

Annual Report of MLP AG 2010



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.

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Report by the Supervisory Board

In the financial year 2010, 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.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and supported the Executive Board in this regard. The focus of its work in 2010 was to accompany the Executive Board in the company's strategic alignment and implementation of further measures to increase cost efficiency. The Supervisory Board also works intensively on finding suitable successors for vacant Executive Board posts.

The Supervisory and Executive Boards met regularly 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.

The Supervisory Board met for six regular meetings in the financial year 2010, all of which were attended by all members in person. The Supervisory Board was informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions were also passed as circular resolutions.

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

Supervisory Board meetings and important resolutions

In the Supervisory Board meeting on January 8, 2010, the strategy and the budget for the financial year 2010 were discussed.

Following preparations in meetings of the Audit Committee, the meeting of the Supervisory Board on March 24, 2010 focused on the audit and approval of the financial statements and the consolidated financial statements as at December 31, 2009. 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 both the financial statements and the consolidated financial statements as at December 31, 2009. Furthermore, due to stipulations of the Appropriateness of Management Board Remuneration Act (VorstAG), a new Executive Board remuneration system was passed, which was then applied to appointments and reappointments of members to the Executive Board from this point onwards.

In a circular resolution, which was discussed and prepared in the meeting on March 24, 2010 and then passed in April 2010, Mr. Manfred Bauer was appointed as a full member of the Executive Board at MLP AG with effect from May 1, 2010. Mr. Bauer assumed responsibility for "Product Management and Purchasing".

The regular Supervisory Board meeting on May 10, 2010 focused primarily on discussing the results and business development from the first quarter of 2010.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit, compliance and risk controlling (including report on the materiality concept, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 10, 2010.

The results of the third quarter were the primary focus of the November meeting. The intention to appoint Mr. Reinhard Loose as the company's Chief Financial Officer was also drafted. In a subsequent circular resolution, Mr. Loose was then appointed as a member of the Executive Board with effect from February 1, 2011.

At the meeting on December 15, 2010, discussions focused on the resolution regarding the Declaration of Compliance as per § 161 of the German Stock Corporation Act (AktG), alongside adherence to the regulations of the German Corporate Governance Code. Thorough reporting was also provided in the field of corporate governance. The strategy and the budget for the financial year 2011 were also addressed in detail.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2010.

The Personnel Committee convened five times in the reporting period. A selection of candidates to assume Executive Board positions for Product Management and Product Purchasing and Finances also formed part of the meetings. Once the selection process was complete, the meetings focused on preparations for the appointment of Mr. Bauer with effect from May 1, 2010 and Mr. Loose with effect from February 1, 2011 as full members of the Executive Board, checking the appropriateness of Executive Board remuneration and pension

commitments in light of the introduction of the Appropriateness of Management Board Remuneration Act (VorstAG) and long-term succession planning in the Executive Board.

The Audit Committee held two regular meetings in the financial year 2010. Representatives of the auditor were also present during these 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 MLP 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 reports on the work of the internal audit and on legal and regulatory risks and risks to reputation.

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 15, 2010 in particular to in-depth discussions on the amendments to the German Corporate Governance Code ratified on May 26, 2010.

Based on the new regulations of the German Corporate Governance Code, the Supervisory Board must 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 addressed the issue of diversity regarding the Executive Board in the financial year 2010. It has decided to address this topic again and in even more detail in the financial year 2011, and modify existing selection processes as necessary and/or take further measures directed at attaining an appropriate consideration of women also within the Executive Board, taking into account the company's specific situation. The selection procedure used when appointing Mr. Loose to the company's Executive Board was already set up in such a way that appropriate consideration was given to women.

The Supervisory Board is also to stipulate concrete objectives regarding its composition, which, while 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. The Supervisory Board has decided to commission the Nomination Committee with the task of checking the nomination process employed to date, in particular in view of the concept of diversity.

In the meeting held on December 15, 2010, the Supervisory Board examined the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meetings. On this occasion, the Supervisory Board also

reviewed the information flow between the Committees and the Supervisory Board, the need for and content of training measures, as well as the timeliness and sufficient reporting content of reporting by the Executive Board to the Supervisory Board. Measures aimed at increasing efficiency were analysed.

At the same meeting, MLP AG's Supervisory Board also assured 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 comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version dated May 26, 2010). 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 2010 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 Declaration of Compliance from December 15, 2010, can be found in the Corporate Governance report of 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 2010

The financial statements of MLP AG as at December 31, 2010 and the management report of MLP AG have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). 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, 2010, as well as the Group financial statements and Group management report were audited in line with the principles of the German Commercial Code (HGB) and the IFRS by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, which issued an unqualified auditors' opinion. The auditor performed the audit in compliance with the generally accepted German standards for the audit of financial statements determined by the Institut der Wirtschaftsprüfer (IDW - German Institute of Auditor).

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 auditor also reported on the key results of the audit and on the fact that there were no significant weaknesses in either the internal monitoring system or the risk management system. The Audit Committee also examined the risk management system, the accounting processes and the effectiveness of the internal

monitoring, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's remuneration, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. The audit reports provided by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, were made available to all members of the Supervisory Board and were examined in full at the Supervisory Board meeting on March 22, 2011 in the presence of the auditor, who reported on the most important results of the audit. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and audit system, as well as giving 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 on March 22, 2011, 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.

On the basis of its own review, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.30 per share for the financial year 2010. 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, as well as all employees and all consultants working at the various companies within the MLP Group for their commitment and achievements in the financial year 2010.

Wiesloch, March 2011

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

Management Report

Overall economic situation

Framework conditions

The MLP Group is comfortably Germany's leading independent consulting firm for questions of old-age and health provision, as well as wealth management. The Group generates almost all of its revenue in the domestic market of Germany and can use individual economic indicators to draw conclusions about the business development. These include the development of economic activity, the employment market, the savings rate, net income and consumer confidence in Germany.

National economic climate

The global economy was largely able to recover in 2010 from the setbacks caused by the financial and economic crisis. The International Monetary Fund (IMF) reported global economic growth of 4.8% (2009: -2.3%). The Eurozone recorded growth of 1.7%. The German economy proved to be the driving force behind this economic recovery, achieving growth of 3.6% after having shrunk by 4.7% in the previous year due to the financial and economic crisis. This growth was driven by strong increases in exports and investments by companies, but it also benefited from increases in private consumption throughout the year. This is documented by the Consumer Sentiment Index of the German Consumer Research Association (GfK), which saw a sharp upturn at the end of the year.

The recovery in the German economy stimulated the demand for manpower considerably in the reporting year. More and more skilled personnel were sought and there was a pronounced downward trend in short time work. The unemployment rate improved to 7.2% compared to 8.2% in the previous year. The chances of gaining employment increased above all for academics and other skilled personnel, i.e. MLP's main target client group. The proportion of those unemployed with academic education was just 3.4% in 2010.

Due to the sound economic development, the improved situation on the employment market and also tax incentives, the net income of households increased by 3.4% in 2010. This is the strongest increase in 17 years. The savings rate, i.e. the percentage of disposable income not spent on consumption but instead saved, increased to 11.5% last year (2009: 11.2%). This corresponds to a per capita savings rate of € 190 per month, which is some € 10 more than in the previous year. The total savings volume reached around € 93 billion.

Looking at the overall picture of the economic data presented, significant economic growth, reduced unemployment, an increase in net income and the savings rate, as well as a friendly consumer climate provided a good framework for 2010. This also had a positive effect on our

business development in the sectors of wealth management, health insurance and non-life insurance.

In our consulting experience, however, people are far more reluctant to sign old-age provision contracts with long-term payment plans compared to the previous year. Our business development in this field is closely linked to people's expectations about the future. The only people signing long-term old-age provision contracts are those that feel confident they can close future gaps in provision by committing their funds now rather than spending them and those who are sure they can meet the associated long-term payment obligations. However, due to experiences during the financial and economic crisis, all of these conditions were non-existent in Germany in 2010. Many citizens in Germany are even cutting down on their old-age provision saving contributions. You can find more information on this in the "Sector situation" chapter.

Set against this background, the Executive Board sees the loss of trust in long-term saving processes, caused by the financial and economic crisis, as the primary cause for the drop in revenue in the old-age provision segment in 2010.

Industry situation and competitive environment

To be able to assess the future prospects of the MLP Group, it makes sense to examine the markets in which it generated 91% of the commission over the past financial year. It will be shown how the framework conditions for old-age provision, for healthcare provision and for wealth management changed in 2010. This will be followed by information on the competitive environment and the consequences resulting from this for the MLP Group.

Old-age provision

Anyone living in Germany is doubtless pleased about the ever increasing life expectancy of the country's citizens. As reported by the German Federal Statistical Office, the average life expectancy for boys born in 2010 is around 77 years. Girls have an even better life expectancy at more than 82 years. While this development is clearly seen as positive by the individual, it presents serious issues for the social security system. The German pension system is funded by contributions and requires a balanced ratio between workers paying premiums and pensioners drawing benefits. However, a drop in the proportion of working people to retired people caused by falling birth rates and increasing life expectancies amongst the population at large represents a fundamental problem for the financing of this solidarity-based system and future pensioners will see quite pronounced cuts in the money they receive. The state is therefore encouraging its citizens to assume responsibility and provide for their own old age. This is being supported by tax incentives.

The old-age provision system in Germany is made up of three distinct layers:

1. Basic provision: Statutory pension and basic pension
2. Supplementary pension provision: Riester pension and occupational pension
3. Private pension and life insurances

The consultants of the MLP Group provide clients with comprehensive advice on both private and occupational pension provision and offer the corresponding old-age provision products for all three layers.

Based on a similar model to the statutory pension, the basic pension offers the opportunity to build up a state-supported private old-age pension. Although the basic concept allows investors to offset a large proportion of their payments against tax, this form of private old-age provision has not enjoyed much popularity to date. Since April 2010, all contracts recognised as basic pension agreements for tax purposes also have to be state-certified. This new requirement has generated significant additional administration expenses at insurance companies and annoyed many policy holders, when existing contracts had to be amended to comply with the certification process.

Despite the associated tax incentives offered by the German Citizens Relief Act, new business with basic pension policies therefore remained well below the previous year's level. Up to the

reporting date on December 31, 2010, around 206,800 new contracts had been signed, which represents a drop of 11.7%. The development of new Riester pension contracts, which around 14.1 million German citizens now have in place, also continued to drop off as anticipated. Some 8.7% fewer Riester contracts eligible for tax breaks were signed last year than in the previous year. The total number of new contracts came to 1.01 million.

According to data published by the German Insurance Association (GDV e.V.), the life insurance sector collected gross premiums of € 63.26 billion (+10.8%) up to September 30, 2010. Although there was a slight downward trend in regular premiums (-1.3%), single-premium business increased by more than 50%, totalling € 19.82 billion.

Despite tax incentives, clients were therefore less willing than expected to sign new provision contracts with long-term premium schedules in the reporting year.

Despite the difficult framework conditions, the MLP Group was able to maintain the market share in old-age provision with regular premiums. According to provisional figures provided by the German Insurance Association (GDV), the market share in the business with regular premiums in the reporting year was 3.81% (2009: 3.87%).

Occupational pension provision faced similar, difficult framework conditions in 2010. While many companies did recognise that offering employees occupational pension products is an important element of a future-oriented personnel policy, they were busy dealing with other things following the financial crisis. Despite this, new business enjoyed positive development, although around one quarter of all new business could be attributed to the single-premium business.

Competition among providers of occupational pension provision solutions in Germany was also intense in 2010. Foreign consultants, especially from the US, dominated the business with corporate clients. At the same time, savings and high street banks actively approached their private clients to discuss the topic of occupational pension provision. The MLP Group is established in the field of occupational pension provision with its companies TPC THE PENSION CONSULTANCY GmbH and HEUBECK-FERI Pension Asset Consulting GmbH. The Group is the leading German-based independent consultants for occupational pension provision models.

Overall, it is fair to say that the financial and economic crisis has left deep scars among the public and reduced their willingness to invest money in old-age provision products. In an old-age provision survey commissioned by Postbank and performed by the Allensbach Institute, 44% of those surveyed said that they were actively considering options for their own old-age provision. At the same time, however, some 20% of those surveyed admitted to reducing or even cancelling existing old-age provision contracts in 2010.

So while MLP Group's main target group of academics and other discerning clients do consider qualified consulting in the field of old-age provision to be important (the consultants of the Group are being asked for advice more than ever), they are currently not particularly willing to commit to new long-term payment obligations.

Health provision

The health insurance market in Germany was again dominated by public discussions on the need for reforms to the healthcare system in the reporting year. In light of the demographic shift and increasing medical advances, the performance of the contribution-funded system of statutory health insurers has long since reached its limits. There is a broad consensus in society that reforms are simply unavoidable. For this reason the legislator agreed to some amendments to the present system in the last year.

The following initial steps came into force from January 1, 2011:

- The general premium rate of the statutory health insurance funds is to be increased from 14.9% to 15.5%
- The 3-year waiting period for entry into a private health insurance fund is to be reduced to 1 year
- The additional premium of the statutory health insurance funds is to be financed by taxes where the premium exceeds 2% of the policy holder's income

However, only a fraction of German citizens believe that the reform introduced in 2010 will be enough to stabilise the state healthcare system in view of its precarious financial situation. The MLP Health Report, published in autumn 2010, underlines this. According to this report, some 75% of German citizens and 93% of German physicians do not believe that the measures implemented can secure the financing of the healthcare system in the long term. The majority of German citizens also believe that the premiums are likely to be repeatedly increased and the scope of benefits cut. The forecast gives an indication of what effects the reform is likely to have on the healthcare provision market in future.

As a result of the perceived problems in the state healthcare system, the number of those with private health insurance in Germany again increased by around 50,000 to 8.86 million by mid-2010 (December 31, 2009: 8.81 million). With a 6% increase in revenue from fully comprehensive private health insurance premiums and a 2.2% increase in premiums from long-term insurance policies, the health insurance sector was one of the most profitable areas of the insurance market. Income from premiums came to € 31.3 billion in total.

Due to the cutbacks in the list of medical services covered by the statutory health insurance funds, more and more people also signed supplementary insurance policies. Option tariffs, premium relief schemes and supplementary dental insurance policies all proved very popular.

As a holistically-oriented consulting firm, MLP Group kept clients up-to-date with events in the healthcare market. Since the Group's consultants had already secured many clients' access to private health insurance in previous years via option tariffs, many were then able to make the switchover to private health insurance last year.

Wealth management

The monetary assets in Germany reached the new record level of just under € 5 trillion last year. This is the highest level since Germany's reunification. Some € 87.1 billion new investment capital was channelled into the investment fund sector. Assets under management in mutual funds, special funds and assets outside of investment funds reached a level of € 1,829.6 billion. Fixed income funds, equity funds and mixed funds proved particularly popular. The increased risk propensity of investors was highlighted by the inflow of funds into mutual equity funds. Money market funds, on the other hand, suffered cash outflows due to the low interest rate.

MLP's wealth management generated significant inflows of funds from both private and institutional investors in 2010. The investment specialists of the MLP Group once again succeeded in effectively exploiting the opportunities on the financial and investment markets for their clients while complying with their agreed risk requirements. As such, forms of investment hit particularly hard by the crisis, such as shipping funds or open-end real estate funds, were reduced in clients' portfolios in good time. This prudent investment policy led to impressive performance and thereby new wealth management mandates.

At the end of the year, the level of assets under management within the MLP Group hit the € 19.8 billion mark. This is the highest ever level of assets under management. The MLP Group was able to reinforce its position as the leading independent consulting firm in the market for wealth management in Germany and increase its market share in 2010. While assets under management in the market as a whole increased by 7% according to the figures of the German Association of Investment and Asset Management (BVI), MLP Group were able to record a 16% increase here. As such, the market share reached 1.1% (1.0%).

Competition

Following the experiences gained during the financial and economic crisis, the legislator continued to work on winning back and boosting the confidence of market members in the capital markets. One new ruling introduced in January of last year is that institutes such as banks are now required to provide their clients with advisory reports following investment advisory services.

As an independent consulting firm, MLP Group welcomes the growing awareness for investor protection and actively supports this development. Last year, the Group was therefore also among the first financial services providers to voluntarily start offering clients the product information sheets that consumer protection organisations have been demanding for some time. The product information sheets supplement the information that clients receive from their MLP client consultants in face-to-face meetings and also provide a summary of the features offered by individual forms of investment.

The legislator is not relying solely on voluntary initiatives from the financial sector to create greater transparency in investment advisory services. To this end, the "act on strengthening investor protection and improving the functionality of the capital market" has been established. This new law introduces new requirements for financial services providers. You can find more information on this in the Forecast section.

The competitive situation in the German financial services market did not see any major changes in 2010. The market continues to be characterised by cut-throat competition. Banks, insurance companies, pyramid sales organisations and independent financial consultants are all competing for clients. The market is very heavily fragmented. The pressure for consolidation, already reported last year and caused by the extensive legal regulations of the last few years, continued in 2010. Small-scale brokers were particularly hard hit by the ever stricter legal requirements. The total number of providers dropped again.

According to the latest survey by the corporate consulting firm Towers Watson, independent financial consultants – the field in which our company also operates – represented the third largest sales channel in the brokered new life insurance business in 2009. This sales channel achieved a new business market share of 27.3%. At 29.6% and 28.7% respectively, the exclusive agents of insurance companies and banks only enjoyed a slightly higher market share. With a view to the future, forecasts are predicting above-average growth for our sales channel (see also Forecast).

Company Situation

Business model and strategy

Business model

The MLP Group is the leading independent consulting firm for private and corporate clients, as well as institutional investors in Germany. Based on highly regarded research, the Group advises clients in all questions of old-age provision, investment, healthcare provision, insurance and financing. The strategic competitive advantage is based on the independence and holistic client consulting approach. The consultants of the MLP Group focus their actions on the lasting benefit for their clients. This differentiates the Group from its competitive environment, creates added value for clients and has made the MLP Group into an established brand in the German financial services industry.

Since the MLP Group was founded in 1971, independence has been an elementary component of the business model. The basic maxim of the founders has proven itself in the company's 40-year history. The business model initially focuses on pitching to young clients. Indeed, the consultants of the MLP Group often get to know their later clients during their studies and then maintain contact over decades, becoming reliable financial coaches for whole families. In fact, client relations across generations are not uncommon at the MLP Group. The main target group of academics and other discerning clients appreciates the consulting philosophy, based on long-term cooperation and trust, and uses the financial knowledge of the consultants of the MLP Group for issues ranging from wealth planning, right up to insurance cover for the unexpected financial setbacks that life can throw our way.

The MLP Group is fully aware that discerning clients constantly question the advice in light of ever changing framework conditions. As such, consultants of the MLP Group can only be successful in the long term if they constantly add to and adapt their knowledge to meet the ever stricter requirements. Qualifications and further training are of strategic importance at MLP Group.

The MLP Group wholeheartedly and intensively supports the efforts of the German legislator for greater transparency in the financial services sector. Since the client consultants of the Group already work according to ten consulting guidelines when advising private clients, the Group was also able to fully integrate the new guidelines of the Association of German Banks (BdB) to strengthen investor confidence into the consulting approach. MLP Group consultants also hand out product information to clients which keep them up-to-date with the costs and main features of product categories. This commitment to greater transparency is noted and appreciated by clients, who then recommend the Group's consultants to others. By the end of 2010, the client base totalled 774,500 people (2009: 785,500 people).

The MLP Group has grown together with the requirements of clients and can now also support wealthy clients with capital assets in excess of € 5 million in collaboration with the asset investment specialists at the subsidiary Feri Family Trust. The group company Feri Institutional Advisors GmbH is also available to institutional investors. And for issues pertaining to occupational pension provision, remuneration, asset management and risk management, the Group supports businesses together with the subsidiary TPC and joint venture HEUBECK FERI Pension Asset Consulting GmbH, the latter of which specialises in complex occupational pension provision products. MLP Finanzdienstleistungen AG also continues to hold a full banking licence.

Strategy

As an independent consulting firm, the MLP Group is anchored in Germany's financial services market. The goal is to achieve profitable growth through a clear positioning. In this endeavour, the Group concentrates on targeted growth segments in the field of financial consulting. In the private client sector, the Group offers old-age provision, healthcare provision and wealth management services to academics and other discerning clients. In addition to this, the Group supports institutional investors and corporate clients in the fields of occupational pension provision and remuneration, as well as asset and risk management.

The MLP Group primarily targets organic growth in the areas of old-age provision, healthcare provision and wealth management (see also Forecast). However, the Group is also open to inorganic growth when opportunities arise. Basic acquisition objectives in this regard can be to increase the sales force and the level of funds the Group manages for clients. However, the management of the Group pays strict attention to ensuring that any potential company acquisition not only makes sense in terms of price and calculated synergy potential, but also that the company in question fits in with MLP's corporate culture. Acquisitions could well be made over the course of the next few years, in particular by the subsidiary Feri Finance AG. This applies both to the field of wealth management for wealthy private clients and business with institutional clients. The MLP Group did not make any acquisitions in the last financial year.

The MLP Group is not currently planning any strategic financing measures for the foreseeable future. Through the increase in capital stock in 2008, the Group's financial resources and liquidity are now both excellent, meaning that no extraordinary financing would be necessary for any acquisitions we wish to make.

To complement the strategy, the Group has operated a strict system of cost management the last two years. Based on this, the Group succeeded in reducing fixed costs in the financial year 2010. The MLP Group's management is keen to continue the cost-conscious use of resources and continuously increases the efficiency of the organisation (see also Forecast).

The subsidiary Feri Finance AG is a good example of a successful acquisition. The internationally renowned wealth management experts look after more than a thousand institutional clients and a large number of family estates in the category of € 5 million upwards.

Through its cooperation with Feri, the MLP Group has entered the top segment of investment consulting and can today offer its private clients wealth management services at the highest level. Indeed, the Group has now opened up wealth management strategies that were previously only available to rich investors to the entire bandwidth of the client base.

This was only a logic consequence, as the number of the Group's wealthy clients is growing consistently. Around 40% of the clients are today 40 or older and are now increasingly requesting wealth management services within the scope of their life planning.

Organisation and structure

MLP AG is the holding company for the MLP Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. Its subsidiary, MLP Finanzdienstleistungen AG, makes the MLP Group the only large, independent financial adviser to possess a full banking licence while at the same time advising its private clients as an independent broker in questions relating to finance, old-age and healthcare provision and wealth management. In addition to this, wealthy private clients, institutional investors and corporate clients are advised through the subsidiary Feri Finance AG on questions of occupational pension provision and remuneration, as well as asset and risk management.

The Group's business operations are organised in segments and are essentially carried out by the subsidiaries, MLP Finanzdienstleistungen AG and the Feri Group. At the end of the financial year 2010, the following significant companies belonged to the Group:

- MLP Finanzdienstleistungen AG
- Feri Finance AG (including its subsidiaries)
- TPC THE PENSION CONSULTANCY GmbH
- ZSH GmbH Finanzdienstleistungen

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

The following changes took place at our subsidiary MLP Finanzdienstleistungen AG in the reporting year:

- Within the scope of our focus on growth markets, in future the retail business will be concentrated on the core market of Germany. For this reason, the subsidiary in the Netherlands was sold to NBG B.V., Valkenswaard, Netherlands at the start of 2010. And it was for the same reason when in the financial year 2009 our subsidiary MLP Finanzdienstleistungen AG, Vienna, Austria was sold to AFSH GmbH, Vienna, Austria, a subsidiary of the German company Aragon AG on December 31, 2009.

In the past financial year, three changes were made within the Executive Board of MLP AG. As at March 31, 2010, Gerhard Frieg, Product Management and Purchasing Executive, left the committee at his own request. Mr. Frieg has taken up a new professional challenge. The Supervisory Board has placed responsibility for Product Management and Product Purchasing in the hands of the new member of the Executive Board, Manfred Bauer, who took up office on May 1, 2010. In November 2010, Reinhard Loose was also appointed as Chief Financial Officer by the Supervisory Board. He is scheduled to take up office on February 1, 2011. Until this time, the responsibilities of the Chief Financial Officer will be borne by the Chairman of the Executive Board.

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

Composition of capital

As at December 31, 2010, the company's share capital amounts to € 107,877,738 and is divided into 107.877.738 ordinary bearer shares with a nominal value of € 1 per share.

Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP AG's shares.

Capital stakes

The German Securities Trading Act (Wertpapierhandelsgesetz) requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, must notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3%. Any stakes that reach or exceed 10% of voting rights must be recorded in this explanatory report. MLP AG has been notified of two 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	23.36%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,618,932	20.97%

* MLP AG's status as at December 31, 2010.

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.

Shares with special control rights

Shares which confer special control rights have not been issued.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Insofar as MLP AG issues shares to employees within the scope of the employee participation programme, these shares are transferred to the employees directly. Said employees can then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's articles of association.

Legal stipulations and provisions in the articles of association regarding the appointment and replacement of members of the Executive Board

The appointment and replacement of members of the Executive Board are governed by §§ 84 and 85 of the German Stock Corporation Act (AktG). 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.

Amendments to the company's articles of association

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. However, the Supervisory Board is authorised, pursuant to § 21 of the company's articles of association, to make amendments to the company's articles of association that affect the version.

Authority of the Executive Board to issue or buy back shares

Based on a resolution passed at the Annual General Meeting on May 20, 2010, the Executive Board is authorised to increase the company's share capital by up to € 22,000,000 in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015, subject to the consent of the Supervisory Board. With the consent of the Supervisory Board, it is also authorised to exclude the subscription right of shareholders to take part in share issues in exchange for non-cash contributions.

If the share capital is increased in exchange for cash contributions, the shareholders are to 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 as per § 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 exercised (authorised capital).

A resolution passed by the Annual General Meeting of May 20, 2010 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 18, 2011. No shares were bought by the company on the basis of this authorisation up to December 31, 2010.

Significant agreements to which the company is a party that take effect on a change of control of the company following a takeover bid

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 had purchased at least 51% of the entire share capital of MLP AG by December 31, 2010 and had exercised 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.

Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer, Muhyddin Suleiman and Ralf Schmid contain a clause stating that they are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded purchases a share of at least 50% of the voting rights. Should they exercise this right to termination, MLP is obliged to pay them the fourfold annual fixed remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control and provided that the termination of contract is more than two years before its scheduled termination. In the case of Mr. Bauer, the remuneration to be paid in the event of a "change of control" corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of his contract and the total anticipated remuneration for the year still in progress when his contract is terminated. Dr. Schroeder-Wildberg's and Mr. Ralf Schmid's contracts of employment each run to December 31, 2012. Mr. Suleiman's contract runs to September 3, 2012 and Mr. Bauer's contract runs to April 30, 2015. Should the contract be terminated in the two years prior to its regular end date, compensation will only be due pro-rata-temporis.

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

The disclosures relating to corporate governance in accordance with § 289a of the German Commercial Code (HGB) have been made available on our internet site www.mlp-ag.de in the

Corporate Governance section. They can also be found in the Corporate Governance report within this annual report.

Results of operations

Other operating income of € 11.8 million (€ 23.9 million) was generated in the financial year 2010. In the previous year, we were able to reverse provisions that had been set up in connection with the sale of MLP Lebensversicherung AG. From the financial year 2010 onwards, we now state income from the reinsurance of pension obligations netted against the corresponding insurance expenses. This also contributed to the lower figure. In the previous year, this item also contained income from the capitalisation of a VAT receivable due to an audit for the years 2004 to 2006.

Personnel expenses increased in the reporting period from € 4.5 million to € 5.9 million. At € 4.7 million, amortisation expenses were slightly below the previous year's level (€ 4.9 million).

Other operating expenses at MLP AG dropped significantly from € 16.3 million to a level of € 10.4 million in the reporting period. We were able to make particular savings in consulting expenses here.

The finance cost dropped by € 3.2 million to € 43.6 million in the reporting period. At the same time income from profit and loss transfer agreements (MLP Finanzdienstleistungen AG) enjoyed a slight increase. However, income from investments (profit distributions of Feri Finance AG), amortization of financial assets and securities held as current assets, as well as other interest and similar income all saw negative developments in the reporting period. Interest and similar expenses reached the same level as the corresponding period of the year before.

Taking all of these factors into account, earnings before tax dropped overall from € 45.0 million to € 34.4 million. At € 12.7 million (€ 17.4 million), the tax expenditure fell significantly in the last financial year.

Net profit for the last financial year was € 21.5 million (€ 27.6 million).

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

Investments

At € 421.1 million, the commission revenue of MLP Finanzdienstleistungen AG, which makes up the main part of the company's revenue, virtually reached the same level as the previous year (€ 424.6 million). We were able to significantly increase revenue in the areas of health insurance, wealth management and non-life insurance. With brokerage of health insurance

contracts we recorded commission revenue of € 59.5 million, which corresponds to an increase of 32.1%. The discussion on the German healthcare system and the amendments to the financing of the system agreed in mid-2010, with particular emphasis here on the increase in premiums for the statutory health insurance funds from January 2011, stimulated many clients to sign private health insurance policies. Revenue in the field of wealth management also enjoyed very pleasing development, increasing 12.9% to € 43.7 million. The successes here reflect our efforts together with Feri Finance AG, the subsidiary we acquired in 2006, to provide our clients with even more intensive consulting services on questions of capital accumulation and asset optimisation. In the field of non-life insurance, revenue rose from € 25.0 million to € 25.9 million. In the old-age provision contract brokerage business, we also suffered from the reservations among clients caused by the financial crisis in the financial year 2010. It remains difficult to overcome the reservations of our clients in terms of the long-term saving processes necessary for old-age provision. In light of this, our revenue fell from € 301.1 million to € 278.1 million here. With revenue of € 11.6 million in the financing segment we almost reached the previous year's level (€ 12.4 million).

We introduced a cost cutting programme back in 2009. This was successfully continued in the last financial year. This allowed us to improve the operating result of MLP Finanzdienstleistungen AG from € 39.7 million to € 43.0 million.

In the last financial year, € 43.0 million (€ 41.8 million) was transferred to MLP AG.

Following the letup in the financial and economic crisis, the Feri Group enjoyed pleasing business development in the reporting period. Total revenue increased to € 41.2 million (€ 38.8 million), and earnings before interest and tax (EBIT) of € 3.9 million (€ 0.1 million) were achieved (figures from the MLP consolidated financial statements pursuant to IFRS).

Financial position

The balance sheet total of MLP AG fell from € 455.7 million at the end of the financial year 2009 to € 437.4 million at the end of the last financial year.

On the asset side of the balance sheet, fixed assets dropped only slightly from € 215.0 million to € 210.1 million, essentially due to depreciation/amortisation charges.

"Receivables and other assets" fell in the reporting period, coming to € 64.4 million (€ 78.3 million) at the end of 2010. At the same time receivables from affiliated companies went up from € 36.8 million to € 44.2 million. This position consists mainly of receivables from MLP Finanzdienstleistungen AG in connection with the existing profit and loss transfer agreement. This was countered by the reduction in other assets from € 41.5 million to € 20.2 million. The income tax refund claims are significantly lower compared to the previous year.

The item "Other securities" only changed slightly from € 16.9 million to € 15.8 million.

The item "Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques" also remained virtually unchanged in comparison with the previous year, reaching € 146.9 million (€ 145.3 million) on the balance sheet date.

On the equity side of the balance sheet, shareholders' equity decreased by 1.3% to € 419.7 million. At the same time unappropriated profit rose from € 27.6 million to € 32.4 million, while retained earnings fell from € 155.1 million to € 144.9 million.

At € 12.0 million (€ 18.1 million), provisions in the reporting period were below the previous year's level. In this connection provisions for pensions and similar obligations, tax reserves and other provisions all dropped significantly.

In the last financial year we were able to reduce the liabilities of MLP AG significantly. Following € 12.5 million as at December 31, 2009, the figure was only € 5.7 million on the balance sheet date of December 31, 2010. The drop in other liabilities from € 8.0 million to € 3.3 million made the greatest contribution to this. This item reduced due to tax payments. All liabilities have a remaining term of up to one year.

Liquidity, dividends and share buyback programme

At the balance sheet date, MLP AG had cash holdings amounting to € 146.9 million (€ 145.3 million). Factors including the profit transfer of € 41.8 million from the subsidiary MLP Finanzdienstleistungen AG for the financial year 2009 served to increase liquidity. Cash holdings fell due to the dividend payments for the financial year 2009, reaching € 0.25 per share (total volume € 27.0 million). In addition to this, tax payments of € 7.0 million also reduced cash holdings.

As in the past, it is MLP's corporate policy to give our shareholders an adequate share in the success of the company. Dividends are paid in accordance with the Group's financial situation, the assets position and the future need for liquid funds. At the 2011 Annual General Meeting, the Executive and Supervisory Boards will propose to increase the dividend from € 0.25 per share in the financial year 2009 to € 0.30 per share for the financial year 2010.

Remuneration report

The total remuneration of the Executive Board is made up of the following elements: 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 information on individualised payments are disclosed in the remuneration report in the "Corporate Governance" section of this annual report. This remuneration report is part of the management report.

Risk report 2010

Scope

Pursuant to § 25a (1) and (1a) of the German Banking Act (KWG), every institute or financial holding group must have a proper business organisation in place to comply with the legal provisions. This includes, in particular, an appropriate and effective system of risk management, on the basis of which the risk-bearing ability must be continuously secured. Alongside processes for determining and safeguarding an organisation's risk-bearing ability, risk management also involves specification of strategies and establishment of internal control/monitoring procedures. Within the scope of these internal control/monitoring procedures, both an internal control/monitoring system and an independent internal audit must be in place, whereby the internal control/monitoring system must in particular include structural and organisational regulations with clear definition of the areas of responsibility, as well as processes for identification, assessment, steering, monitoring and communication of the key risks. As the financial holding company, MLP AG is a controlled company, while MLP Finanzdienstleistungen AG is a controlling company in the Financial Holding Group in the sense of § 10a (3) of the German Banking Act (KWG).

The supervisory scope of consolidation of the MLP Financial Holding Group as per § 10a of the German Banking Act (KWG) consists of MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, Feri Finance AG, Bad Homburg v. d. Höhe, Feri Family Trust GmbH, Bad Homburg v. d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v. d. Höhe, and also ZSH GmbH Finanzdienstleistungen, Heidelberg.

Within the scope of risk management, Feri EuroRating Services AG, Bad Homburg v. d. Höhe, the subsidiaries Feri Family Trust GmbH and Feri Institutional Advisors GmbH, based in Luxembourg and Munich respectively, and TPC THE PENSION CONSULTANCY GmbH, Hamburg, are also included in the supervisory scope of consolidation pursuant to § 25a (1a) of the German Banking Act (KWG).

Risk management

Objective

Entrepreneurial activity invariably involves taking risks. For MLP AG, "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. In addition to this, this framework allows business opportunities to be detected early on and followed up. Particularly in Product Management and Purchasing, business opportunities in the market are identified in a targeted process for the

individual product segments. Implementation is then tested and initiated, taking into account the chances of success and the associated risks.

MLP's Group-wide early risk detection and monitoring system is used as the basis for active risk management throughout the Group. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is a key component of MLP's value-driven management and planning system here. Moreover, the Group's risk culture is continuously consolidated and efforts are 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 determined on the basis of this, taking the Group's risk-bearing ability into consideration. Framework conditions for risk management at MLP are then derived from this. The readiness to take risks is regularly checked and adjusted as necessary.

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

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

This responsibility includes defining appropriate strategies and setting up appropriate internal control procedures in particular - thereby assuming responsibility for all significant elements of the risk management. Specification of the business and risk strategy cannot be delegated here. It is the responsibility of the Executive Board to implement the strategies, assess the risks associated with them and also implement and monitor measures to ensure that the risks are limited.

The Executive Board bears responsibility for the risk strategy:

The Executive Board defines the risk strategy for MLP AG. 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 key risk types, is integrated in the company and that suitable steps are taken to implement the risk strategy.

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

Detected risks are reported to the responsible management level openly and without restriction. The Executive Board is informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks, and profit and losses at MLP. The Supervisory Board receives the information required to perform its legal obligations. Internal risk communication and risk reporting is supplemented by comprehensive, external publications that cater to the interests of MLP shareholders and the capital market and also comply with the supervisory requirements.

Risk capital management and stress tests

Risk bearing ability

Risk capital management is an integral part of corporate management at MLP Finanzdienstleistungen AG. 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 in particular prevents risks that could threaten the continuity of the business model.

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. The focus is on the key risks for MLP AG, which are identified at least once a year within the scope of a risk inventory (risk profile) performed throughout the company. Here, the key risk indicators determined using standardised procedures are compared against threshold values applied throughout the Group. The Group-wide risk profile represents the basis for both risk capital management and the risk management and controlling processes.

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.

Stress tests

Regular stress tests are also performed for special analysis of the effects of unusual yet still plausible events. Comprehensive analyses have therefore been implemented, both at the level of the individual risk types and across all risk types. The effects of potential concentrations of risks are also taken into particular account here.

When performing the standardised stress tests, the key risk drivers are scaled in such a way that they reflect disproportionately negative economic situations. The implemented stress tests can then be used to check whether MLP AG's risk-bearing ability can still be secured even under

unfavourable economic framework conditions. The market value effects on the financial situation, the liquidity situation and the results of operations are investigated here.

Organisation

Functional separation

Our risk management concept 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 organisation of risk management and the associated tasks and responsibilities in accordance with supervisory requirements, both at Group level and at the level of the Group companies. For risk management at Group level, appropriate organisational precautions which also define the framework for risk management design at the level of the individual Group companies are taken by MLP Finanzdienstleistungen AG as a higher-level entity. The operational and organisational structure is regularly checked and assessed through internal audits and adapted to internal and external developments as they happen.

Group Risk Manager

The Group Risk Manager is responsible for the risk monitoring and control 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 entire Executive Board and Supervisory Board.

Risk management and controlling processes

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

Risk controlling is responsible for the identification and assessment of risks, as well as for monitoring upper loss limits. This is accompanied by reporting the risks to the Executive Board and the business units that control the risks. Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

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

The methods used at MLP AG to assess risks are in line with 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.

Controlling monitors earnings risks

Controlling is responsible for continuously monitoring earnings risks. This involves comparing revenue and profit levels with the corresponding planned figures and deriving controlling measure proposals for the Executive Boards from this.

The analysis time line of strategic controlling covers the next three to five years. In this connection sales and profit trends are analysed (in particular taking into account changes in economic or legal framework conditions) and transformed into target figures for the individual business segments. Corresponding simulations make potential revenue and earnings risks transparent for the Executive Board in the key strategic business segments.

Monitoring and risk management system in the accounting process

Group accounting is the central contact for all accounting questions, both at individual company and Group level. Financial accounting acts as the central processing point for all accounting-related information. Job descriptions, substitution plans and work instructions are all in place to support the correct procedure. Process descriptions and various checklists are also available for further support. All regulations and instructions are published in the organisation manual, which is continuously updated and can be accessed by all employees. Functional separations, as well as ongoing and subsequent checks based on the "four-eyes principle", are in place to prevent any misuse or fraud. Continuous further training of employees ensures that all accounting is performed in line with current legislation.

Internal audits

Internal audits, which assume monitoring and control tasks throughout the Group, are an important element of the internal monitoring 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 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.

Risk reporting

A substantial risk reporting scheme forms the basis for appropriate and successful corporate management. 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. 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.

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 the typical credit business, re-covering risk and advance performance and counterparty settlement risk), as well as the risks related to specific countries which, however, are only of secondary importance to MLP AG.

The counterparty default risks at MLP AG essentially result from the company's own 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.

Concentration of risk

Identification of potential concentrations of risk was another key component of credit risk management. Those risks which come about due to an uneven distribution of business partners in credit relations or other business relations or which are caused by sectoral/geographical business focuses and are capable of generating such great losses that the solvency of an institute may be threatened are classed as concentrations of risk in the credit portfolio. To be able to identify concentrations of risk in the lending business early on, the portfolio is analysed using various approaches, such as investigations based on sector, size and risk classes or security categories. Concentrations of risk are also given special consideration in the stress tests specific to the risk types.

To minimise potential concentrations of risk before they can even occur, MLP AG follows a strategy of diversification and risk avoidance. As such, investments are diversified into bonds, debentures and other financial instruments across various sectors. We have defined binding upper investment limits for the individual sectors and issuers in our capital investment directive.

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

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

Market price risks

MLP AG understands market price risks as the uncertainty regarding changes in market prices and rates (including interest, share prices, exchange rates and raw material prices), the correlations between them and their volatility. The market price risks are made up of the market price risk in the narrow sense and the market liquidity risk.

At MLP AG, market risks essentially come about from incomplete congruency of interest rate agreements between the loans granted and their refinancing. Market price risks are also caused by internal business activities. There are currently only very minor open risk items in foreign currency.

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations. The basis for this is our interest management application, which makes the risks and their effects transparent in complex 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. Here, the determined change in value in the reporting period was always significantly below the supervisory reporting threshold of 20%.

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.

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

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

We understand liquidity risks to mean uncertainty in terms of the availability of funds to meet payment obligations or reduce risk items which is either insufficient or which can only be secured by accepting unfavourable terms. Liquidity risks can result from both internal and external risk factors.

In controlling the liquidity risk, we employ two different approaches, operational and structural.

Operational liquidity control

The central instruments and control variables of operational liquidity control at MLP AG include itemisation of financial assets and refinancing sources in the company's own business as per the balance sheet date within the scope of cash management, but also the liquidity and observation ratios of the liquidity regulation. In addition to this, the liquidity at risk, which represents the liquidity reserve required to cover the anticipated net cash outflows, is calculated and applied in the risk assessment within the scope of liquidity control.

Structural liquidity control

The funding matrix is the central instrument of structural liquidity control at MLP and also a preliminary step towards economic analysis of additional refinancing costs. The funding matrix indicates for each time frame whether there is a surplus or shortfall of financing means and thereby allows open liquidity items to be controlled. The liquidity value at risk, which indicates the additional refinancing costs required to close open liquidity items, is another key instrument of structural liquidity control and is also used in risk capital management.

Alongside the assumed development in standard scenarios, we have also defined stress scenarios to simulate potential increases in liquidity requirements as a result of a negative change in the market environment. These enable us to introduce any counter-measures deemed necessary in good time.

The fundamental principles of liquidity control and planning are defined in the internal guidelines. Appropriate short and medium-term credit lines have also been agreed with a number of financial institutions to safeguard against a possible short-term liquidity shortfall.

Operational risks

Operational risk is the risk of losses caused by inadequacy or failure of internal procedures and systems, people or by external events. This definition includes legal risks.

Operational risks are identified and assessed locally throughout the Group in the individual organisational units. To this end, a risk inventory is performed at least once a year, the scope of which includes analysis of the company's main risks. Within this framework, experts from all departments examine and assess the operational risk within the scope of self-assessments that are broken down into an assessment of risk potential for identification and evaluation of the main risks and into suggested measures derived from this. In addition to this, any loss/damage occurring at MLP Finanzdienstleistungen AG is continuously recorded and analysed. Collecting all loss/damage data allows loss events to be identified and evaluated as a way of detecting trends and any concentration of operational risks. The results are collated and checked for feasibility by risk controlling and then made available to the Executive Board and the controlling units.

To quantify operational risks, MLP AG currently uses the basic indicator approach pursuant to §§ 270 et seq. of the Solvency Ordinance (SolvV). 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 supervisory capital charge for the operational risk is determined using a fixed calculation scheme. On this basis the capital charge is 15 % of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account.

Risks from internal procedures

The operational and organisational structure at the MLP Financial Holding Group is described comprehensively and laid down in the organisation manual. Reduction of the operational risks from internal procedures along with the reduction in the frequency and level of losses 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.

Here, our Business Continuity Management (BCM) system identifies potentially critical business processes which could have a major effect on business 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 all business units and employees.

Human resources risks

MLP AG places great value on having qualified employees and managers, particularly in the back-office areas. Staff resources and sufficient qualification/training of employees are secured by the responsible specialist departments. 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 substitute and successor regulations guarantee that the necessary procedures are still securely maintained, even when employees are unexpectedly unavailable for work.

IT risks

To effectively minimise possible risks in the IT area, MLP AG 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 correct functioning of our IT systems is ensured by comprehensive system tests and pilot phases performed before they are commissioned. 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, thereby ensuring consistent availability. We protect our IT systems against

unauthorised access through our access and authorisation concept, extensive virus protection, as well as other comprehensive security concepts.

Risks from external events

As our business processes focus on the broker and banking business, on cost optimisation and on scalability, the MLP Financial Holding Group makes use of external partners for standard services. However, all key outsourcing activities are coupled with risk management. The outsourcing activities are therefore integrated into the risk management and controlling processes. The MLP Financial Holding Group has clearly defined responsibility for the outsourced processes here. This ensures that any potential organisational, structural or process-based risks that may occur due to outsourced business activities can be closely managed.

In addition to this, corresponding insurance policies have been concluded where appropriate to minimise risks from external events such as fraud, burglary, theft or damage due to force majeure.

Internal security measures are also set up in such a way that any attempts at fraud, burglary or theft are thwarted before they begin.

To ensure maintenance of critical processes in all cases, the potential consequences of external events are examined within the scope of the Business Continuity Management (BCM) system and corresponding plans of action drawn up. Selected scenarios are examined and analysed at least once a year within the scope of stress tests.

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 do not represent risks which could endanger the company's continued existence. The Executive Board at MLP AG is convinced that the legal claims filed since August 2007 with virtually the same wording and originating from a single firm of lawyers will not be successful. These claims have been filed for 32 clients for damages due to the issuing of allegedly erroneous capital market information between 2000 and 2002. Two of them have already been withdrawn.

Taxation risks

Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on MLP AG. 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.

General business risks

Overall economic risks

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

Economic development in Germany – in which the MLP Group generates virtually 100 % of its revenue – recovered amazingly quickly in 2010 from the economic slump of the previous year. After suffering a 4.7% drop in GDP in 2009, the German economy grew by 3.6% in the last financial year. The sound economic activity had a positive effect on the employment market. The net income of households also enjoyed an increase over 2009. However, these positive developments have caused the ever present risks to overall economic development to be swept somewhat under the carpet. The financing problems of several EU states, together with world trade imbalances and potential currency issues, could well slow down the dynamic development in Germany.

Yet overall we expect to see positive effects on the business development of the MLP Financial Holding Group from the good overall economic climate, although continuing reservations on the part of clients can still clearly be felt when it comes to signing long-term provision contracts and making investment decisions. In our opinion, these reservations are largely being caused by uncertainty regarding further economic developments, especially in light of the problems currently being faced throughout the EU.

Business environment and sector-related risks

The financial and economic crisis has further intensified competition in the sale of financial services in Germany and accelerated consolidation of the heavily fragmented market. Since the draft of the law on investor protection was passed in September 2010, further regulation of the sector is starting to take shape. Small and medium-sized financial services providers in particular are facing the challenge of implementing the new requirements in an appropriate framework while remaining profitable. Yet we still expect the intensity of competition for qualified financial consultants to increase further.

MLP AG 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 continue to play an active role in the consolidation of the market.

In its business activities, MLP AG concentrates on the areas of old-age and health provision, as well as wealth management. The economic crisis has also become a determining factor in the further development of these markets. It is particularly important for clients to make long-term investment decisions in the areas of old-age provision and wealth management. Private clients in particular remain very cautious and are therefore continuing to display reservations in making long-term investment decisions.

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.

Corporate strategy control is primarily the responsibility of the MLP Financial Holding Group. Changes and developments on the national and international markets and the business environment are analysed on the basis of continual observation of the competitive environment and decisions are derived with a view to securing and building on 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.

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, the MLP Financial Holding Group is well positioned on the market. The productivity of the MLP consultant in particular is a central value driver of the business model. We determine this productivity using various indicators, such as the revenue per consultant. Positive or negative trends in new business and the productivity of MLP consultants with existing clients 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.

Commission forms the core component of MLP's total income 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 the MLP Financial Holding Group or the tax treatment of our sales concept.

Other risks

Reputation risks

Reputation risks are defined as risks that occur due to a loss of image by MLP AG, 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 AG 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.

No other risks are known which could have a significant influence on the continued existence of MLP AG.

Summary

MLP AG's business development is essentially influenced by financial, operational and general business risks. We use our risk management system for the identification, assessment, control, monitoring and communication of our key risks in terms of both current and future developments. The information provided ensured prompt introduction and prioritisation of risk management measures without exception.

MLP AG always acted within the scope of its financial risk-bearing ability in 2010. 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. And we do not expect to see any negative development in the coming year.

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 enable us to ensure that the risks taken in our business activities are backed with adequate risk capital.

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

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

As an independent consulting firm, the MLP Group is aligned to the growth segments of old-age provision, health provision and wealth management. The target clients are academics and other discerning private clients, corporate clients and institutional investors. Since the Group generate virtually 100% of revenue in Germany, the economic development and legal framework conditions in Germany have an important effect on business perspectives.

The International Monetary Fund (IMF) is predicting economic growth of 1.5% for the Eurozone this year. Experts are predicting a value of 1.7% for 2012. According to economic experts, the speed of growth in the German economy is likely to slow down in the current financial year. However, Germany is set to remain the driving force behind growth in the EU. Indeed, economic experts are forecasting a further 2.2% increase in economic performance this year following the rapid recovery of 3.6% in 2010. In 2012, the speed of growth is likely to slow down further and the increase in GDP only reach 2.0%. The debt crisis of several euro states, which has still not been resolved, could present risks that threaten this positive economic development.

The positive growth prospects are also likely to further relieve tension in the employment market. A survey of the IAB Research Institute within Germany's Federal Employment Agency is predicting a level of 2.9 million unemployed people in 2011. This would be 300,000 fewer than the annual average of 2010, and it should also be possible to maintain this level in the coming year.

The development in private consumption and disposable income is also rated as positive in the 2011 forecasts. Indeed, economic researchers are expecting disposable incomes to increase by 2.7% in Germany. Following deduction of the anticipated price increases, people should see around 1.4% more in their wallet. The positive economic prospects, coupled with increased job security and extra disposable income, will have a positive effect on private consumption.

The overall economic data forecast indicates a positive environment for MLP Group's business operations in the next two years. However, a clear loss of confidence in the stability of long-term old-age provision investments can be observed among investors in the market. The financial and economic crisis has led to scepticism, which is in particular causing young people to hesitate in committing part of their household budget to long-term provision contracts (see also the Old-age provision chapter)

A different trend will bring positive effects for the Group in the mid-term. The emerging shortage of skilled specialists in Germany offers clients in our target group excellent prospects on the employment market. The increased job security, salaries and wages associated with this will in turn stimulate demand for high-quality old-age provision and insurance products.

Future industry situation

Old-age provision

Most people in Germany are now aware of the need to make their own plans to provide for their retirement. The pension shortfall – the gap between earned income and statutory pension levels – is set to become greater than ever over the next few years, which further underlines the importance of setting up a private old age provision plan. According to market research commissioned by Postbank and performed by the Allensbach Institute, the number of professionals who considered their pension sufficient for their needs fell by 3 percentage points within just one year (2009: 43%; 2010: 40%). Some 60% of those surveyed feared that their pension would not be enough to adequately finance their retirement.

This opens up a huge sales market for funded old-age provision solutions. Yet without the qualified guidance of responsible consultants, many people are confused by the modern old-age provision system with its three tiers of basic pension, supplementary pension provision through the "Riester" scheme or occupational pension provision and private pension and life insurance. They do not know where to turn for advice or avoid signing any contracts for fear of making the wrong decisions. The need for qualified consulting is therefore great and will continue to grow over the next few years.

Simply taking a look at the market situation for Riester pensions highlights the massive potential still untapped. Of the 36 million potential Riester pension clients, only some 14 million have signed a contract to date. The situation is similar when it comes to the basic pension. Despite the comprehensive tax breaks associated with payments into basic annuity contracts, this form of old-age provision has not yet come close to gaining acceptance in Germany. According to data published by the German Insurance Association (GDV), only around 1.3 million clients had set up a private basic pension by December 31, 2010.

The same also applies to occupational pension provision. Although it is the second most popular form of old-age provision overall among Germans, it is still far from established – especially at small and medium-sized companies, which employ around 80% of all those subject to social insurance contributions. However, we expect to see the acceptance of occupational pension provision concepts increase at companies as the shortage of skilled specialists in Germany becomes ever more acute. After all, being able to offer attractive pension provision models is becoming an increasingly powerful argument for employers competing for the best talents. Many HR experts already consider occupational pension provision to be an indispensable component of a future-oriented personnel policy.

A glance at the global old-age provision market underlines that the growth prospects of funded old-age provision solutions are more than promising. Indeed, experts are expecting the global old-age provision market to be worth € 36 trillion in the next ten years, whereby an annual growth rate of 4.7 % is predicted. The old-age provision market in Germany is likely to reach a volume of € 1.73 billion by this time with annual growth rates of 3.8 %. These positive growth

forecasts are offset by scepticism among investors regarding long-term investments in old-age provision triggered by the financial and economic crisis.

From today's perspective we do not expect to see any significant product innovations in the field of private or occupational pension provision in the next two years.

Health provision

Developments in the healthcare market are under constant pressure from the demographic shift in Germany. The gap between the still relatively moderate premium increases of the healthcare funds and the increase in actual cost of healthcare makes a financing reform of the statutory systems unavoidable. However, the reforms are only moving slowly, with consideration being given to the inherent rules of financing from the health insurance funds in Germany. On January 1, 2011 the premiums of the statutory health insurance funds were increased. Yet, at the same time, the cooling off period for those seeking to make the changeover to private health insurance was reduced from three years to just one year. For the financial years 2011 and 2012, this gives the Group positive impulses for its business. Many clients will now be able to realise their desire to insure themselves and their family privately more quickly.

The better performance, the contractually fixed list of medical services, the predictable premiums as a result of pension accounting reserves and the better overall image of private health insurance will convince more and more people to sign up for fully comprehensive private health insurance or at least take out supplementary insurance. Over the course of the next two years we also expect to see an increase in private long-term care insurance due to new reform discussions in the world of politics. In spite of the current positive framework conditions for all market participants, as healthcare in Germany is to a large extent subject to political influences, there remains a risk that future reforms may complicate sales of full-scope or supplementary health insurance.

The MLP Group should be able to benefit from a friendly market situation in the mid and long-term. According to the Towers Watson sales channel survey from December 2010 on the market for private health insurance, independent sales currently represent the second largest sales channel for health insurers seeking new business with a 34.9 % share. Some 45.7 % of new business was concluded through tied intermediaries, while third place with a market share of just 6.5 % is taken up by tied pyramid sales organisations.

We do not expect to see any significant new products or services in the healthcare provision market in 2011 and 2012.

Wealth management

While the financial and economic crisis destroyed investor confidence in several sectors of financial consulting, the wealthy individuals of the world overcame the crisis quickly. In

Germany alone the number of millionaires with financial assets (excluding their main residence, collections, durable goods, etc.) of at least US \$ 1 million increased by 6.4 % to 861,500, as reported by the corporate consultant firm Capgemini in the 2010 World Wealth Report.

The German private banking market is experiencing cut-throat competition for market shares as a result of the financial crisis. According to a survey published in 2010 by the corporate consultant firm Booz & Company, investor confidence in financial services providers that offer consulting and product development from a single source has risen significantly. Some 90 % of those surveyed considered a transparent product policy, in which clients can choose from the best products of various providers in each investment class, to be the future model most likely to succeed. This model corresponds precisely to MLP's promise, organisation and consulting approach. The consultants of the Group select the best products of their kind from the vast array of product categories and then compile these into tailor-made concepts aligned to the requirements and desires of clients. The holistic client-consulting approach, coupled with the recognised research and financial consulting expertise of MLP subsidiary Feri Finance AG, which we are set to take over completely in the current financial year, provides the Group with excellent arguments when competing for wealthy clients. In addition to this, the MLP Group is the only consulting firm in Germany that combines brokerage with a full banking licence and can thereby offer clear competitive advantages in terms of security, individuality and performance.

Since the monetary assets held by German citizens last year reached the highest level since German reunification at around € 5 trillion and have therefore increased by an average of 2.8% in the last 10 years – including the losses in the recent financial crisis – we are also anticipating continued growth in the market for wealth management in Germany over the next two years. Risks for these positive growth expectations may arise if the debt crisis in the EU results in similar turbulence to 2008 on the financial markets.

We do not expect to see any significant new developments in the field of wealth management over the next few years.

Competition

The regulatory framework conditions have a significant influence on competition in the market for financial services in Germany. In 2010, the legislator introduced further regulatory steps, with the reform of investor protection at the heart of the considerations. Following the losses suffered in the financial crisis, in particular by private investors, discussions have been raging for more than two years about how bad advice can be avoided and quality in the market improved. To this end, the "act on strengthening investor protection and improving the functionality of the capital markets" was introduced in autumn. In future, investment consultants will need to register and provide an officially recognised certificate of proficiency by law. In addition to this, all our financial services providers will have to comply with the product information sheet introduced voluntarily by us in the summer of 2010. Further-reaching liability mechanisms are also being considered in cases where the wrong advice has been given.

The MLP Group welcomes the legislator's commitment to stimulate greater transparency in the field of financial consulting, as it is largely in line with what we have already been doing for many years. However, the Group does see severe deficiencies in the planned new measures. It would surely be in the interests of all clients for a uniform consulting law to be introduced for all consultants in the market. Different requirements and rules of compliance, for example in the brokerage of closed-end funds, cannot be a good thing. The definition of clear job profiles for consultants would also increase transparency for clients. And we would welcome a uniform, coordinated supervisory body for all players in the market. Without these improvements, the legislation in place remains inconsistent and creates both bureaucracy and extra costs, instead of informing and therefore protecting investors more effectively.

Stricter regulation of the financial services market in Germany will increase competition and thereby further accelerate consolidation of the market. With the Group's insistence on quality, client focus and a clear commitment to transparency, the Group will benefit from this development. However, in this market too there is a risk that the legislator takes further regulatory steps, thus limiting the business operations of the market participants.

Independent brokers have comparably positive business perspectives. The corporate consultant firm Towers Watson forecasts disproportionately high growth opportunities for independent brokers like the MLP Group over the next few years. This is because independent brokers will continue to benefit from the growing client demand for independent consulting in the increasingly complex product worlds and also because independent consulting firms like the MLP Group have excellent access to the private client segment, which is likely to become more and more important. Indeed, the market share of this sales channel is set to increase from 27.3% in 2009 to 30.0% in 2017.

Anticipated business development

Economic experts are expecting the positive developments of the past calendar year to continue in 2011 and 2012. Although the economic dynamics in Germany will slow somewhat, the growth forecasts of 2.2% for 2011 and 2.0% for 2012 mean that we can expect positive effects in terms of the employment situation and the disposable income of households. The risks that could potentially result from the EU debt crisis remain difficult to assess. We will have to wait and see whether governments decide to take steps to reduce the national debt of several euro states in the mid or long term.

MLP Group still faces further challenges in its core markets of old-age provision, health care and wealth management. These also include the increasing concerns of many investors regarding inflation. Overall, the Group expects to see the trends from the past year continue – with framework conditions remaining good in the fields of health insurance and wealth management, but difficult in old-age provision – although the need for greater personal provision will be more urgent than ever.

As the market environment remains demanding, the MLP Group has decided to only provide a qualitative revenue forecast for the years 2011 and 2012. In the field of wealth management and healthcare provision, the Group expects to see the positive developments of the past financial year continue. The MLP Group is forecasting increasing revenue both for 2011 and for 2012. However, forecasts for the field of old-age provision are far more difficult and are associated with a significant degree of uncertainty. The goal here is to break the negative trend from the previous year. From today's perspective, the Group therefore expects to see stable revenue for 2011 and a slight increase for 2012.

MLP Group will also continue the successful efficiency management programme of 2009 and 2010 in the next two financial years. The intention here is to reduce fixed costs by the end of 2012. Thereby the earnings situation of the group should improve further.

Events subsequent to the reporting date

There were no appreciable events after the balance sheet date affecting the MLP AG's net assets, financial position and results of operations.

Wiesloch, March 16, 2011

MLP AG
Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Ralf Schmid

Muhyddin Suleiman

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.de.

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

Corporate Governance

Responsible and value adding management

By complying with the stipulations of the German Corporate Governance Code in the version of May 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.

Efficiency of the Supervisory Board

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.

Supervisory Board committees

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning 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.

Corporate Governance in the Supervisory Board

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.

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.

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

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.

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 ¹	25,205,534	25,205,534
Johannes Maret	-	-
Dr. Claus-Michael Dill	-	-
Maria Bähr	11,503	11,503
Norbert Kohler	94	94

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

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	- ²	11,254
Muhyddin Suleiman	-	-
Ralf Schmid	-	-

² Not applicable, as only a member of the Executive Board at MLP AG since 2010

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.

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.de.

Compliance

Compliance guidelines

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.

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 redefined

The MLP Group redefined its core values in 2009, a process in which a large number of employees and consultants were involved. "Performance" and "Trust" were identified as values that portray the MLP Group particularly authentically. Building on this, MLP Group's existing corporate mission was

then revised. In a third step, the following management principles were then derived from this for the MLP Group:

MLP Group 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, the MLP Group 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 Group'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 Group's company values, which shape the relationship between employees and consultants, as well as all stakeholders.

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 CG 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 in the "Risk report" chapter.

Information

By law, the shareholders are involved in all fundamentally important decisions at MLP AG, such as decisions on amendments to the articles of association and the issue of new shares. In order to help shareholders assert their rights, MLP AG offers them the option of having their voting rights exercised in writing by non-discretionary proxies appointed by the company. The Group reports on

the main content of the Annual General Meeting on the website www.mlp.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 also use the Internet. Under "Investor Relations" on our homepage 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 AG. We provide access to our Declaration of Compliance on our homepage for at least five years.

Accounting and audit

The company's accounting is performed in line with the German Commercial Code (HGB). Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual General Meeting. This company audited the 2010 financial statements. The Supervisory Board gave its assurance that the relations existing between the auditors and MLP AG or its governing bodies give no cause for doubting the independence of the auditor.

Remuneration report

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

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. The basis of assessment for variable remuneration is 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.

Share options programme and share-based remuneration systems

The Annual General Meeting of MLP AG held on May 28, 2002 authorised the Executive Board, with the Supervisory Board's consent, to issue on one or more occasions a total of up to 1,700,000 non-interest-bearing convertible debentures with a nominal value of € 1 each up to a total nominal value of € 1,700,000 over the period up to May 28, 2007. These may be issued with a term of six years each to members of the Executive Board and company employees, as well as to members of the Management 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.

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.

Group 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 net profit before tax (EBT) over several years and the development of the share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche expired in 2009 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 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 the executive board since March 1, 2009)	-	32,938	40,268
Muhyddin Suleiman	36,290	39,526	40,268
Total	86,693	138,340	147,650

* Subject to the decision of the Supervisory Board

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 compensation amounting to four times a year's fixed salary, on the condition that the termination takes place more than two years before the end of contract. After that, the regulations apply on a pro-rata-temporis basis.

Remuneration regulations in the form agreed since March 24, 2010

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.

The remuneration system provides for a fixed basic annual salary and also variable remuneration (in the form of a bonus). 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 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
Total	1,680	863	2,542

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
Total	1,606	674	2,280

As at December 31, 2010, pension provisions for former members of the Executive Board amounted to € 7,533 thsd (previous year: € 6,871 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 € 000 (without VAT)	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
Total	500	333

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

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Profit & loss account for 2010

All figures in €'000

	Notes	2010	2009
1. Other operating income	[1]	11,804	23,878
2. Personnel expenses			
a) Salaries and wages	[2]	-4,578	-3,662
b) Social security contributions and expenses for old-age provisions and benefits of which for pensions: € 1,160 thsd (previous year: € 747 thsd).	[2]	-1,308	-848
3. Depreciation/amortisation	[3]		
Amortisation of intangible assets and tangible fixed assets		-4,650	-4,864
4. Other operating expenses	[4]	-10,430	-16,282
5. Income from investments of which from affiliated companies: € 850 thsd (previous year: € 3,087 thsd).	[5]	850	3,087
6. Income from profit and loss transfer agreements	[5]	42,962	41,847
7. Income from other investments and loans of financial assets of which from affiliated companies: € 0 thsd (previous year: € 0 thsd).	[5]	443	283
8. Other interest and similar income of which from affiliated companies: € 170 thsd (previous year: € 344 thsd).	[5]	4,282	5,498
9. Amortisation of financial assets and securities held as current assets	[5]	-1,373	-312
10. Interest and similar expenses of which to affiliated companies: € 6 thsd (previous year: € 13 thsd).	[5]	-3,571	-3,623
11. Finance cost		43,593	46,780
12. Earnings before tax		34,431	45,001
13. Extraordinary expenses	[6]	-231	0
14. Income tax expense	[7]	-12,525	-17,292
15. Other taxes		-133	-125
16. Net profit		21,542	27,584
17. Profit brought forward			
a) Unappropriated profit in the previous year		27,584	30,201
b) Dividend payout		-26,969	-30,201
18. Withdrawals from other retained earnings		10,207	0
19. Unappropriated profit		32,363	27,584

Balance sheet as at December 31, 2010

Assets

All figures in €'000

	Notes	2010	2009
A. FIXED ASSETS	[8]		
I. Intangible assets			
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets		1	16
II. Fixed assets			
1. Land, leasehold rights and buildings including buildings on third-party land		54,875	58,078
2. Other fixtures, fittings and office equipment		6,383	8,198
		61,257	66,276
III. Financial assets			
Shares in affiliated companies	[9]	148,817	148,747
		148,817	148,747
		210,075	215,039
B. CURRENT ASSETS			
I. Receivables and other assets			
1. Receivables from affiliated companies	[10]	44,203	36,835
2. Other assets of which € 2,241 thsd with a remaining term of more than one year (previous year: € 5,696 thsd)	[11]	20,173	41,500
		64,376	78,335
II. Securities			
Other securities	[12]	15,792	16,881
		15,792	16,881
III. Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques		146,925	145,348
		227,093	240,565
C. PREPAID EXPENSES		157	59
D. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	[13]	71	-
		437,396	455,664

Liabilities and shareholders' equity

All figures in €'000

	Notes	2010	2009
A. SHAREHOLDER'S EQUITY			
I. Share capital	[14]		
Ordinary shares		107,878	107,878
II. Capital reserves	[15]	134,525	134,525
III. Retained earnings	[17]		
1. Statutory reserve		3,097	3,097
2. Other retained earnings		141,796	152,003
		144,893	155,100
IV. Unappropriated profit	[18]	32,363	27,584
		419,659	425,087
B. PROVISIONS			
1. Provisions for pensions and similar obligations	[19]	7,535	9,833
2. Tax reserves	[19]	490	2,857
3. Other provisions	[19]	4,022	5,388
		12,047	18,078
C. LIABILITIES			
1. Trade accounts payable		341	2,288
2. Liabilities due to affiliated companies		2,009	2,246
3. Other liabilities of which € 465 thsd from taxes (previous year: € 5,039 thsd).	[20]	3,339	7,964
		5,690	12,498
		437,396	455,664

Notes to the financial statements of 2010

General information

General information on the company

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

Accounting policies, estimates and assumptions

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

General information

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

The accounting policies used in the financial statements as at December 31, 2010 were adapted to the regulations of the Accounting Law Reform Act (BilMoG) applicable from 2010.

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

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

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

Foreign currency assets and liabilities are valued at the rate of exchange in place on the day they occur or the less favourable exchange rate on the balance sheet date.

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

Disclosure of the accounting policies for the individual balance sheet items

In drafting the financial statements, the following accounting policies were applied essentially without any changes. Amendments were, however, necessary due to the regulations of the Accounting Law Reform Act (BilMoG) which are compulsory from 2010 onwards.

Insofar as the Accounting Law Reform Act (BilMoG) led to changes in the recognition and assessment of balance sheet items, the previous year's figures were not adjusted to the altered recognition and valuation methods. With first-time adoption of the provisions of the Accounting Law Reform Act (BilMoG) or corresponding transitional provisions, a figure of € 231 thsd was recorded as extraordinary expenses. These expenses result from the altered valuation of pension obligations within the scope of the first-time application of the Accounting Law Reform Act (BilMoG). One fifteenth (1/15) of the necessary allocation to the pension provisions based on this was recorded as expenses in the financial year, applying § 67 (1) sentence 1 of the Act Introducing the German Commercial Code (EGHGB). In addition to this, the reinsurance receivables were netted against corresponding pension provisions, as the reinsurance policies fulfil the conditions of § 246 (2) in the German Commercial Code (HGB).

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

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

In line with the anticipated or average useful lives, assets are written down on a straight-line basis over the following periods:

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

As a result of the acquisition of assets from MLP Finanzdienstleistungen, the useful life of these assets was maintained and the write-down periods previously used by MLP AG adjusted accordingly.

The additions to the movable assets are depreciated pro rata temporis. Disposals of movable assets are also written down pro rata temporis until their disposal.

Independently usable movable fixed assets with acquisition costs of between € 150 and € 1,000 net are depreciated evenly over 5 years at 20 % per year regardless of impairments, di-

vestments or withdrawals of assets. The low-value assets procured in connection with the furnishing and fitting of the administration building in Wiesloch in 2001 are depreciated over their expected useful life. The depreciation takes place pro rata temporis.

Shares in affiliated companies are valued at their cost of acquisition or, in the case of an anticipated permanent impairment, the lower fair value.

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

The other securities carried under current assets are valued according to the principle of lower of cost or market pursuant to § 253 (4) of the German Commercial Code (HGB).

Cash and cash equivalents are stated at face value.

Provisions for pensions and similar obligations are calculated based on biometric probabilities (mortality chart Heubeck 2005 G) with actuarial measurement at their partial value. Fee and pension increases expected in future are taken into account when determining obligations. Here, we currently assume annual adjustments of 2.00% for fees and 1.80% for pensions. The basic assumed interest rate for discounting the pension obligations is 5.15% as at December 31, 2010. This is the average market interest rate calculated and published by the German Bundesbank based on the last seven financial years for an assumed time remaining to maturity of 15 years.

Tax reserves and other provisions take into account all uncertain liabilities and impending losses from pending transactions. They are set at a level dictated by prudent business judgement. Other provisions are discounted using the corresponding average market interest rate based on their time remaining to maturity.

To calculate deferred taxes which occur as a result of temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and accrued and deferred items and their tax carrying amounts or which occur as a result of tax loss carryforwards, the resulting tax burden or tax relief values are measured at the individual company taxation rates at the time when the differences are reduced and are not discounted. Deferred tax assets and liabilities are offset. Capitalisation of deferred taxes is not applied when exercising the corresponding disclosure option.

The liabilities are stated at the settlement value.

Notes to the profit & loss account

[1] Other operating income

All figures in €'000

	2010	2009
Group allocations	957	1,866
Rent and incidentals	9,547	9,881
Gains from the disposal of securities	5	1,530
Income from the reversal of provisions	833	5,676
Income from reinsuring pension obligations	0	1,697
Other	462	3,227
	11,804	23,878

In the previous year, income from the reversal of provisions contained income in connection with the sale of MLP Lebensversicherung AG. From 2010 onwards, we now state income from the reinsurance of pension obligations netted against the corresponding insurance expenses. In the previous year, the "Other" item also contained income from the capitalisation of a VAT receivable due to an audit for the years 2004 to 2006.

[2] Personnel expenses

All figures in €'000

	2010	2009
Salaries and wages	4,578	3,662
Social security contributions	149	101
Expenses for old-age provision	1,160	747
	5,886	4,511

The average number of full-time employees for the financial year 2010, determined according to § 267 (5) of the German Commercial Code (HGB), was 14 (previous year: 11).

[3] Depreciation/amortisation

All figures in €'000

	2010	2009
Intangible assets	1	13
Tangible assets	3,686	3,887
Investment property	964	965
	4,650	4,864

[4] Other operating expenses

All figures in €'000

	2010	2009
Administration operations	1,465	1,503
IT operations	428	964
Maintenance	841	1,026
Consultancy	1,109	4,246
Representation and advertising	670	1,075
Insurance	750	2,191
Other personnel costs	401	400
Group allocations	1,336	1,903
Other	3,430	2,973
	10,430	16,282

The item "Administration operations" comprises expenses for operating the administration building, as well as telephone and office costs. Consulting expenses include general consulting costs, as well as legal and tax advising costs. Other payroll costs are essentially made up of expenses for the company restaurant.

Auditor's fees

Expenses for fees in connection with the services of companies commissioned to perform the annual audit can be found in the corresponding disclosures in the notes to the consolidated financial statements.

[5] Finance cost

Income from investments concerns the profit distribution of Feri Finance AG for the financial year 2009. As a result of the profit/loss transfer agreement in place between MLP AG and MLP Finanzdienstleistungen AG, profits of € 42,962 thsd (previous year: € 41,847 thsd) were transferred in the last financial year.

Other interest and similar income includes € 1,396 thsd (previous year: € 1,335 thsd) from the reversal of provisions for interest rate swaps. The amounts included from affiliated companies essentially come from the return on clearing accounts. This item also includes interest income from fixed-term deposits and interest on tax credits from the completed field tax audit.

Write-downs of financial assets and marketable securities can essentially be attributed to shares in investment funds which are in liquidation or whose redemption has been suspended.

Interest and similar expenses essentially comprise payment obligations from the interest rate swaps and the interest charge from the allocation to provisions for pension obligations.

[6] Extraordinary expenses

Extraordinary expenses of € 231 thsd result from the application of Article 66 and Article 67 (1) to (5) of the Act Introducing the German Commercial Code (EGHGB) (transitional regulations to the Accounting Law Reform Act (BilMoG)).

[7] Income tax expense

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

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

In 2006, a corporation tax credit of € 5,020 thsd had to be capitalised due to legal requirements. The corporation tax credit is to be repaid over a period of ten years, starting in 2008, with the remaining credit being discounted annually using a no-risk interest rate suitable to the deadline. As at December 31, 2010, the discounted corporation tax credit following the proportional payment of 3/10 comes to € 2,867 thsd.

Notes to the balance sheet

Fixed assets

[8] Notes to the statement of changes in assets

The development of the fixed assets and the depreciation in the financial year 2010 are shown under note 25.

[9] Shares in affiliated companies

The subsidiary of MLP Finanzdienstleistungen AG, MLP Private Finance plc., London, Great Britain, was in liquidation on the balance sheet date. The subsidiary in the Netherlands was sold to NBG B.V., Valkenswaard, Netherlands at the start of 2010.

[10] Receivables from affiliated companies

This item is largely made up of receivables from MLP Finanzdienstleistungen AG in connection with the profit/loss transfer agreement in place between this company and MLP AG.

[11] Other assets

Other assets comprise income tax receivables/refund claims of € 19,478 thsd (previous year: € 32,223 thsd), including receivables of € 8,406 thsd resulting from the findings of the tax audit completed in 2009 and in the context of the discontinuation of overseas activities of MLP-FDL. MLP considers it highly likely that this amount can be claimed back from the financial authorities, if necessary after taking legal proceedings. MLP AG lodged an appeal against the corporation tax statements resulting from the 2009 tax audit within the respective deadline in its letter dated December 7, 2009.

These also include the corporation tax credit of € 2,867 thsd (previous year: € 3,612 thsd), which had to be capitalised in 2006 due to legal regulations. The change is attributable to the repayment of the credit balance, which is spread evenly over 10 years and was started in 2008.

Notes on offsetting transactions pursuant to § 246 (2) sentence 2 of the German Commercial Code (HGB):

	<u>€ thsd</u>
Settlement amount of offset liabilities	3,999
Acquisition costs, historical costs of assets	3,619
Fair value of assets	3,650
Offset expenses	1,669
Offset income	1,105

Profit distribution restriction

A potential profit distribution restriction of € 31 thsd arises from the offsetting of assets and liabilities pursuant to § 246 (2) P. 2 of the German Commercial Code (HGB).

[12] Other securities

The item "Other securities" includes investment funds amounting to € 15,792 thsd (previous year: € 13,900 thsd). Write-downs of € 1,373 thsd (previous year: € 312 thsd) were recognised.

Deferred taxes

From the financial year 2010 onward, deferred taxes are calculated using the balance sheet approach (temporary concept). This requires examination of the differences in book values between the commercial carrying amounts of assets, liabilities and accrued and deferred items and their tax carrying amounts to determine temporary and quasi-permanent differences.

The combined taxation rate of 29.25% was applied for the measurement of deferred taxes. Deferred tax assets result from different carrying amounts of tangible fixed assets, other assets and other provisions.

Deferred tax liabilities result from the excess of plan assets over pension liabilities, pension provisions and other liabilities. Overall, deferred tax liabilities are overcompensated by deferred tax

assets. Exercising the option as provided by § 274 (1) sentence 2 of the German Commercial Code (HGB), the surplus in deferred tax assets arising after netting is not recognised in the balance sheet.

[13] Excess of plan assets over pension liabilities

The excess of plan assets results from the netting in accordance with § 246 (2) sentence 2 of the German Commercial Code (HGB) of pension obligations with assets that serve exclusively to fulfil pension obligations and that are exempt from attachment by all other creditors. The assets represent reinsurance receivables. The fair value of a reinsurance receivable is made up of the actuarial reserves of the insurance company plus any surplus arising from premium refunds (so-called surplus-sharing).

[14] Share capital

The share capital of MLP AG is made up of 107,877,738 (December 31, 2009: 107,877,738) ordinary shares of MLP AG. In the financial year 2010, no conversion rights were exercised. 258,665 new no-par-value shares had previously been issued by exchanging convertible debentures.

Authorised capital

Based on a resolution passed at the Annual General Meeting on May 20, 2010, and with the Supervisory Board's consent, the Executive Board is authorised to increase the company's share capital by up to € 22,000,000 in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015. This resolution replaces the resolution approved at the Annual General Meeting on May 31, 2006.

Conditional capital

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

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

Within the scope of the MLP Incentive Programme, the company issued non-interest-bearing convertible debentures made out to the bearer within in the years 2002 until 2005. They incorporate the right to purchase MLP AG shares and were issued to members of the Executive Board, members of the management and the staff of MLP AG, as well as for MLP consultants act-

ing 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, at any time during the qualifying period, the closing price of the MLP AG shares in the XETRA trade (or a comparable successor system replacing the XETRA system at the Frankfurt/Main Stock Exchange) amounts to 130% of the basis price (exercise hurdle). The basic price corresponds to the arithmetic mean of the closing price of the MLP AG shares in the Xetra trade over the last five trading days preceding the MLP AG Executive Board's resolution concerning exercising the authority to issue convertible debentures to eligible participants.

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

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

The exercise period of the second tranche from 2003 ended on August 4, 2009. Some 202,686 conversion rights were exercised up to this cut-off date. The nominal amount of non-converted debentures was paid back to those entitled.

The exercise period of the third tranche from 2004 ended on August 16, 2010. Some 30,961 conversion rights were exercised up to this cut-off date. The nominal amount of non-converted debentures (490,583 units or EUR) was paid back to those entitled.

The exercise hurdle for the 2005 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. By the end of the financial year 2010, a total of 25,018 conversion rights had been exercised and converted into shares of MLP AG.

Of the subscribed convertible debentures, € 453 thsd (previous year: € 957 thsd) were outstanding on the balance sheet date. Convertible debentures of € 504 thsd (previous year: € 86 thsd) were repaid during 2010. The exercise of conversion rights led to no increase in share capital as at December 31, 2010.

By the end of the financial year 2010, a total of 258,665 conversion rights had been exercised. Conditional capital is € 1,441,335 (previous year: € 1,441,335).

The following table shows details of the programme:

All figures in €'000

	Tranche	
	2004	2005
Exercise period		
Start	Aug 17, 2007	Aug 16, 2008
End	Aug 16, 2010	Aug 15, 2011
Basic price (€)	12.40	13.01
Subscribed convertible debentures	677,042	577,806
Exercising of conversion rights exercised:		
Total	30,961	25,018
* thereof in 2010	0	0
Repayment: (€ or units)		
Total	646,081	100,052
* thereof in 2010	490,583	13,818
Convertible debentures at Dec 31, 2010 (€ or units)	0	452,736

[15] Capital reserves

All figures in €'000

	2010	2009
As at Jan 1	134,525	134,425
Allocation	0	100
As at Dec 31	134,525	134,525

[16] Treasury stock

At the Annual General Meeting on May 20, 2010, 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 10,787,773 shares, by November 18, 2011. This replaced the authorisation given at the Annual General Meeting in 2009. No use has yet been made of this authorisation.

[17] Retained earnings

Other retained earnings

Other retained earnings have changed as follows:

All figures in €'000

	2010	2009
As at Jan 1	152,003	152,003
Transfer / withdrawal treasury stock		0
Withdrawal for dividend payout	-10,207	0
Transfer from net profit		0
As at Dec 31	141,796	152,003

[18] Unappropriated profit

Due to withdrawals from other retained earnings and the 2010 net profit, unappropriated profit developed as follows:

All figures in €'000

	2010	2009
Unappropriated profit as at Jan 1	27,584	30,201
Dividend payout	-26,969	-30,201
Withdrawal from retained earnings	10,207	0
Transfer to retained earnings		0
Net profit	21,542	27,584
Unappropriated profit as at Dec 31	32,363	27,584

[19] Provisions

The netting of provisions for pension obligations against the reinsurance receivables led to a reduction in provisions. Exercising the option pursuant to Article 67 (1) sentence 1 of the Act Introducing the German Commercial Code (EGHGB), the allocated value that results from the change in provision accounting principles pursuant to § 249 (1) sentence 1, § 253 (1) sentence 2, (2) of the German Commercial Code (HGB) is evenly distributed over the maximum period of 15 years as per the Accounting Law Reform Act (BilMoG). As at December 31, 2010, pension provisions of € 3,235 thsd are therefore not disclosed.

Tax reserves in the last financial year were € 490 thsd (previous year: € 2,857 thsd).

Other provisions consist mainly of those for impending losses from pending transactions amounting to € 711 thsd (previous year: € 2,107 thsd), as well as provisions for outstanding invoices of € 1,660 thsd (previous year: € 1,732 thsd).

The impending losses from pending transactions are the result of interest rate swaps. MLP AG holds two payer swaps, set up in August 1999 to secure financing of individual construction

phases of the Wiesloch building project. Following the complete repayment of the loan in 2005 and the hedge accounting associated with this, two reverse swaps with identical amounts and terms were concluded to eliminate the interest risk caused (see also note 24).

[20] Other liabilities

Alongside bonus payments for members of the Executive Board, the item "Other liabilities" also includes interest deferrals resulting from the interest rate swaps. In addition, it includes liabilities from convertible debentures of € 453 thsd (previous year: € 957 thsd). The structure of the programme is explained under note 14.

Composition of liabilities as at December 31, 2010

All figures in €'000

Liability type	Total amount	With a remaining term of...			Of which are collateralised liabilities	Type of collateral
		up to 1 year	1 to 5 years	more than 5 years		
Trade accounts payable ¹⁾	341	341	-	-	0	-
Liabilities due to affiliated companies ²⁾	2,009	2,009	-	-	0	-
Other liabilities	3,339	3,339	-	-	0	-
	5,690	5,690	-	-	0	-

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

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

Composition of liabilities as at December 31, 2009

All figures in €'000

Liability type	Total amount	With a time remaining to maturity of...			Of which are collateralised liabilities	Type of collateral
		up to 1 year	1 to 5 years	more than 5 years		
Trade accounts payable ¹⁾	2,288	2,288	-	-	0	-
Liabilities due to affiliated companies ²⁾	2,246	2,246	-	-	0	-
Other liabilities	7,964	7,964	-	-	0	-
	12,498	12,498	-	-	0	-

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

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

[21] Off-balance-sheet transactions

MLP AG has signed operating leasing agreements for vehicles. The average term of these contracts is three to five years.

The following obligations result from these agreements:

All figures in €'000

	2011	2012	> 2012	Total
Vehicle leasing	94	60	65	219
	94	60	65	219

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

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

All figures in €'000

	2011	2012	> 2012	Total
Purchase commitment	195	0	0	195
Other rents	5	5	0	10
	200	5	0	205

As the purchaser of 56.586 % of the shares in Feri Finance AG, MLP AG was granted the right (call option) to purchase the remaining stake of 43.414 % in Feri Finance AG. MLP exercised the call option on October 29, 2007. The purchase price (fixed purchase price component) to be paid by MLP AG for the remaining 43.414 % stake is € 47.8 million plus interest estimated as at the balance sheet date of € 3.7 million and is due on the date of the actual transfer of shares in April 2011.

Depending on the future economic development of Feri Finance AG and the development of funds under management at MLP, the fixed purchase price component may rise due to a variable purchase price component of up to € 98.0 million. MLP estimates the value of this variable component of the purchase price at € 0 thsd as at December 31, 2010. The variable purchase price component is due at the earliest on the date of actual transfer of the shares in April 2011.

There were no other financial liabilities than those disclosed above.

[23] Guarantees and other commitments

The purchase contract signed between MLP AG and Gothaer Allgemeine Versicherung AG, Cologne on the sale of MLP Versicherung AG contained a purchase price adjustment clause which, in the worst case, allowed for a maximum reduction in the purchase price of € 7.25 million in 2010. This circumstance did not result in any repayment claims in the last financial year.

As at the balance sheet date, MLP AG and MLP Finanzdienstleistungen AG were jointly and severally liable for the € 30,000 thsd line of credit granted to both companies by several financial institutions. As at December 31, 2010, this line of credit had not yet been drawn on.

Within the scope of § 2a (6) of the German Banking Act (KWG), MLP AG has issued a guarantee to MLP Finanzdienstleistungen AG that it will promptly provide MLP Finanzdienstleistungen AG with equity in the sense of § 10 (2) sentence 1 of the German Banking Act (KWG) up to the level required for MLP Finanzdienstleistungen AG at an individual institute level. Based on the current capital adequacy and the current risk situation at MLP FDL, MLP does not expect this financial guarantee to be exercised.

There is a declaration of indemnification in accordance with §5 (10) of the statute of the depositor's guarantee fund of the Association of German Banks e. V. (BdB) in favour of MLP Finanzdienstleistungen AG. For reasons of practicability, no information is provided on financial effects and maturity dates.

MLP AG is jointly and severally liable for the obligations arising from the purchase contract agreed between MLP Private Finance Limited and Towry Law. Under the current conditions, the maximum risk amounts to GBP 1 million. MLP AG does not currently anticipate any utilisation as a result of this.

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

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

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

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

The key data of the derivative financial instruments as at December 31, 2010 is as follows:

	1st contract	2nd contract	3rd contract	4th contract
Date of transaction	Aug 12, 1999	Aug 12, 1999	Jan 18, 2005	Jan 18, 2005
Start of term	Jan 15, 2001	Jul 16, 2001	Jan 20, 2005	Jan 20, 2005
End of term	Jan 17, 2011	Jan 17, 2011	Jan 17, 2011	Jan 15, 2011
Nominal amount (€)	30,000,000	20,000,000	20,000,000	30,000,000
Interest rate MLP AG	Fixed rate payer	Fixed rate payer	Variable rate payer	Variable rate payer
Fixed interest	5.90 %	6.00 %	3.11 %	3.13 %
Variable rate	EURIBOR – 6 months	EURIBOR – 6 months	EURIBOR – 6 months	EURIBOR – 6 months
Settlement	half-yearly	half-yearly	half-yearly	half-yearly

Accounting treatment and measurement

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

Recognition

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

Gains or losses from measurement at fair value are recorded under the finance cost. The fair value of the interest rate swaps amounts to € -711 thsd on the balance sheet date (previous year: € -2,107 thsd).

Miscellaneous information

[25] Changes in assets in the financial year 2010

Procurement and manufacturing costs

All figures in €'000

	Jan 1, 2010	Additions	Transfer	Disposals	Dec 31, 2010
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	170	0	0	143	27
	170	0	0	143	27
II. Tangible assets					
1. Land, leasehold rights and buildings including buildings on third-party land	89,577	31	0	3	89,606
2. Other fixtures, fittings and office equipment	22,117	116	0	2,035	20,198
	111,694	147	0	2,038	109,803
III. Financial assets					
Shares in affiliated companies	149,801	0	0	0	149,801
	149,801	0	0	0	149,801
	261,664	147	0	2,180	259,631

Accumulated depreciation/amortisation

All figures in €'000

	Jan 1, 2010	Additions	Disposals	Write-up	Dec 31, 2010
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	153	1	128	0	26
	153	1	128	0	26
II. Tangible assets					
1. Land, leasehold rights and buildings including buildings on third-party land	31,499	3,233	1	0	34,731
2. Other fixtures, fittings and office equipment	13,919	1,417	1,520	0	13,815
	45,418	4,650	1,521	0	48,546
III. Financial assets					
Shares in affiliated companies	1,054	0	0	70	984
	1,054	0	0	70	984
	46,624	4,650	1,649	70	49,556

Carrying amounts

All figures in €'000

	Dec 31, 2010	Dec 31, 2009
I. Intangible assets		
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	1	16
	1	16
II. Tangible assets		
1. Land, leasehold rights and buildings including buildings on third-party land	54,875	58,078
2. Other fixtures, fittings and office equipment	6,383	8,198
	61,257	66,276
III. Financial assets		
Shares in affiliated companies	148,817	148,747
	148,817	148,747
	210,075	215,039

[26] Executive bodies of MLP AG

Executive Board

	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg		
Chairman		
responsible for		
- Planning and Strategy, Legal Affairs, Communications, Human Resources, Audit, Marketing, Accounting, Controlling, Taxes, Treasury, Risk Management	- Feri Finance AG, Bad Homburg v.d.H. (Chairman)	-
Gerhard Frieg, Heidelberg		
responsible for		
- Product management and purchasing (until March 31, 2010)	- Feri Finance AG, Bad Homburg v.d.H. (until March 31, 2010)	- MLP Hyp GmbH, Schwetzingen (until March 31, 2010)
Manfred Bauer, Leimen		
responsible for		
- Product management and purchasing (since May 1, 2010)	- Feri Finance AG, Bad Homburg v.d.H. (since May 1, 2010)	- MLP Hyp GmbH, Schwetzingen (since May 1, 2010)
Muhyddin Suleiman, Rauenberg		
responsible for		
- Sales	- Feri Finance AG, Bad Homburg v.d.H.	-
Ralf Schmid, Gaiberg		
responsible for		
- Operations (Information Technology (IT), Group Purchasing, IT-Business Services, Group Quality Management, Group Business Organisation, Group Infrastructure Management)	-	-

Supervisory Board

	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel		
Chairman	<ul style="list-style-type: none"> - VPV Lebensversicherungs- AG, Stuttgart - General Reinsurance AG (formerly Kölnische Rückversicherungs-Gesellschaft AG), Cologne - Delvag Rückversicherungs-AG, Cologne - Deutsche Insurance Asset Management GmbH, Cologne (since March 10, 2010) - MLP Finanzdienstleistungen AG, Wiesloch (Chairman) 	<ul style="list-style-type: none"> - GeneralCologne Re Capital GmbH, Cologne (until January 15, 2010) - Faraday Holdings Limited, London, Great Britain (until March 31, 2010)
Dr. h. c. Manfred Lautenschläger, Gaiberg		
Vice Chairman	-	<ul style="list-style-type: none"> - University Hospital Heidelberg, Heidelberg (Supervisory Board)
Dr. Claus-Michael Dill, Berlin		
	<ul style="list-style-type: none"> - General Reinsurance AG (formerly Kölnische Rückversicherungs-Gesellschaft AG), Cologne (Chairman) - TÜV Rheinland Holding AG, Cologne (Chairman) (until December 31, 2010) - Damp Holding AG, Damp - Württembergische Lebensversicherungs AG, Stuttgart (since May 15, 2010) 	<ul style="list-style-type: none"> - TÜV Rheinland Berlin Brandenburg Pfalz e. V., Cologne (Governing Board) (until December 31, 2010) - Golding Capital Partners, Munich (Advisory Board) - WestLB, Düsseldorf (Economic Advisory Board) - HUK Coburg AG, Coburg (Group Advisory Board) - Gothaer Versicherungen AG, Cologne (Social Policy Advisory Board) (until December 31, 2010)
Johannes Maret, Burgbrohl		
	-	<ul style="list-style-type: none"> - Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) - The Triton Fund, Jersey, Great Britain (Investment Committee Member) - Xchanging plc., London, Great Britain (Non-Executive Director) - Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) - BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board)
Maria Bähr, Sandhausen, employees' representative, head of department at MLP Finanzdienstleistungen AG		
	-	-
Norbert Kohler, Hockenheim, employees' representative, team leader at MLP Finanzdienstleistungen AG		
	-	-

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

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

Executive Board

The total remuneration for members of the Executive Board was € 2,699 thsd (previous year: € 2,280 thsd). € 1,680 thsd (previous year: € 1,606 thsd) of this makes up the fixed portion of remuneration and € 1,020 thsd is the variable portion of remuneration (previous year: € 674

thsd). Expenses of € 100 thsd were recognised for occupational pension provision in the financial year.

As at December 31, 2010, pension provisions totalling € 7,533 thsd (previous year: € 6,871 thsd) were in place for former members of the Executive Board.

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

Within the scope of the Long-Term Incentive Programme, the members of the Executive Board received performance shares (phantom shares) in the years 2005 to 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:

All figures in number of 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	-	32,938	40,268
Muhyddin Suleiman	36,290	39,526	40,268
Total	86,693	138,340	147,650

*subject to the resolution of the Supervisory Board

Expenses attributable to the 2010 tranche of the Long Term Incentive Programme for Executive Board members of € 155 thsd (previous year: € 328 thsd) were recognised in the profit & loss account 2010.

Supervisory Board

The members of the Supervisory Board received non-performance-related remuneration of € 500 thsd (previous year: € 333 thsd) for their work in 2010. In addition, € 19 thsd (previous year: € 21 thsd) was used as compensation for expenses.

[28] Shareholders on the balance sheet date

All figures in €'000

	Ordinary shares		Percentage of share capital	
	2010	2009	2010	2009
	Number of shares	Number of shares	%	%
Dr. h. c. Manfred Lautenschläger	25,205,534	25,205,534	23.36	23.36
Other members of the Supervisory Board	51,597	41,597	0.05	0.04
Executive Board	11,254	181,463	0.01	0.17
Other shareholders	82,609,353	82,449,144	76.58	76.43
Total	107,877,738	107,877,738	100.00	100.00

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

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

[30] Disclosures pursuant to §§ 21 (1), 22 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 fell below the threshold of 25% on August 22, 2008, and amounted to 23.38% on that day (25,205,534 voting rights). This share comprises 20.98 % of the voting rights (22,618,932 voting rights) 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).

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 voting rights) on that day.

M.L. Stiftung 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 3 % on December 7, 2007, and amounted to 4.14% (4,500,000 voting rights) on that day. This share comprises 4.14% (4,500,000 voting rights) 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 voting rights) on that day. 4.14% of this share (4,500,000 voting rights) is allocated to her from

M. L. Stiftung GmbH pursuant to § 22 (1) sentence 1 no. 1 and § 22 (1) sentence 2 of the German Securities Trading Act (WpHG). 4.14% (4,500,000 voting rights) 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).

Barmenia Krankenversicherung a. G., Wuppertal, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that on December 21, 2009 its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% and amounted on that date to 6.67% (corresponding to 7,197,664 voting rights). This share comprises 0.27% (corresponding to 290,000 voting rights) attributable to Barmenia Krankenversicherung a.G. G. in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Swiss Life Beteiligungs GmbH, Hanover, 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 fell below the thresholds of 15 % and 10 % on December 21, 2009 and now amounts to 9.90% (corresponding to 10,679,892 voting rights).

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 fell below the thresholds of 15% and 10% on December 21, 2009 and now amounts to 9.90% (corresponding to 10,679,892 voting rights). The voting rights are attributable to Swiss Life Beteiligungs GmbH 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 fell below the threshold of 5% on November 18, 2009 and now amounts to 4.84% (corresponding to 5,223,957 voting rights).

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, fell below the threshold of 5% on August 22, 2008 and amounted to 4.72% (5,090,989 voting rights) on that day. 4.18% of the voting rights (4,503,693 voting rights) 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 voting rights) 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% (corresponding to 4,503,693 voting rights) on that 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% (corresponding to 4,503,693 voting rights) on that 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% (corresponding to 4,503,693 voting rights) on that 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% (corresponding to 5,063,489 voting rights) on that date. Of this, 4.60 % (4,503,693 voting rights) 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 voting rights (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% (corresponding to 6,761,893 voting rights) on that day. 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% (corresponding to 6,761,893 voting rights). 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% (corresponding to 6,761,893 voting rights). 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% (corresponding to 6,761,893 voting rights).

HDI-Gerling Sach Serviceholding AG, Hanover, 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 fell below the thresholds of 5% and 3% on August 04, 2010 and now amounts to 0% (corresponding to 0 voting rights).

HDI-Gerling Pensionskasse AG, Cologne, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.39% (corresponding to 10,132,969 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Pensionskasse AG holds 0.50% (corresponding to 539,000 voting rights) directly.

Aspecta Lebensversicherung AG, Cologne, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.40% (corresponding to 9,054,969 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). Aspecta Lebensversicherung AG holds 1.50 % (corresponding to 1,617,000 voting rights) directly.

CiV Lebensversicherung AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.65% (corresponding to 10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). CiV Lebensversicherung AG holds 0.24% (corresponding to 263,768 voting rights) directly.

PBV Lebensversicherung AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 9.65% (corresponding to 10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). PBV Lebensversicherung AG holds 0.24% (corresponding to 263,768 voting rights) directly.

neue leben Lebensversicherung AG, Hamburg, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 9.16% (corresponding to 9,878,255 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). neue leben Lebensversicherung AG holds 0.74% (corresponding to 793,714 voting rights) directly.

neue leben Holding AG, Hamburg, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 1 and (2) 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 14, 2009 and amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 9.16% (corresponding to 9,878,255 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 0.74% (corresponding to 793,714 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Proactiv Holding AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 1 and (2) 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 14, 2009 and amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 8.67% (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22% (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

HDI-Gerling Industrie Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 9.49% (corresponding to 10,231,552 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Industrie Versicherung AG holds 0.41% (corresponding to 440,417 voting rights) directly.

HDI-Gerling Firmen und Privat Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 9.49% (corresponding to 10,231,552 voting rights) are attributable to it in line with § 22 (2) of the German Securities

Trading Act (WpHG). HDI-Gerling Firmen und Privat Versicherung AG holds 0.41% (corresponding to 440,417 voting rights) directly.

HDI Direkt Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 9.49% (corresponding to 10,231,553 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI Direkt Versicherung AG holds 0.41% (corresponding to 440,416 voting rights) directly.

Talanx Beteiligungs-GmbH & Co. KG, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 2 and (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 8.67% (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22% (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 2 of the German Securities Trading Act (WpHG).

Hannover Beteiligungsgesellschaft mbH, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 2 in connection with sentence 2 and (2) 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 14, 2009 and now amounts to 9.89% (corresponding to 10,671,969 voting rights). Of this, 8.67% (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22% (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 2 in connection with 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 exceeded the threshold of 5% on October 14, 2009 and on that day amounted to 5.10% (corresponding to 5,500,722 voting rights). 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).

[31] Investments in affiliated companies

The company's shareholdings are as follows as at December 31, 2010:

Direct holdings

Name, registered office	Carrying amount Jan 1, 2010	Carrying amount Dec 31, 2010	Share	Shareholders' equity as at Dec 31, 2010	Net profit / loss
	€'000	€'000	%	€'000	€'000
MLP Finanzdienstleistungen AG, Wiesloch	79,005	79,005	100	79,548	- 1)
MLP Consult GmbH, Wiesloch	2,280	2,350	100	2,358	77
Feri Finance AG, Bad Homburg	67,462	67,462	56.59	23,870	4,029
	148,747	148,817			

1) There is a profit and loss transfer agreement.

Indirect holdings

Name, registered office	Registered office	Share	Shareholders' equity as at Dec 31, 2010	Net profit / loss
		%	€'000	€'000
MLP Media GmbH Verlag und Werbeagentur (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100	26	1)
Academic Networks GmbH (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100	-659	1)
TPC THE PENSION CONSULTANCY GmbH (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Hamburg	100	314	1)
ZSH GmbH financial services (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Heidelberg	100	1,190	1)
MLP Hyp GmbH ³⁾	Schwetzingen	49.80	4,947	1,947
Feri Family Trust GmbH (Wholly-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. H.	56.59	3,244	2)
Feri EuroRating Service AG (Wholly-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. H.	56.59	958	2)
Feri Institutional Advisors GmbH (Wholly-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. H.	56.59	1,914	2)
Feri Trust AG (Switzerland) ⁴⁾ (Wholly-owned subsidiary of Feri Finance AG)	St. Gallen	56.59	CHF -179 thsd	CHF -311 thsd
Feri Beteiligungsgesellschaft mbH (Wholly-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. H.	56.59	25	-2
Private Trust Management Company S.à.r.l. ⁴⁾ (Wholly-owned subsidiary of Feri Family Trust GmbH)	Luxembourg	56.59	196	636
Family Private Fund Management Company S.à.r.l. ⁴⁾ (Wholly-owned subsidiary of Feri Family Trust GmbH)	Luxembourg	56.59	290	321
Feri S.à.r.l. ⁴⁾ (99.6 % subsidiary of Feri EuroRating Service AG)	Paris	56.36	55	-40
Feri Corp. ⁴⁾ (Wholly-owned subsidiary of Feri EuroRating Service AG)	New York	56.59	USD 110 thsd	USD -12 thsd
Heubeck-Feri Pension Asset Consulting GmbH ⁴⁾ (45 % held by Feri Institutional Advisors GmbH and 5 % held by Feri Finance AG)	Bad Homburg v. d. H.	28.29	96	6
Ferrum Fund Management Company S.à.r.l. ⁴⁾ (Wholly-owned subsidiary of Feri Institutional Advisors GmbH)	Luxembourg	56.59	199	509
FPE Private Equity Beteiligungs-Treuhand GmbH ⁴⁾ (Wholly-owned subsidiary of Feri Institutional Advisors GmbH)	Munich	56.59	222	132
FPE Private Equity Koordinations GmbH ⁴⁾ (Wholly-owned subsidiary of Feri Institutional Advisors GmbH)	Munich	56.59	85	60
FPE Direct Coordination GmbH ⁴⁾ (Wholly-owned subsidiary of Feri Institutional Advisors GmbH)	Munich	56.59	74	13
Institutional Trust Management Company S.à.r.l. ⁴⁾ (Wholly-owned subsidiary of Feri Institutional Advisors GmbH)	Luxembourg	56.59	716	42
Ferrum Pension Management S.à.r.l. ⁴⁾ (Wholly-owned subsidiary of Feri Institutional Advisors GmbH)	Luxembourg	56.59	193	51

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

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

³⁾ MLP Finanzdienstleistungen AG holds 49.8 % of the shares.

⁴⁾ Shareholders' equity and net profit from the annual financial statements 2009.

As at December 31, 2010, neither MLP AG nor the companies shown here possessed any other holdings requiring disclosure under the provisions of § 285 no. 11 of the German Commercial Code (HGB). The voting right granted under § 286 (3) sentence 1 no. 1 of the German Commercial Code (HGB) was exercised.

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

Pursuant to § 170 (2) of the German Stock Corporation Act, the Executive Board proposes that the unappropriated profit of € 32,363,321.40 disclosed in the annual financial statements for the year ending December 31, 2010 be used as follows:

	Dec 31, 2010
	€
Dividend payout to shareholders	32,363,321.40
Transfer to retained earnings	-
Profit brought forward	-
Unappropriated profit	32,363,321.40

Wiesloch, March 16, 2011

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Ralf Schmid

Muhyddin Suleiman

Audit Opinion

"We have audited the annual financial statements, comprising the income statement, the balance sheet and the notes to the financial statements, together with the bookkeeping system, and the management report of MLP AG, Wiesloch, for the fiscal year from January 1 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 17, 2011

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Müller-Tronnier

Frey

Wirtschaftsprüfer[in]

Wirtschaftsprüfer[in]

[German Public Auditor]

[German Public Auditor]

Responsibility statement

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

Wiesloch, March 16, 2011

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Ralf Schmid

Muhyddin Suleiman

Financial calendar 2011

May 12, 2011

Results for the 1st quarter 2011

June 10, 2011

Annual General Meeting 2011, Mannheim, Germany

August 11, 2011

Results for the 2nd quarter 2011

November 10, 2011

Results for the 3rd quarter 2011

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