and the Group's operations is in Germany, the aspect of internationality is not to be given particular consideration in connection with the composition of the Supervisory Board. Set against the background of the ongoing deliberations regarding these recommendations, it has not yet been possible to take modifications into account when making concrete recommendations to the election bodies. It is currently also not possible to report on any concrete objectives in the Corporate Governance report.

Therefore, MLP initially did not follow these recommendations in the financial year 2010 and is unlikely to follow them in 2011.

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

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

MLP did not follow this recommendation in 2010. The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing concepts in support of such remuneration structures have yet come to light. As was also the case in 2010, MLP has therefore once again elected not to comply with this recommendation in 2011."

In December 2010, 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 also view the text of the Declaration of Compliance of December 15, 2010 at [www.mlp-ag.com](http://www.mlp-ag.com).

You can also find further information on the topic of Corporate Governance at MLP on the internet at [www.mlp-ag.com](http://www.mlp-ag.com).

## CORPORATE GOVERNANCE

Responsible and value-adding management

By complying with the stipulations of the German Corporate Governance Code in the version of June 26, 2010, 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.

### Management and controlling structure

Executive Board

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

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (Chairman), Mr. Manfred Bauer (since May 1, 2010), Mr. Ralf Schmid, Mr. Muhyddin Suleiman and, since February 1, 2011, Mr. Reinhard Loose.

Supervisory Board

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

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board and require a majority vote. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. A transcript of the meetings is drafted.

Members of the Supervisory Board

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

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2010. Particular attention was paid to the efficiency of the 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. Within the scope of an intensive and target-oriented discussion, further measures to increase the efficiency and the qualifications/training of members of the Supervisory Board were examined.

Efficiency of the  
Supervisory Board

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning Executive Board members with the company. The Audit Committee is responsible for auditing the accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has also formed a nomination committee which is exclusively composed of shareholder representatives who propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting. Dr. Peter Lütke-Bornefeld, Dr. h.c. Manfred Lautenschläger, Dr. Claus-Michael Dill and Mr. Hans Maret are members of the three aforementioned committees.

Supervisory Board  
committees

In 2010, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The amendments to the Code passed on May 26, 2010 were the object of intensive discussions by the Supervisory Board. The changes were analysed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either implemented or submitted for verification.

Corporate Governance  
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.

No conflict of interest in  
the Supervisory Board

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board on page 9 et seq.

Cooperation between  
Executive Board and  
Supervisory Board

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

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. Internal rules of procedure issued by the Supervisory Board govern the distribution of business, powers of approval and its co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board (page 9).

## TRANSPARENCY

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

As at December 31, 2010, 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, 2009	Number of shares as at Dec 31, 2010
Dr. Peter Lütke-Bornefeld	30,000	40,000
Dr. h.c. Manfred Lautenschläger <sup>1</sup>	25,205,534	25,205,534
Johannes Maret	-	-
Dr. Claus-Michael Dill	-	-
Maria Bähr	11,503	11,503
Norbert Kohler	94	94

<sup>1</sup> Incl. additional voting rights in line with § 22 of the German Securities Trading Act (WpHG).

[Table 35]

Executive Board member	Number of shares as at Dec 31, 2009	Number of shares as at Dec 31, 2010
Dr. Uwe Schroeder-Wildberg	-	-
Manfred Bauer	- <sup>2</sup>	11,254
Muhyddin Suleiman	-	-
Ralf Schmid	-	-

<sup>2</sup> Not applicable, as only a member of the Executive Board at MLP AG since 2010.

[Table 36]

### 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.

Directors' Dealings

Pursuant to § 15a of the German Securities Trading Act (WpHG) one transaction was reported to us in the financial year 2010. This can be viewed on our website [www.mlp-ag.com](http://www.mlp-ag.com).

### Compliance

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

Compliance guidelines

MLP has established a Group-wide Compliance Organisation. In the interest of our clients, shareholders, employees and MLP, the Compliance Organisation supports and advises the Executive Board in its task to ensure compliance with legal obligations as well as intra-company directives and to establish uniform standards for all Group companies. The Compliance department controls the further development of our internal codes of conducts and monitors implementation of the internal and external requirements. All employees of the MLP Group attend regular training sessions to learn about the relevant regulations. This helps prevent them from making any accidental violations and to support them in applying our corporate guidelines. The Compliance department also acts as a point of contact for employees who wish to report suspicious activities relating to criminal offences or infringements against the respective regulations. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

A comprehensive set of rules on compliance in the MLP Group explains the legal regulations on insider law to the members of our Executive Bodies and to our employees, and provides them with a legal framework, within which they can carry out their investment business. The compliance guidelines also ensure 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.



### Corporate management practices

Core values re-defined

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

MLP managers:

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

As a contribution to the discussion on the quality of financial advice in Germany, MLP presented a Consulting Code in the form of guidelines for client consulting in 2009. This Code does not contain any new concepts, but rather summarises MLP's consulting and client support standards, many of which have already been in use at the company for several years. The aim is to increase transparency for clients, interested parties and the general public. All guidelines are based on MLP's company values, which shape the relationship between employees and consultants, as well as all stakeholders. The guidelines can also be found on page 152 of this Annual Report.

In addition to this, the Executive Board is having a concept drawn up for the appointment of management positions within the MLP Group. This will allow even more effective consideration to be granted to women and thereby comply with the recommendation of section 4.1.5 of the German Corporate Governance Code.

The concept is to incorporate measures necessary to ensure that women are given appropriate consideration and which show how they are to be considered when reaching HR decisions (for example on the basis of corresponding guidelines). Alongside this, more detailed considerations are to be given to extending the scope of measures and making it easier for staff to combine their career with starting a family.

A description of the business strategy, risk strategy and risk management system can be found on pages 86 et seq. and 85 et seq. of this Annual Report.

### Information

By law, the shareholders are involved in all fundamentally important decisions at MLP AG, such as decisions on amendments to the articles of association and the issue of new shares. In order to help shareholders assert their rights, MLP offers them the option of having their voting rights exercised in writing by non-discretionary proxies appointed by the company. We report on the main content of the Annual General Meeting on our website at [www.mlp-ag.com](http://www.mlp-ag.com), where the Chairman's speech can also be accessed online.

In order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally, we also use the Internet. Under "Investor Relations" on our homepage [www.mlp-ag.de](http://www.mlp-ag.de) you can access 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.

Information  
of all target groups

### Accounting and audit

Group accounting is performed in line with International Financial Reporting Standards (IFRS). Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual General Meeting. This company audited the 2010 (Group) financial statements and reviewed both the condensed financial statements and the interim management report in 2010 (pursuant to §§ 37w (5), 37y No. 2 of the "WpHG" German Securities Trading Act). The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor. MLP AG's Supervisory Board not only discusses the annual and Group financial statements, but also examines the semi-annual and quarterly financial reports together with the Executive Board prior to their publication.

## REMUNERATION REPORT

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

### Principles of Executive Board remuneration

With the Appropriateness of Management Remuneration Act (VorstAG), which came into force on August 5, 2009, the legislator in Germany has created new requirements with regard to the terms of Executive Board remuneration. The legislator's goal here is to align Executive Board remuneration with sustainable company development.

Based on expert assessment, the present system of Executive Board remuneration is already largely aligned with the objectives of the new legislation in Germany's Appropriateness of Management Board Remuneration Act (VorstAG). Nevertheless, the Supervisory Board still addressed the further development of the Executive Board remuneration system at MLP in detail in 2010 and decided on a new remuneration system which is now set to be used for the appointment and reappointment of members of the Executive Board.

A legal right to continuation applies to the contracts of those individuals who were already appointed members of the Executive Board prior to March 24, 2010. For this reason, the company is currently still using two different remuneration systems. These are described in separate sections in the following.

### Remuneration regulations in the form agreed prior to March 24, 2010

Based on the contracts of employment set up according to the former system, the members of the Group Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration (Table 38). The basis of assessment for variable remuneration are the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The key figure is the earnings before tax (EBT) that would have resulted without deduction of profit-sharing payments. If continuing operations and discontinued operations are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the operations to be continued and discontinued respectively. No costs and income directly related to 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.

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

In addition there are long-term remuneration components. The members of the Executive Board participated in the Incentive Programme 2002 and currently participate in the Long-Term Incentive Programmes 2008 to 2010. The structure of these programmes is described below.

The Annual General Meeting of MLP AG held on May 28, 2002 authorised the Executive Board, with the Supervisory Board's consent, to issue on one or more occasions a total of up to 1,700,000 non-interest-bearing convertible debentures with a nominal value of € 1 each up to a total nominal value of € 1,700,000 over the period up to May 28, 2007. These may be issued with a term of six years each to members of the Executive Board and company employees, as well as to members of the Management team, sales representatives working as independent commercial agents and employees of companies associated with the company as defined by §§ 15 et seq. of the German Stock Corporation Act (AktG). Convertible debentures entitle the owner to purchase new shares from the conditional capital of MLP AG in accordance with the convertible debenture conditions. If convertible debentures were issued to members of the company's Executive Board, only the Supervisory Board was authorised to issue these.

Share options programme  
and share-based  
remuneration systems

The convertible debentures were offered in allocated amounts in the years 2002 until 2005. 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.

Executive Board members active at December 31, 2010 no longer hold any convertible debentures issued by the company.

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 performance figures, which takes into account both earnings before tax (EBT) over several years and the development of the share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche expired in 2009 and the 2007 tranche expired in 2010. For the tranches of the financial years 2008 to 2010, the cash payout is determined on the basis of three times the 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 Board Member leaves the company, the phantom shares granted expire.

Within the scope of the Long-Term Incentive Programme, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2010. Refer to the following table for the number and values of the phantom shares, insofar as these have not been paid out or have expired:

#### Long Term Incentive Programme – Executive Board

All figures in units	Tranche 2008	Tranche 2009	Tranche 2010*
Fair value at grant date	€ 9.92	€ 7.59	€ 7.45
Dr. Uwe Schroeder-Wildberg	50,403	65,876	67,114
Ralf Schmid (member of Executive Board since March 1, 2009)	–	32,938	40,268
Muhyddin Suleiman	36,290	39,526	40,268
<b>Total</b>	<b>86,693</b>	<b>138,340</b>	<b>147,650</b>

\* Subject to the resolution of the Supervisory Board.

[Table 37]

The costs of the 2010 tranche for members of the Executive Board recorded in the 2010 income statement are € 155 thsd (previous year: € 328 thsd).

Individual occupational benefit plans have also been established for the aforementioned members of the Group Executive Board. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The amount of the agreed benefit is 60 % of the last fixed monthly salary received, or is fixed separately on the basis of amendments to the service contracts.

The contracts of employment between the company and members of the Executive Board comprise a change of control clause granting the right to termination with a notice period of one month in the event that 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.

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

The new Executive Board remuneration system is to be applied following its approval by the Supervisory Board from March 24, 2010 onwards when appointing or reappointing members to the Executive Board. This amendment was used for the first time for the appointment of Mr. Manfred Bauer to the Executive Board.

Remuneration regulations in the form agreed since March 24, 2010

The remuneration system provides for a fixed basic annual salary and also variable remuneration (in the form of a bonus) (Table 38). The basic figure for the bonus payment is determined based on the income statement of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The earnings before interest and tax (EBIT) of the MLP Group in the past financial year for which the bonus is to be paid forms the basis of assessment here. The key figure is the earnings before interest and tax (EBIT) that would have resulted without deduction of profit-sharing payments. If continuing operations and discontinued operations are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before interest and tax (EBIT) of the operations to be continued and discontinued operations respectively. No costs and income directly related to the discontinuation/sale of business segments are included in the basis of assessment. The bonus is calculated on the basis of a fixed percentage of the assessment basis. If the employment contract begins or ends in the course of the financial year, the basic bonus figure is reduced pro rata temporis.

45% of the bonus calculated in this way is to be paid as an immediate payment following presentation of the company's adopted financial statements.

The remaining 55% is only to be paid as a "deferred payment" after presentation of the financial statements for the financial year two years after the year of the immediate payment. The level of the deferred payment effectively to be paid to the member of the Executive Board is also subject to upwards or downwards adjustment, depending on the ratio of EBIT in the base year to the average EBIT recorded in the base year and the three subsequent years. A total of € 157 thsd has been recognised as liability for the deferred payment of Mr. Manfred Bauer in the financial year 2010.

In contractually more closely specified boundaries, the immediate payment and the deferred payment are also subject to an adjustment right, which can be used at the discretion of the Supervisory Board. Here, the Supervisory Board is authorised, at its reasonable discretion, to increase or reduce the immediate payment by up to 30 % and the deferred payment by up to 10 % based on its assessment of the individual performance of the respective member of the Executive Board or extraordinary developments.

In addition to this, the service contract provides for a cap of the immediate payment and the deferred payment in euros. For both bonus parts, a maximum of 150 % of the basic figure is stipulated as the cap with an assumed EBIT of € 100 million.

Under the new remuneration system, the members of the Executive Board still remain entitled to unrestricted use of a company car and payments from a life and disability insurance policy. The members of the Group Executive Board also receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of the members of the Group Executive Board drawn up with the new system also comprise a change-of-control clause, granting the right to termination with a notice period of one month in the event that 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.

If a member of the Executive Board resigns on the basis of the aforementioned conditions, he is entitled to compensation amounting to four times a year's fixed salary, on the condition that the termination takes place more than two years before the end of contract. After that, the regulations apply on a pro rata temporis basis. In all cases, this compensation is limited to twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of the respective contract and the total anticipated remuneration for the year still in progress when the contract is terminated.

### Individualised Executive Board remuneration for the financial year 2010

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration/ (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	267	795
Gerhard Frieg (until March 31, 2010)	139	40	179
Manfred Bauer (since May 1, 2010)	253	128	382
Ralf Schmid	380	214	594
Muhyddin Suleiman	379	214	593
<b>Total</b>	<b>1,680</b>	<b>863</b>	<b>2,542</b>

[Table 38]

### Individualised Executive Board remuneration for the financial year 2009

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration	Total
Dr. Uwe Schroeder-Wildberg	527	206	734
Gerhard Frieg	383	165	548
Ralf Schmid (since March 1, 2009)	317	138	455
Muhyddin Suleiman	378	165	543
<b>Total</b>	<b>1,606</b>	<b>674</b>	<b>2,280</b>

[Table 39]

As at December 31, 2010, pension provisions for former members of the Executive Board amounted to € 11,008 thsd (previous year: € 8,923 thsd).



### Remuneration of the members of the Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 40,000 in accordance with the articles of association. The Chairman of the Supervisory Board receives twice and his deputy one and a half times this amount. Additional, special remuneration is granted for work on the Audit Committee and the Personnel Committee. This comes to € 25,000 for the Audit Committee and € 15,000 for the Personnel Committee. The Chairman of the respective committee receives twice the stated level of remuneration. 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 € thsd (without tax)	Remuneration 2010	Remuneration 2009
Dr. Peter Lütke-Bornefeld (Chairman)	160	87
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	100	72
Dr. Claus-Michael Dill	80	57
Johannes Maret	80	57
Norbert Kohler	40	30
Maria Bähr	40	30
<b>Total</b>	<b>500</b>	<b>333</b>

[Table 40]

In the financial year 2010, € 19 thsd (previous year: € 21 thsd) was paid as compensation for expenses.