

LETTER TO OUR SHAREHOLDERS



Dear Shareholders,

The last financial year was greatly influenced by profound changes which affected MLP and the whole of the financial services sector in Germany. The regulatory environment and the legal framework became even tighter, the legislator has set the course for our business and for market competition.

These changes create new opportunities, since as a consequence of the radically reformed German Insurance Contract Law, the reforms undertaken as part of the EU Insurance Mediation Directive and the financial markets directive MiFID independence and quality now count more than ever. The new rules mean tougher requirements for all financial services providers with regard to their consulting activities. Contracts must be formulated in a more transparent manner and clients must be given even more detailed information. MLP is not only in a perfect position to meet these changes, the company has rather been an advocate and supporter of such changes.

Information, documentation and accountability are now accorded, by law, a new and even higher significance. Small financial services providers can scarcely still meet these specifications. Keeping constant track of the multitude of providers and products, selecting the best ones according to specialist and scientifically sound criteria and developing combined offers to the advantage of the client requires a coherent overall concept and a correspondingly tried and tested network.

Quality and professionalism are the basic prerequisites for success in the field of comprehensive financial consulting. Success for our clients, who profit from our independent advice. And success for our shareholders, who are investing with us in one of the fastest growing markets in Europe.

Everything is continuing to point clearly towards growth for MLP – we can look back upon a successful financial year, which was characterised again by a dynamic spurt at the year-end, particularly in our most important segment, old-age provision. Here the trend for the occupational pension provision sector, which now represents a proportion of 7 % of the new pension provision business, was particularly pleasing.

Our profits also showed a clear improvement for 2007. Earnings before tax and interest rose by 16 % to € 110.3 million – by achieving this, we fulfilled our forecast and placed ourselves in a good position despite the difficult market environment. This is also evidenced by the outstanding level of income per consultant as well as achieving the highest cross selling ratio across Europe. We take the fact that every MLP client has, on average, concluded 6.9 policies with

us as a sign of their absolute confidence and as proof that the MLP concept translates into sustainable and holistic consultancy services.

We are extremely pleased that we were able to acquire 7 % more clients in the past financial year. Our client base has now increased to a total of 721,000. Last year also saw a consistently positive trend in the number of financial consultants employed by the company. Following a phase of consolidation, we were able to open a total of seven new MLP branch offices in 2007.

One of our pillars for continuous growth will be to focus on our core competences also in the future. We withdrew from the markets in Great Britain and Spain in summer 2007, because we would like to focus on Germany for our main business activities.

The merger of MLP Finanzdienstleistungen Aktiengesellschaft and MLP Bank AG was a decisive step towards a more transparent and efficient business structure for us. As the only major independent financial and wealth management adviser in German-speaking countries, the new institute – MLP Finanzdienstleistungen AG – has a full banking licence and provides advice at the same time as acting as a broker for issues relating to finance, pension and health provision and wealth management. Further benefits of the merger are the targeted control of the operating business, optimisation of internal processes and an increased transparency in the capital market.

As part of the consistent expansion of the wealth management sector, in October 2007 MLP exercised its option to acquire the remaining 43.4 % of Feri Finance AG which concluded the complete takeover of the prestigious wealth management company based in Bad Homburg v.d. Höhe, Germany. It is predominantly our clients who will benefit from this strategic step, for they will obtain access to modern and innovative investment concepts, which up to now have only been available in upmarket private wealth management. Our new wealth management service offers investment concepts in modular form or structured to the individual. The investment philosophy follows the multi-asset and multi-manager approach, according to which the money flows into many different investment categories, also including alternative investments. Feri chooses the best manager for each market segment. We are convinced that, with this concept, we will establish the wealth management sector over the long term as the second strong pillar of our business alongside old-age provision.

As one of the few independent brokers active throughout Germany, MLP also sets standards within the sector for vocational and further training. A prerequisite for high-quality consultancy services is that the consultants are aware of legal changes and product innovations on the market at all times, understand the resulting consequences for the client and actively integrate them into their client support services.

Our corporate university sets training standards that far exceed the current legal requirements. In the last financial year our corporate university received the seal of approval from the European Foundation for Management Development (EFMD). The institution now belongs to the elite group of accredited corporate training facilities in Germany. The CLIP (Corporate Learning Improvement Process) accreditation confirms the high quality of training on offer and ensures corresponding recognition internationally.

In order to improve the quality of our consultancy services on a permanent basis, we have also made extensive investments, predominantly in IT and interface management. Our new and constantly updated software tools for product selection and market analysis are unique.

Thanks to our networked system, consultants were not only able to implement the requirements imposed by the new legal framework conditions quickly but also to make use of the advantages for the benefit of their clients at an early stage. Our aim is that consultants should not be burdened any more than necessary by administrative tasks so that they can gain additional time for personal and individual client care.

In our consultancy documentation we have turned a necessity imposed by the new legislation into a virtue – the new “MLP Financial Management File” gives our clients an up-to-date, clear and transparent overview of their personal financial situation, existing policies and individual targets achieved regarding their pension provision and investment concepts.

Clients and shareholders alike should benefit from our corporate success. Last year we raised the dividend for the financial year 2006 by a third to € 0.40 (€ 0.30) per share. In view of the positive earnings trend, the Executive Board and Supervisory Board are proposing to increase the dividend by 25 % to € 0.50 this year, too.


However, we cannot be content with the performance of our share price. The subprime crisis on the American mortgage market led to huge instability on the capital markets and within the whole financial services sector worldwide. Having said this, market trends in Germany and the continually increasing demand for high-quality financial products give us grounds for optimism: the independent brokers will rank among the biggest winners as a consequence of the new legal provisions. The market will consolidate and providers will become increasingly specialised. This means that MLP is in a marvellous position as the largest independent consulting company offering old-age provision, health insurance, wealth management and financing all under one roof. Our strength has always been and still is the provision of a comprehensive and long-term consultancy service for our clients. In future that will also stand our share price in good stead.

We were very pleased that MLP won fourth place last year in the competition for the best annual report in the MDAX companies' category. This involves an assessment of the content, the presentation and the language of annual reports by a selection committee appointed by Manager Magazine. We improved by nine places compared to the previous year – we have a huge incentive to continue this rise!

Our Annual Report should also give you a comprehensive and enlightening illustration of MLP for this year. It is very important to us that our shareholders and clients know how the decision-making processes in the departments within our firm are formulated and how each individual employee contributes towards our success. On the following pages we would like to give you an insight into the processes which particularly occupied our company and the whole sector during the previous year. You will read how the changes in the framework legislation defined the work of the consultants, the branch managers, the IT managers, the training supervisors and the Executive Board.

I would like to give my sincere thanks at this point to all those – whether clients, consultants, employees or shareholders – who supported MLP during the last financial year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Uwe Schroeder-Wildberg', written in a cursive style.

Dr Uwe Schroeder-Wildberg