

MANAGEMENT REPORT

OVERALL ECONOMIC SITUATION

Framework conditions

Business development not dependent on the economy

MLP generates over 97 % of its income in the German market. This means we can draw strong conclusions regarding the future business development of MLP based on Germany's economic strength. The significant economic figures here are economic development, the number of employees in the target group of academics and other discerning clients, purchasing power and the savings rate. However, in the past we have seen that, in fact, because of the above average income and savings rate of MLP clients, the economic development in Germany only had a limited influence on MLP's development.

National economic climate

Positive development of global economy

In 2007, the global economies showed an overall positive trend in their development. According to the International Monetary Fund (IMF), global growth in 2007 was 4.7 %. The looming mortgage crisis in the second half of the year in the USA unsettled the financial markets, but in the financial year 2007 it did not lead to any sustained slow-down in the non-financial markets. The slower growth in the USA (GDP: +1.9 %) and in the Eurozone (GDP: +2.5 %) was compensated for by more dynamic growth in the emerging markets. China and India are now the driving forces of global growth and have stabilised the resilience of the global economy as a whole.

Economic growth in 2007 in markets with a relevance to MLP (in %)



Sources: Council of Experts, European Union, European Committee Eurostat (as at third quarter 2007)

Upturn in Germany

The German economy embraced a solid upturn in 2007. The gross domestic product grew by 2.5 %. Sustained strong export figures, an attractive consumer demand from domestic private households, an increase in companies' investing activities and high tax revenues boosted the labour market. The number of those in employment who were subject to social insurance contribution showed a marked increase in the course of the year, while unemployment decreased. The rate of unemployment was 9 % last year. 3,776,000 people were registered unem-

ployed at the Federal Employment Agency. Once again the chances of finding a job correlated very clearly with the level of education of those seeking work in the course of the year. Academics and other qualified professional groups, in other words MLP's target group, were once again able to benefit the most from the upturn in the labour market in 2007. In previous years, the unemployment rate amongst academics fluctuated within an annual average of between just 3 % and 4 %. This is less than half the unemployment rate of the whole population.

Disposable income increased by 2.7 % in Germany in 2007. However, the consumer prices for energy and some foodstuffs went up considerably. This meant some positive income-generating effects of the economic upturn were again relativised by negative counter movements in the domestic budget. Nevertheless, there was an increase in the number of people prepared to save. The savings rate last year reached 10.8 %, signifying an increase of 0.3 percentage points compared to last year. This may be an indication of increased awareness on the part of the Germans that they also have to make a contribution to their personal old-age provision. A growing realisation of the necessity of individual efforts to save for one's own old-age provision and possible illness is conducive to MLP's business success.

Savings rate increase

National economic influencing factors on MLP's business development

	Influence on the business development of MLP in 2007
Better economic situation	+
Lower rate of unemployment	+
Savings rate increase	+

INDUSTRY SITUATION AND COMPETITIVE ENVIRONMENT

MLP operates as an independent financial adviser for academics and other discerning clients in all areas of health and old-age provision, insurance cover, wealth management and loans and mortgages. As these markets develop, changes in the domestic competitive environment for banks, insurance companies and financial brokers – such as new legal regulations for financial services companies or new competitors in the market – may impact MLP's future prospects.

Pay-as-you-go pension system reaches its limits

Old-age provision

The German pension system has recently experienced the greatest changes in its history. Demographic development and increasing life expectancy due to medical advances have exposed the limits of the pay-as-you-go inter-generation contract. Legislators recognised the need for action in 2005 and introduced the Retirement Income Law (AltEinkG), a new three-layer old-age pension system in Germany:

- Layer 1: basic provision (statutory pension and tax-privileged Rürup pension)
- Layer 2: private supplementary provision (occupational pension provision, Riester pension)
- Layer 3: other old-age provision products (e.g. private pension or endowment life insurance policies)

Over 10 million Riester pensions

The products named after Riester have so far been the most successful on the market. Some 10 million Germans are saving for their old age with products that are eligible for the state Riester subsidy.

New Riester pension agreements 2006–2007 (in units)



Source: German Federal Ministry of Labour and Social Affairs

The basic or Rürup pension introduced in 2005 has so far been considerably less popular. By the end of December 2007, 310,000 Germans had a basic pension. However, we assume that once the demand for Riester contracts has been met, this type of tax-privileged private old-age provision will become increasingly popular in the medium to long term.

Investors are increasingly taking an interest in other old-age provision products, such as private pension insurance or life insurance, which come under layer three of the new world of pension provision. As well as offering good returns, investors appreciate the flexibility of the layer three pension products and the option of transfer in the event of death. Last year there was a strong increase in demand for dynamic hybrid products in particular. Such products offer the investor good performance while safeguarding lifelong payments through life insurance cover. In general the financial industry is moving away from traditional approaches in its product development and more towards new types of provision of funds. The trend is towards purchasing guarantees in the equity market.

Old-age provision products from layer three gain in popularity

Occupational pension provision is becoming more firmly entrenched within the old-age provision pyramid. This business segment received a boost in 2007 following the German grand coalition's decision to extend immunity from social security system contributions beyond the end of 2008 when deferring compensation within occupational pension provision.

New incentives for occupational pension schemes

However, the life insurance sector, the biggest supplier of old-age pension products in Germany, was unable to benefit from the overall attractive framework conditions for the financial services industry in 2007. The premium income was slightly below the level of the previous year. There is still a trend for long-term provision contracts. Some 54 % of provision contracts with pension-based pay-out plans accounted for the largest proportion of new business.

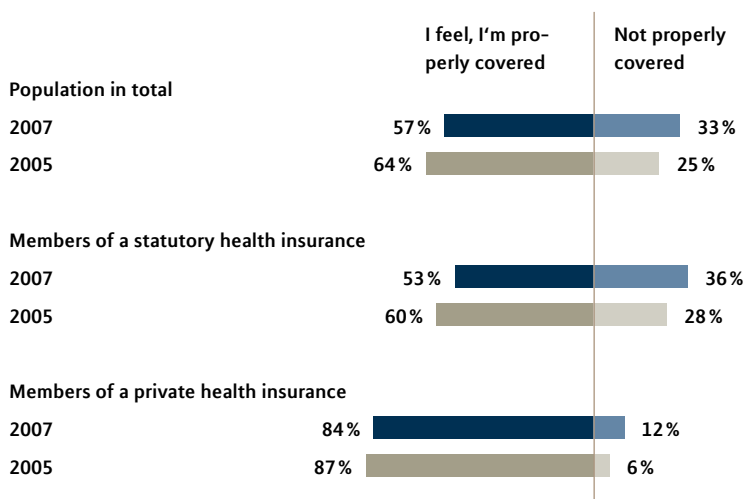
Health provision

Health reform was not such a prominent public issue in 2007 compared to the previous year. Once the reform had come into force on April 1, 2007, the media reported considerably less on this topic. Changing to a different health insurance provider was still an important issue for many when planning for the future. Only 100,000 people took up the option of going back into a statutory health insurance scheme having previously no longer been eligible for this. This option was linked with the health reform. People are increasingly realising that the German health system with its statutory health insurance schemes has reached its limits. They are concerned that they will not be sufficiently covered by statutory health insurance if they are ill.

Health reform came into force on April 1, 2007

Growing doubts regarding personal health insurance cover

“Does your current health insurance provide sufficient cover, are there any areas where you feel that you are inadequately covered?”



Basis: Federal Republic of Germany, 16-plus population
 Source: MLP Health Report 2007, IFD surveys 7083, 10012

The private health insurance schemes had premium incomes of some € 29 billion in 2007. Some € 27 billion (+2.6 %) was attributable to the health insurance industry and € 2 billion (+0.5 %) to long-term care insurance.

The market for option contracts expanded considerably across the industry due to the continued interest in private health insurance coverage. Option contracts safeguard the option for those policyholders – on the basis of their current state of health – who may wish to switch at a later date to private insurance without having to worry about an increase in their contributions should their state of health decline.

MLP offered in-depth advice to clients who are compulsorily insured in a statutory health insurance scheme with regard to changing to a less expensive statutory health insurance scheme. In terms of offering an integrated consulting approach, there are links with follow-on business from changing to a less expensive statutory health insurance scheme. For example, the money saved by switching health insurance schemes may be put towards old-age provision.

Changing statutory health insurer

Wealth management

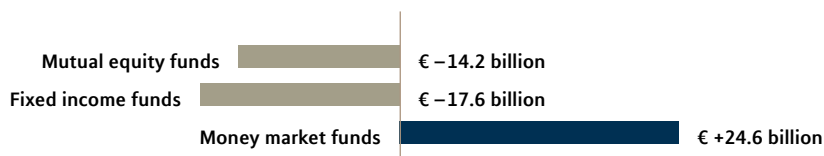
The savings rate in Germany rose to 10.8% last year (2006: 10.5%). Despite the fact that people are experiencing increased cost of living, such as the huge increases in energy costs, they have put aside money for the future. By the end of the year some € 166 billion had been saved. Based on economists' estimates, German households had gross financial assets of € 4.76 trillion in 2007 (€ 4.53 trillion in 2006) making them better off than ever before. These assets are mainly deposited in banks in the form of sight, time or savings deposits (33%). Insurers hold some 25% of these assets and investment funds around 12%. Some 10% of these assets is invested in fixed income securities.

The Germans' main consideration when investing money is security. According to the results of the "Wealth barometer 2007" market research study conducted by the German Savings Bank and Clearing Bank Association (Deutscher Sparkassen- und Giroverband) the Germans are primarily interested in security when investing and secondarily in the availability of their savings.

Savings rate increase

Security of investment is most important to Germans

Inflow in/outflow from different types of mutual funds in Germany in 2007



Source: Bundesverband Investment und Asset Management e.V.

The market for those referred to as high net-worth individuals, in which MLP is represented by its subsidiary Feri, continues to be a promising market segment. In Germany alone the number of millionaires increased to 798,000 in 2006 (2005: 767,000). There is, however, particularly strong competition in the private banking market in Germany. The growth prospects along with the income obtainable in this business segment are enticing a growing number of competitors onto the scene. Experts believe that when competing for clients, the crucial aspects in the future will be quality of services, competence of advisers and the institutes' reputation.

Erosion of margins and strong competition in the construction financing market

Financing

There was also strong demand in 2007 for German real estate on the part of foreign investors. Meanwhile, development was cautious in the traditional construction financing business for private clients, as in the previous year. Despite the low interest rate, demand was sluggish. The number of building licenses decreased by 35 % in 2007. Industry experts attribute this still to the termination of the home owner allowance at the end of 2005 and the increase in value added tax at the beginning of 2007. The financial services industry noted again the erosion of margins and strong competition in the market.

MLP is a broker with a full banking licence

Competition

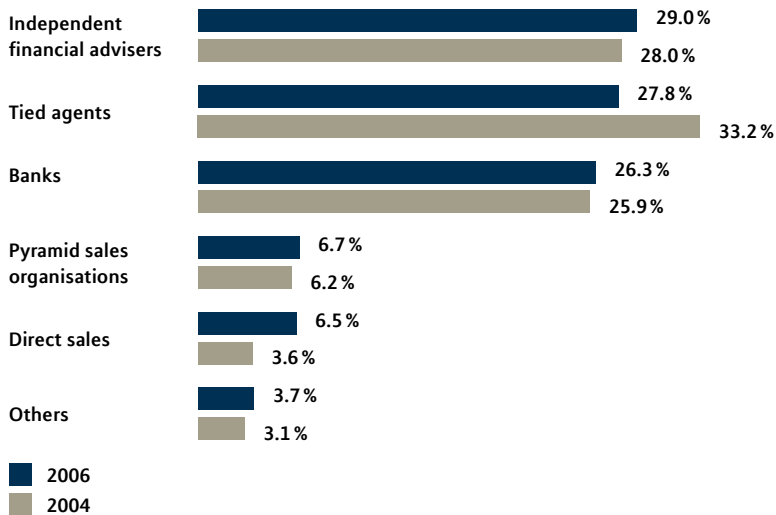
MLP stands out from the competition with its independent and comprehensive consulting approach. In contrast to many banks, savings banks, insurers or other finance brokers, MLP's choice of products is independent of the interests of the various product suppliers and depends entirely on the quality of the products and product suppliers and clients' particular requirements. In the past few years MLP has broken away from the Group subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG, so it can convincingly represent this approach. Instead it has invested in growth areas such as wealth management. By collaborating with Feri Finance AG, Germany's largest adviser for private and institutional wealth, which is independent, MLP has opened up new markets and opportunities for growth. MLP is the only finance broker represented throughout Germany which holds a full banking licence and can offer its clients the entire product range from the financial services market.

Increase in market share for independent finance brokers

Due to the heterogeneous nature of the German financial services market and the unique positioning of MLP within this market, it is not possible to ascertain the exact market share of individual competitors. However, there is clear evidence of one trend: The market share of independent finance brokers has increased considerably over the last few years. A study by the management consultancy Tillinghast reveals that the market share of independent brokers selling life insurance products in the German market increased from 23 % in 1999 to 29 % in 2006. We believe that MLP is the largest independent financial adviser in the German market.

In the course of the year additional new financial service providers entered the market, and a foreign insurance group took over one finance broker to strengthen its sales potential in Germany. This demonstrates the attractiveness of this market.

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



Source: Tillinghast Sales Channel Survey 2006

The greatest changes in the financial services industry result from the regulatory environment of the industry. In 2007 and the beginning of 2008 a series of directives and laws came into force containing new regulations for selling financial services:

- the EU Insurance Mediation Directive (VVR; since May 2007)
- the Markets in Financial Instruments Directive, (MiFID; since November 2007)
- the change to the German Insurance Contract Law (VVG; since January 2008)

In addition, on January 1, 2009 the new final withholding tax on capital gains will be introduced.

The legislation with its new guidelines aims to better protect investors by increasing market transparency and strengthening competition. The effects of these far-reaching regulations on the entire financial services industry in Germany will only become clear in the next few years (see forecast).

Changes in the statutory framework conditions

Competition and transparency offer improved protection for investors

Industry-specific influencing factors on MLP's business development

	Influence on business development in the industry in 2007	Influence on MLP's business development in 2007
Legal framework conditions for old-age provision	+	+
Legal framework conditions for health insurance	-	-
Trend towards provision saving	+	+
Increased competitiveness in the area of financing	+ -	+
Increase in competitiveness among the sales channels for financial services	+ -	+
Changes in the statutory framework conditions (VVR, MiFID, VVG)	-	+ -

BUSINESS MODEL AND STRATEGY

Business model: Independent, holistic consulting

Long-term customer support

Independent, holistic consulting with a clear target group focus on academics and other discerning clients is the central element of our business model. Our clients appreciate the comprehensive, long-term support, the careful product range tailored to their interests according to the best-in-class principle and the closeness to their consultants. MLP clients know they have a highly qualified financial adviser on hand to assist with all of life's circumstances. MLP acquires most of its new clients by targeting graduates at universities. Our aim is to provide decades of support to our clients as they move along their career and life paths. This leads to high customer loyalty and a wide range of opportunities for cross-selling.

On December 31, 2007 the company had 721,000 clients (previous year 685,000). Seven new branch offices were opened over the course of the year; the total number of branch offices is now 262. In the period under review, client support was provided by 2,613 mainly self-employed MLP consultants who work exclusively for MLP. In addition to its core German market, MLP also operates in Austria and the Netherlands.

Number of MLP clients 2005–2007



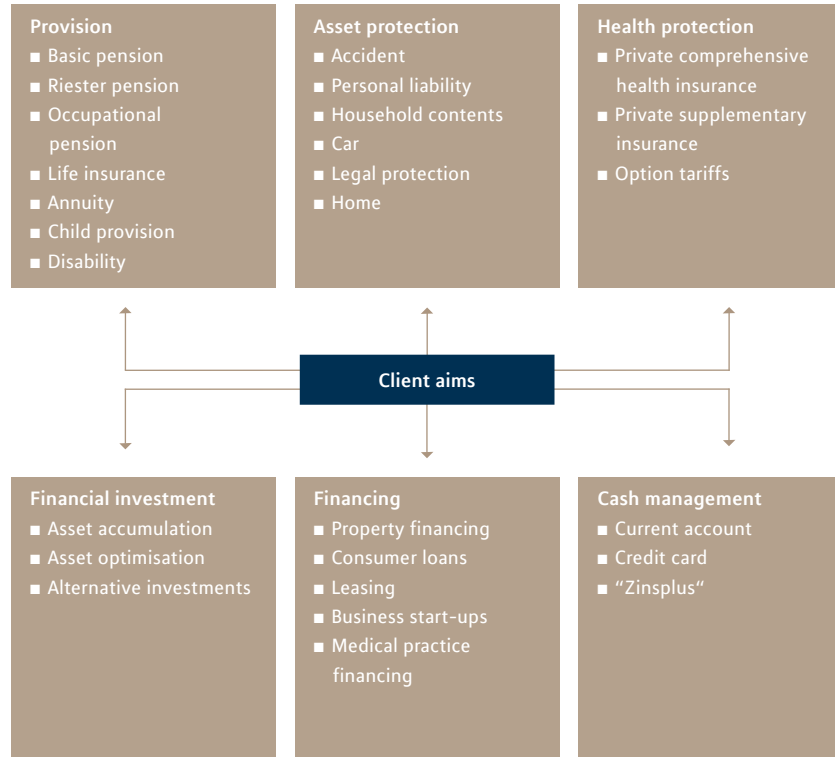
The decentralised sales model with its holistic consulting philosophy is convincing people in the industry as well as clients. MLP is the benchmark for the industry in terms of consultant productivity and cross-selling. The average income per consultant in 2007 was € 190,000. This is a top result for the industry.

Strategy

Independence in the consultancy process and in product selection has become a key selling argument in the competition among financial service providers in Germany. MLP has been following this approach since it was founded and this has helped it become a premium brand among the financial services providers operating in Germany. Today the company has a proven top reputation and an excellent position on the market.

Good market positioning

Integrated consultancy services



The company's strategic development over the past three years, particularly the expansion of wealth management as another core competence alongside old-age and health provision, is intended to contribute to a long-term increase in company value.

Successes in wealth management

After having acquired a 56.6 % majority holding in Feri Finance AG in October 2006, MLP exercised its option to purchase the remaining 43.4 % of the shares in October 2007. Feri's position within the MLP Group has seen positive developments. Early successes can be observed in new, customised concepts for MLP clients and personal collaboration on a number of levels.

MLP's acquisition of Feri Finance AG opens up a new dimension in wealth management for MLP clients. Feri Finance AG has until now been largely active in the area of investment advice for institutional and wealthy private investors. The collaboration with MLP means that Feri's expertise now benefits MLP clients as well and there is additional market potential, particularly in the MLP client base, to be tapped.

Within MLP's wealth management segment, Feri Finance AG is, with its excellent rating competence and internationally recognised research, an important intermediary for developing concepts for discerning investment strategies. Feri's comprehensive industry knowledge objectifies the investment world for MLP clients. Its high-quality rating and research work enables clients to take investment decisions based on a solid basis of information. Each year Feri conducts more than a thousand expert discussions with portfolio managers, monitors their success and continually compares the results of the various investment categories. Under Feri's independent and critical gaze, the world of financial investment is laid bare. The aim is to achieve maximum decision-making transparency for clients. Feri's findings are used in MLP's wealth management concepts. Clients select concepts based on objective information in line with their return expectations and risk propensity.

MLP clients benefit from Feri know-how

37% of MLP clients already fall within the classic private banking segment. This group of clients will become even more important because well-placed academics and discerning clients are increasingly interested in integrated wealth management concepts over the course of their lives. MLP recognised this challenge in good time and has systematically invested in expanding the relevant consultancy services.

Client demand for consultancy in the area of wealth management

Feri Finance AG will continue with its wealth management on behalf of major wealthy clients, with the development of innovative investment concepts and with its rating and research work almost exactly as before.

Occupational pension provision

The strategic decision taken in 2004 to enter the occupational pensions market has proved successful. This market's contribution to new business in the area of pensions was already around 7% in the past financial year.

This business segment is making an increasing contribution within MLP's value chain in terms of income, acquisition of new clients and cross-selling. The transaction volume for the industry as a whole is registering annual growth rates of 10 to 11%, and experts believe that these growth rates will continue in future. The German government's decision at the end of 2007 not to stop support for deferred compensation in the area of occupational pensions at the end of 2008 as planned, but to leave the exemption from social security system contributions in place for an unlimited period, has once again considerably improved future business prospects in the area of occupational pensions.

Occupational pensions become increasingly important

In collaboration with its subsidiary BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, MLP focuses on consultancy for small and medium-sized companies, freelancers and public-law institutes and associations.

High penetration rate

The vast majority of MLP consultants have already informed their clients about occupational pension instruments in the period under review. The high level of acceptance can be seen in the good penetration rates (proportion of a company's employees that take up the occupational pension offer) achieved by our consultants.

Our consultants acquire the necessary specialist knowledge in the area of occupational pensions in the company's own corporate university. In their day-to-day work they also have the support of an IT-based consultancy programme.

Business abroad

MLP pulls out of UK and Spain

At the balance sheet date of December 31, 2007, MLP had a subsidiary in Austria and a branch office in the Netherlands. MLP pulled out of the loss-making UK and Spanish markets in the third quarter of 2007 and is now concentrating on its core German market and its activities in Austria and the Netherlands. The key reason for pulling out of the UK and Spain was the competition on those markets. Overall however, foreign business plays a limited role in MLP's business success. Last year less than 3 % of income was generated abroad.

Legal corporate structure

Merging of sales and banking activities

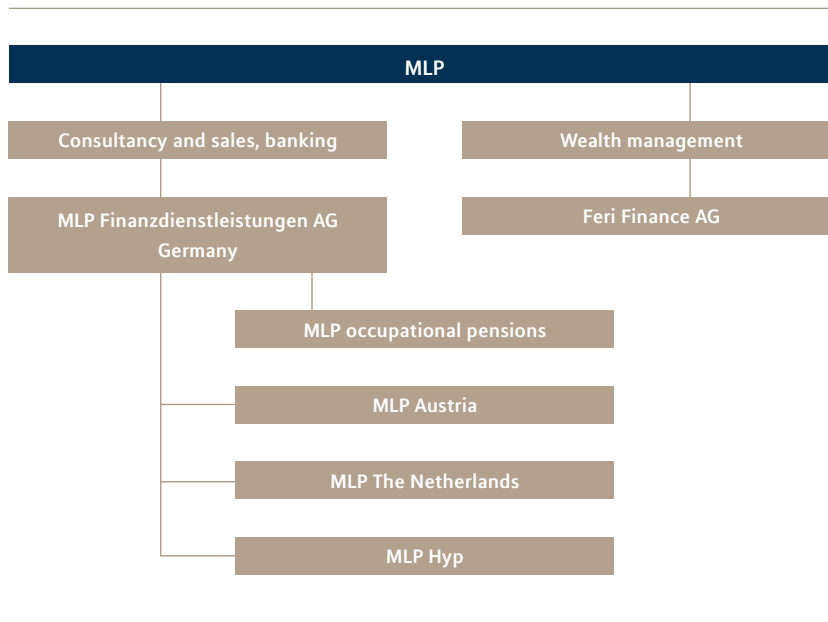
The MLP Group is structured as a holding. On the balance sheet date at December 31, 2007 the holding company, MLP AG, had two subsidiaries – MLP Finanzdienstleistungen AG and Feri Finance AG. In the first six months of 2007 MLP successfully merged MLP Finanzdienstleistungen Aktiengesellschaft into MLP Bank AG. The merged institute operates under the name MLP Finanzdienstleistungen AG. This subsidiary makes MLP the only major independent financial service provider with a full bank licence and it advises clients independently as a broker on all financial, pensions and property issues.

Feri Finance AG in Bad Homburg v.d. Höhe focuses on developing investment concepts, on providing support to wealthy private and institutional investors and on rating and research. After acquiring a holding of 56.6 % in Feri Finance AG in the fourth quarter of 2006 as part of the continuation of the MLP Group's strategic realignment, we exercised the option to acquire the remaining 43.4 % in the company at the end of October 2007 as planned. The actual execution of the share transfer will take place with effect from April 15, 2011 at the earliest.

MLP Hyp GmbH, Schwetzingen, Germany, a company set up in 2007 in conjunction with the mortgage broker Interhyp AG, forms the platform for MLP and Interhyp's joint property-financing business. MLP holds a 49.8% stake in this company. As well as benefits in terms of margins, the new company brings the possibility of negotiating better credit terms for MLP clients. In addition, the MLP sales team now has optimum access to an effective product and system platform for property financing and will have even better, focused support with detailed questions. The improved in-house service means that consultants can schedule even more time for advising their clients.

New property-financing platform

MLP business segments and regions at a glance



Organisation and management

MLP AG is based in southern Germany. It is a joint-stock company (Aktiengesellschaft) under German law and its registered office is in Wiesloch in the thriving region of Baden-Württemberg. The Executive Board consists of three members. The flat organisational structure promotes timely and flexible management. As required by German law, the Executive Board is supervised by the Supervisory Board.

The company is present in Germany, Austria and the Netherlands, with 262 offices and subsidiaries. Thanks to its decentralised sales model with commercially independent consultants, MLP is present throughout Germany on all university sites and in all conurbations. Customer support and consultancy services are provided by independent agents who work exclusively for MLP. They are paid on commission.

MLP is present throughout Germany

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

As at December 31, 2007 the share capital of the company is € 108,812,289 and is divided into 108,812,289 ordinary bearer shares with a nominal value of € 1 per share.

Acquisition of treasury stock

As a result of the approvals granted by the Annual General Meetings of June 21, 2005 and May 31, 2006, MLP AG purchased a total of 9,648,609 own shares (this corresponds to 8.87 % of the share capital as at December 31, 2007) in the period from December 1, 2005 to December 22, 2006 and in the period from November 9, 2007 to the balance sheet date of December 31, 2007. As per § 71b of the German Stock Corporation Act (AktG), these shares grant no rights and, more specifically, have no voting rights and dividends.

MLP AG was notified of two shareholders which exceeded 10 % of the voting rights on December 31, 2007:

	Number of shares	Shareholding
Manfred Lautenschläger ¹	12,991,597	11.94 %
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	11,857,781	10.91 %

¹ In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 10,404,995 of the shares (= 9.56 % of the share capital) held by Lautenschläger Beteiligung GmbH are attributable to Manfred Lautenschläger.

Executive Board

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.

Regulations regarding the amendment of the 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.

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21,000,000 in total by May 30, 2011 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. If the share capital is increased in exchange for cash contributions, the shareholders shall be granted a subscription right. However, the Executive Board has been authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights in accordance with § 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10 % of the share capital, either at the time of coming into effect or at the time it is implemented (authorised capital).

Authorised capital

A resolution passed at the Annual General Meeting of May 31, 2007 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 29, 2008; on the basis of this authorisation, the company purchased 785,500 shares in the period from November 9, 2007 to the balance sheet data of December 31, 2007.

In connection with the acquisition of the majority holding in Feri Finance AG, MLP AG exercised its call option in 2007, which will lead to the acquisition of the remaining shares in 2011. In the event that a third party purchases at least 51 % of the entire share capital of MLP AG by December 31, 2010 and exercises the voting rights from these shares in the Annual General Meeting following the acquisition or in a later Annual General Meeting, the vendors of the options are entitled to a minimum purchase price, if the acquisition of shares results in the business model agreed between MLP and Feri becoming inoperable.

Call option for acquiring the remaining Feri shares exercised

The contracts of employment between the company and the Chairman of the Board, Dr Uwe Schroeder-Wildberg, Gerhard Frieg and Muhyddin Suleiman contain a clause stating that they are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10 % at the time at which the contracts were concluded purchases a share of at least 50 % of the voting rights. Should they exercise this right to termination, MLP is obliged to pay them the fourfold annual fixed remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control and provided that the termination of contract is more than two years before its scheduled termination. The contract of employment of Dr Schroeder-Wildberg has a term until December 31, 2012, of Mr Frieg until May 18, 2012 and of Mr Suleiman until September 3, 2012. In the case of a termination of contract within the two years of the scheduled termination the severance payment shall be paid pro rata temporis.

COMPANY OBJECTIVES AND CORPORATE MANAGEMENT

Company objectives

The goal: profitable growth

The MLP Group directs its business activities at the objective of sustainably increasing the company value and profitable growth. We are aiming for growth in total income with a proportionately higher growth of earnings. We want to achieve this aim by implementing a consistent growth strategy, which includes objectives that are not only financial in nature (see also section “Strategy”). We also have the objective of clearly setting ourselves apart from the competition through the quality of our services and brokered products. Since our branch offices are the core units of service provision, they also represent the most important variable in the company’s success. As small, company-managed units, our branch offices are responsible for the implementation of our independent, comprehensive and quality-orientated approach to consulting.

Our position as quality leader in client consulting and support

Our claim to being quality leader in client consulting and support on the German financial services market is underlined by our non-financial objectives: We aim to have the clients who enjoy the best possible support, as well as the best consultants’ jobs and the best managers to lead our branch offices. We measure the extent to which we have achieved these goals using various key performance indicators: Whereas the cross-selling ratio (number of products per client) tells us how integrated the consulting is and thus how good the client support is, the productivity ratio of the consultants (income per consultant), shows how far we have been successful in relieving the consultants of administrative tasks, enabling them to devote themselves more fully to client consulting.

Corporate controlling

Sales are central to corporate controlling

To control the MLP Group, we use finely calibrated instruments which cover all the stages in the wealth creation chain. In the year under review, around 90% of the total income was generated through MLP Finanzdienstleistungen AG. MLP Finanzdienstleistungen AG streamlines the Group’s sales activities and therefore generally stands at the centre of corporate controlling.

In consequence of the merging of MLP Finanzdienstleistungen Aktiengesellschaft into MLP Bank AG, in the second half of 2007, the accounts and controlling departments of the two companies were combined. At the same time, Feri Finance AG, in which we acquired the majority holding in September 2006, was integrated as a new subsidiary into the Group’s controlling system. Insofar as was possible, all the relevant projects were completed in 2007.

Strategic controlling

Strategic controlling combines strategy with objectives

In controlling the company, we differentiate between a strategic and an operational approach.

Through planning with a horizon of three to five years, strategic controlling focuses on the combining of the corporate strategy with concrete objectives.

The focus is on the sustainable development of client value and the appropriate valuation and control of business segments, products, projects and investments. Optimum resource allocation, which fulfils both internal preferences and the requirements of the capital market, forms the basis for medium- to long-term corporate development.

Controlling of operational business

In a sales organisation like MLP, sales controlling is the core area of operational controlling. In the first process stage, it records the new contracts that have been concluded in the branch offices, collects the data relating to them in weekly and monthly reports and thus gives the management a prompt and clear indicator for business development.

Sales controlling

Cost controlling inspects the development of expenditures each month. The prompt preparation of the data that is collected gives the person responsible for costs the opportunity to react quickly to deviations from the original planning. All departments are assigned cost responsibility areas. Each department plans its tasks and objectives on its own authority, coordinates planning with the competent Executive Board members, and develops its investment and financial planning on this basis. Every quarter, a new forecast is prepared for the coming 15 months. Should deviations from the original planning occur, the budget is adjusted in coordination with the responsible members of the Executive Board.

Cost controlling

Key performance indicators and early indicators used by corporate controlling

Corporate controlling uses a series of KPIs which are derived from the most important value drivers in the company. The growth and profitability of the business is monitored using the core figures of total income (sales revenue) and EBIT (earnings before interest and tax).

In this regard, the development of total income depends on a whole series of key sales figures: With respect to our consultants, we monitor the development of the total number of consultants, fluctuations and productivity (income per consultant). Another value driver in our business model is the number of clients and the level of penetration of the client base, measured as revenue per family client.

Controlling the value drivers

As an early indicator for the development of business over a given financial year, we mostly use the parameter of production in the various segments, and here in particular in our important segments, old-age provision and wealth management. For the purposes of this analysis, we take production to mean the brokered new business in the segment in question. The commission that we receive when we act as intermediaries in the sale of such products is fundamentally calculated as a percentage of the new business that has been brokered. For MLP, the commission sums constitute the income from the brokerage business. Thus, production serves as an early indicator for the development of business, since it is possible to derive estimates of income from them.

New business generated serves as an early indicator for business development

Selected key controlling figures: Fulfilment of objectives in 2007 and medium-term target figures

	2006	Target for 2007	Actual figure achieved in 2007	Profitable growth	Medium-term target figure
Total income (in € million)	588.5	Profitable growth	637.1	8.3%	Profitable growth
EBIT (continuing operations, in € million)	95.1	Profitable growth	110.3	16.0%	Profitable growth
Number of consultants	2,571	2,750	2,613	2%	Further increase
Fluctuation in consultants	11.8%	Stability	11.0%	–	Stability
Productivity (income per consultant in €)	192,000	No explicit objective set	190,000	–	Increase
Number of clients	685,000	No explicit objective set	721,000	5.3%	Further increase
Cross-selling ratio	6	No explicit objective set	7	–	No explicit objective set
Brokered new business – old-age provision (in € billion)	7.1	Further increase	6.9	–	Further increase

Comparison of the actual and forecast development of business

EBIT target of € 110 million reached

We have reached our main target for the financial year 2007. Having achieved an EBIT of € 110.3 million in continuing operations, we are within the range of our forecast of approximately € 110 million. Therefore, as expected, the EBIT margin has also shown a marked improvement, going from 16.2% to 17.3%.

Profitable growth achieved

Due to the uncertainty that existed in early 2007 regarding further development in the health insurance segment, it has not been possible to make an exact forecast for the total income for 2007. Thanks to the definite increase in the EBIT and the 8% rise in total income that has been achieved, in 2007 we nevertheless reached our medium- to long-term target of achieving profitable growth.

Our qualitative forecast for old-age provision has not been entirely fulfilled as we expected further growth impulses in the past financial year. In this segment our business fluctuated around the previous year's level. Indeed we continue to assume that because of demographic development and ever diminishing statutory retirement pension provision, the requirement for private and occupational pension provision will continue to be on a high level in Germany. Nevertheless, in 2007, this requirement was only reflected to a limited extent in the demand by clients. Long-term provision products will also remain sales-intensive in the future, since clients will have to be convinced that they should invest funds in these products to the detriment of their current disposable income.

On the other hand, we made progress as had been forecast in wealth management. Here, in particular, we were able to record dynamic development as a consequence of our new subsidiary, Feri Finance AG, which we acquired in 2006.

As a result of the health reform, which came into force later than planned, i.e. on April 1, 2007, the negative development we had predicted for our health insurance segment was delayed. Whereas the first quarter, before the reform came into effect, continued to enjoy pleasing progress, business development proved to be sluggish in the three subsequent quarters, as expected. In particular, a negative effect was exerted on our business by the fact that the reform in actual fact impedes a change from a statutory to a private health insurance.

Over the last financial year, expenditures were according to plan. The expenses for the brokerage business are essentially attributable to the performance-related commission payments to our consultants.

As forecast, there was an acquisition-related marked rise in personnel expenses. The slight increase in other operating expenses also conformed to our forecast.

Old-age provision business:
high level of requirement but
sluggish demand

Health insurance: reform has a
negative effect on business
development

No significant deviations from
the forecast expenditure

REMUNERATION REPORT

The total remuneration of the Executive Board is made up of the following elements: a fixed and variable remuneration, long-term incentive and old-age provision components.

In addition to reimbursement of expenses, members of the Supervisory Board receive a fixed payment. Further details and the individualised payments are disclosed in the remuneration report in the "Corporate Governance" section of this annual report. This remuneration report is part of the management report.

RESULTS OF OPERATIONS

Summary of results

Marked increase in earnings

We have achieved a marked increase in earnings in the past financial year. Earnings from continuing operations (earnings before interest and tax – EBIT) grew by 16 % to € 110.3 million, which means we also increased our EBIT margin from 16.2 % to 17.3 %.

Old-age provision unchanged

Business in our most important segment of old-age provision stagnated in the past financial year. Earnings in this segment were down slightly at € 366.5 million from € 370.8 million in 2006. The 2006 value includes earnings from the so-called Riester step of some € 25 million. We are aware of an increasing consciousness among the population of Germany that private provision for old-age and the necessity to ensure a level of care in the event of ill health is vital. Nevertheless, many people are reluctant to start actively planning for their old-age insurance early, underestimating how long it takes to build up sufficient provision.

Statutory changes unfavourable to private comprehensive health insurance

With the coming into force of the health reform in April 1, 2007, general conditions for healthcare provision – our second most important segment – have become more difficult for MLP. The decline in our health insurance segment forecast for the current financial year has set in, albeit slightly later than expected. The business trend in the first quarter of 2007 was satisfactory to start with; due to the uncertainty associated with the pending health reform legislation, policies sold in the fourth quarter of 2006 contained a break option for customers and the income from these contracts was only recognized in the income statement in the first quarter 2007. However, after the health reform came into force on April 1, 2007 the demand for private comprehensive health insurance slackened as expected.

Growth in the wealth management segment

Our wealth management business developed very satisfactorily. With the help of the Feri Group acquired in October 2006, in the past year we developed new wealth management concepts tailored to our own client group and created the conditions enabling us to convert them into sales. Also the Feri Group's business in the fields of wealth management for wealthy clients and the development of innovative investment concepts, plus its rating and research activities, all showed significant growth.

New regulatory framework

The past financial year brought considerable regulatory changes for the whole financial services sector. The Insurance Mediation Directive (IMD), the Markets in Financial Instruments Directive (MiFID) and the new German Insurance Contract Law (VVG) that came into force on January 1, 2008 will result in major changes for the sector. These changes had no serious impact on our results in 2007. But we expect to see them affecting business in various ways in future (see "Forecast").

EBIT from continuing operations (in € million)

2007		110.3
2006		95.1

Overall statement on business development and the economic situation of the company

All in all we were satisfied with the course of business in 2007. Despite a difficult market environment we succeeded in increasing total income and operating earnings as planned, thus achieving our aim of profitable growth in 2007. We also succeeded in adapting our organisational structure to meet the tougher requirements for financial services providers brought about by changes in legislation and integrating them into the regular consulting activities of our consultants. This will help to improve what in our view is already an outstanding position in the market for financial services providers. With a consulting approach wholly oriented to clients' needs, we shall be able without difficulty to meet the higher standards of transparency and quality in customer care introduced by the government. As the only financial services provider represented throughout Germany, MLP achieves the independent broker status demanded by the latest legislation. This is an excellent starting point from which to win new market share.

The new statutory provisions have raised the barriers to market entry. The increased transparency and quality standards also change the competitive situation in the market. Small and medium-sized financial services providers in particular will find it increasingly difficult to meet these standards. We therefore expect a consolidation of the market. This provides an opportunity for MLP to further increase its market share.

The Group's financial position both at the end of the reporting period and at the time of preparing the Group management report may be regarded as positive. The increase in total income and operating earnings achieved in the past year have given a further boost to the Group's financial strength. In the medium and long term we expect to see a further marked improvement in our results of operations, assets and financial position.

Analysis of the results of operations (continuing operations)

Total income of the Group in the past financial year rose by 8 % to € 637.1 million. At € 476.3 million, income from the brokerage business for the same period was slightly up on 2006 (€ 474.9 million). The 2006 figure includes gains from the so-called "Riester step" of some € 25 million. Income from banking business showed a marked rise of 14 % over previous year to € 79.9 million due to the higher volume of business transacted and the increase in securities custody services. The wealth management segment posted earnings in the reporting

General statement on business trend

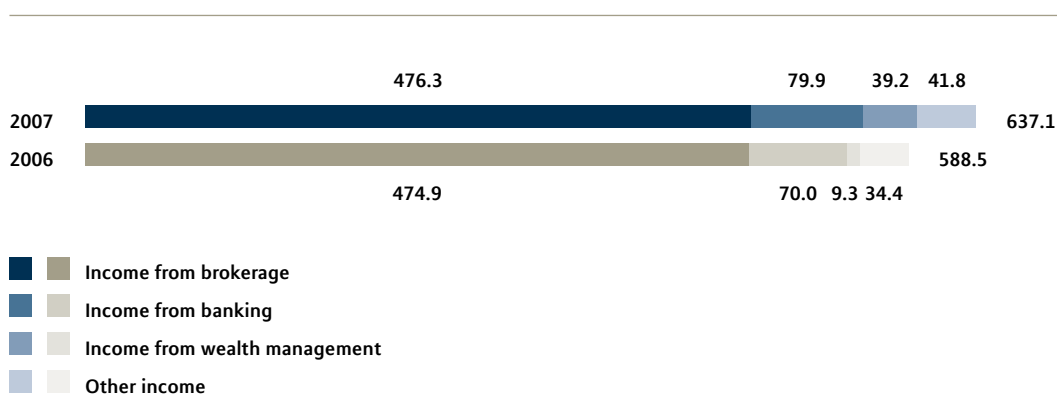
Opportunities to win new market share

Positive assessment of the Group's financial position

Total income well up

period amounting to € 39.2 million (€ 9.3 million). As this segment was newly created in the course of acquiring the Feri Group in the fourth quarter of 2006, income from 2006 only includes the business for the fourth quarter.

Total income from continuing operations (in € million)



Other income rose considerably in the past year from € 34.4 million to € 41.8 million. This included an additional profit component from the sale of MLP Lebensversicherung AG in 2005 amounting to € 11.3 million (€ 8.6 million). The item also includes gains not relating to the period of € 1.1 million from 2006. An additional profit component of a similar amount to the last financial year will be paid for the last time in 2008. Other income also includes gains from the sale of the database business of Feri Fund Market Information Ltd., which contributed € 4.0 million.

Brokerage expenses the largest expense item

Expenses for the brokerage business represent the largest individual item of expenses. The item covers the performance-related commission payments to our sales staff, which were down only slightly in 2007 from € 224.2 million to € 217.0 million. The distribution rate thus continues to vary between 45% and 46%.

Expenses for the banking business increased more or less in proportion to income from it, from € 18.2 million to € 21.4 million. The wealth management business incurred expenses of € 2.2 million (€ 0.9 million). The comparable figure for 2006 only includes expenses from the fourth quarter, as the Feri Group subsidiary was only consolidated from October 2006, the date at which it was acquired.

Personnel expenses up due to new acquisition

Personnel costs increased sharply in the reporting period from € 81.6 million to € 107.4 million. Several factors are responsible for this change. The chief one was integrating the employees of the Feri Group, which in 2007 for the first time was included in the MLP Group scope of consolidation for all four quarters. General salary increases and one-off compensation payments also contributed to the rise.

Also due to the first-time consolidation of the Feri Group was the increase in depreciation/amortisation in the past financial year, which rose from € 17.0 million to € 19.5 million.

Operating expenses rose in 2007 by 5 % from € 151.4 million to € 159.3 million, with the first-time consolidation of the Feri Group contributing some € 9 million. Without this factor expenses would have been some € 1 million less than the previous year, which testifies to our systematic cost management.

Total expenses for the Group rose in the past financial year by only 7 % to € 526.7 million, a disproportionately low figure compared with overall income.

Disproportionately low increase
in total expenses

Losses from companies accounted for using the equity method include the negative contribution from the start-up phase of MLP Hyp GmbH. This company commenced operating activities in the fourth quarter 2007. In future the company, in which MLP has a 49.8 % holding, will handle the mortgage business operated jointly with Interhyp AG.

Breakdown of expenses

in € million	2007	in % of total expenses	2006	in % of total expenses	Change as %
Expenses for brokerage business	217.0	41.2 %	224.2	45.5 %	-3.2 %
Expenses for banking business	21.4	4.1 %	18.2	3.7 %	17.6
Expenses for wealth management	2.2	0.4 %	0.9	0.2 %	> 100 %
Personnel costs	107.4	20.4 %	81.6	16.5 %	31.6
Scheduled depreciation/amortisation and impairment	19.5	3.7 %	17.0	3.4 %	14.7 %
Operating expenses	159.3	30.2 %	151.4	30.7 %	5.2
TOTAL	526.7	100.0 %	493.3	100.0 %	6.8 %

Total earnings before interest and tax (EBIT) in the past financial year amounted to € 110.3 million (€ 95.1 million).

EBIT up by 16 %

At € -2.2 million, finance cost was well down on the previous year's figure (€ 5.0 million). This was due to the reduction in the average amount of funds available for investment and the interest cost incurred through interest charges on the residual purchase price for Feri Finance AG.

Earnings before tax (EBT) rose by 8 % to € 108.2 million.

Income tax rose in the reporting period from € 23.6 million to € 32.1 million, corresponding to a tax rate of 29.7% (23.6%). The previous year's figure included capitalisation of a corporation tax credit in line with statutory provisions and tax refunds in connection with a tax field audit for the years 1997 to 2001.

Earnings from continuing operations amounted in the past financial year to € 76.0 million (€ 76.5 million). Diluted earnings per share improved by 3% from € 0.73 to € 0.75.

Change in earnings from continuing operations

in € million	2007	2006	Change
EBIT	110.3	95.1	16.0%
EBIT margin	17.3%	16.2%	–
Finance cost	–2.2	5.0	> 100%
EBT	108.2	100.1	8.1%
EBT margin	17.0%	16.2%	–
Income tax	–32.1	–23.6	36.0%
Net profit	76.0	76.5	–0.7%
Net margin	11.9%	13.0%	–

Discontinued operations

Concentration on growth markets

Discontinued operations include MLP Lebensversicherung AG and MLP Versicherung AG sold in 2005, the business activities of MLP Private Finance AG, Zurich, discontinued in 2006, and the business operations of our subsidiaries in the UK and Spain, also discontinued in the third quarter of 2007 in the course of further concentration on growth markets.

Losses from discontinued operations in the past financial year came to € –13.9 million (€ –4.7 million). Operating losses of our subsidiaries in the UK and Spain and the restructuring expenses required to wind up operations in these countries accounted for a total of € –5.1 million (€ –7.2 million). We also had to reduce the purchase price of MLP Lebensversicherung AG in 2006, which impacted results adversely in the reporting year.

Group

Total Group profit for the year was € 62.1 million (€ 71.8 million).

Basic earnings per share thus slipped from € 0.69 to € 0.62. Diluted earnings per share slipped from € 0.69 to € 0.61.

Earnings per share

Net profit

in € million	2007	2006	Change
Continuing operations	76.0	76.5	-0.7 %
Discontinued operations	-13.9	-4.7	> 100 %
NET PROFIT (TOTAL)	62.1	71.8	-13.5 %
Earnings per share in €	0.62	0.69	-10.1 %
Diluted earnings per share in €	0.61	0.69	-11.6 %
No. of shares in million (basic)	101.0	104.9	-3.7 %

Appropriation of profits

In the past financial year MLP paid out a total of some € 48 million to its shareholders in the form of regular dividends for 2006 and of share buybacks. The regular dividend for 2006 was € 0.40 per share (with a total dividend distribution of some € 40 million). Cash repayments were also made to our shareholders under a share buyback programme. In the period between November 12, 2007 and December 28, 2007 785,500 shares were bought at an average price of € 9.49 per share. The total volume of the share buyback programme in the reporting year was some € 7.5 million.

High dividend payout and share buybacks

The buyback programme, which commenced on November 12, 2007 was brought to a close on schedule in January 2008. Altogether we bought back 1,957,656 shares under the programme at an average price of € 9.66. This corresponds to a volume of € 18.9 million or 1.8 % of the share capital. We have therefore returned some € 59 million to our shareholders through dividend payments and buying back our own shares. This corresponds to some 77 % of the earnings from continuing operations for the financial year 2006.

In view of the pleasing results from continuing operations, the Executive Board and Supervisory Board recommend to the Annual General Meeting on May 16, 2008 that the dividend increases by 25 % from € 0.40 to € 0.50 per share. This corresponds to a total dividend distribution of some € 49 million, and a distribution rate of 64 % of net profit from continuing operations.

Increased dividend

Pursuant to § 71b of the German Stock Corporation Act (AktG), own shares held by the company are not entitled to dividends.

FINANCIAL POSITION

Aims of financial management

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

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

Financing analysis

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

We made further optimisations to the capital structure of the MLP Group during the course of the financial year 2007. Through the continuation of the share buyback programme as of November 2007 we were able to further reduce the equity ratio from 25.6 % to 23.9 %. With shareholders' equity standing at € 339.7 million (€ 324.9 million), the Group's equity capital backing is very good. The increase in shareholders' equity can primarily be attributed to the net profit of € 62.1 million generated in the last financial year. The dividends for the financial year 2006 (€ 40.0 million) and the purchase of our own shares (€ 7.5 million) had an offsetting effect.

At present we do not use borrowed funds to finance the Group long-term. Changes to the general interest rate or future credit terms therefore have no material effect on the financing of the Group. The liabilities due to banking business mainly concern client deposits, which have no financing function for the Group. These liabilities are offset by receivables from banking business of approximately the same amount.

As provisions only account for some 3 % of net assets, they have no significant financing function for the MLP Group.

The other liabilities amounting to € 278.5 million consist mainly of short-term liabilities from operating activities. The exception is a liability to the shareholders of Feri Finance AG of € 91.8 million for the purchase price of the company, which was acquired in 2006. This liability is due on April 15, 2011 at the earliest. Short-term liabilities are offset on the asset side of the balance sheet by cash and cash equivalents of € 134.6 million and short-term receivables and others assets of some € 142 million.

No significant liabilities or receivables in foreign currencies

Optimisation of the capital structure

Group largely financed by shareholders' capital

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

As at the balance sheet date, financial commitments from rental and leasing agreements were in place which amount to € 53.7 million for the financial year 2008. This mainly consists of liabilities from renting our offices, the outsourcing of IT technology and the leasing of IT equipment. This will result in total liabilities to the tune of € 224.3 million up to 2012.

Rental and leasing

Capital expenditures

MLP generally finances capital expenditures from current cash flow. The total capital expenditures volume in the last financial year was slightly lower than the previous year at € 16.2 million (€ 20.0 million). The lion's share of our capital expenditures in the reporting year went into IT projects, which were aimed at continuously improving the quality of our consulting and our client service (see also section "Client support"). As well as recognised capital expenditures we use other resources for these projects, which are included as expenses in the income statement. We have already invested or spent some € 29 million in these projects in 2006 and 2007. Additional investment and expenses will follow in the current financial year.

Capital expenditures unchanged

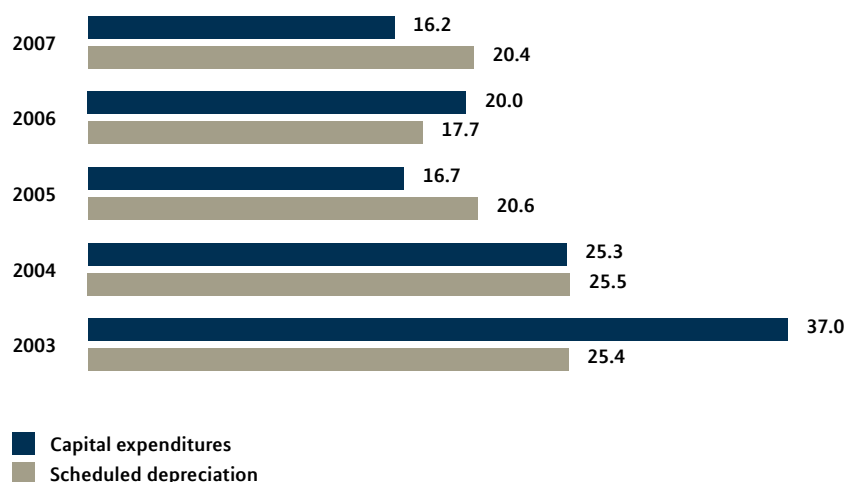
Capital expenditures

in € million	2007	2006	2005	2004	2003
INTANGIBLE ASSETS	11.5	17.5	12.0	13.6	17.4
Goodwill	–	–	–	0	0
Software (developed internally)	0.5	0.1	–	–	0.3
Software (purchased)	2.0	0.5	1.2	0.8	11.7
Other intangible assets	0.1	0.1	–	–	–
Advance payments and assets under construction	8.9	16.8	10.8	12.8	5.4
PROPERTY, PLANT AND EQUIPMENT	4.7	2.5	4.7	11.7	19.6
Land, leasehold rights and buildings	0.8	0.6	0.5	1.2	0.8
Investment property	0.3	0.2	0.0	–	–
Other fixtures, fittings and office equipment	2.6	1.6	2.5	2.6	1.8
Advance payments and assets under construction	1.0	0.1	1.7	7.9	17.0
TOTAL CAPITAL EXPENDITURES	16.2	20.0	16.7	25.3	37.0

Capital expenditure level with depreciation

The comparison of capital expenditure and depreciation makes it evident that our business model has become much less capital intensive since the sale of the Group subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in 2005. The capital expenditure level in the Group shows a sustained decline compared to the years 2003 and 2004. In the last three financial years it has remained relatively stable. We make targeted capital expenditures in improving the quality of client care and consulting.

Capital expenditures and scheduled depreciation in € million



Share buyback and dividend payments impact cash flow from financing activities

Liquidity analysis

Cash flow from operating activities in continuous operations reached € 82.4 million (€ 93.4 million), corresponding to 13 % of total income.

Cash flow from investing activities on continuous operations improved greatly from € -87.8 million to € -18.5 million. In the previous period cash flow was impacted by the payment made to purchase the majority interest in Feri Finance AG amounting to € 57.8 million.

The main factors affecting cash flow from financing of continuous operations are dividend payments and payments associated with share buyback programmes. As an extraordinary dividend was paid in 2006 and the share buyback programme was much more extensive, cash flow from financing activities was up from € -204.0 million to € -47.3 million.

Simplified cash flow statement for continuing operations

in € million	2007	2006	Change
Cash and cash equivalents at beginning of period	120.5	330.0	-63.5%
Cash flow from operating activities	82.4	93.4	-11.8%
Cash flow from investing activities	-18.5	-87.8	-78.9%
Cash flow from financing activities	-47.3	-204.0	-76.8%
CASH AND CASH EQUIVALENTS AT END OF PERIOD WITHOUT GAIN ON SALE OF DISCONTINUED OPERATIONS	137.1	131.6	4.1%
Payments for disposals (net of cash)	-2.7	-11.1	-75.9%
CASH AND CASH EQUIVALENTS AT END OF PERIOD	134.4	120.5	11.6%

As at the balance sheet date of December 31, 2007, the MLP Group owned € 134.4 million in cash holdings (€ 120.5 million). The liquid funds available are therefore still very good. Thus there are sufficient cash reserves available to the MLP Group. In addition to the cash holdings we have free lines of credit amounting to around € 125 million over the short and medium term (one and three years). No liquidity squeeze occurred in the reporting period, nor is any such shortfall expected. There are no limitations which restrict the availability of funds.

Excellent liquidity

NET ASSETS

Analysis of asset structure

Total assets of the MLP Group had risen as at December 31, 2007 from € 1,270.2 million to € 1,424.2 million. Intangible assets and property, plant and equipment were down due to changes in the scope of consolidation and scheduled depreciation/amortisation from € 187.1 million to € 184.7 and from € 89.1 million to € 83.9 million respectively.

Total assets up

The "Shares in companies accounted for using the equity method" item relates to MLP Hyp GmbH. This company is operated by MLP jointly with Interhyp AG to provide real estate finance. MLP Hyp GmbH commenced operating activities in the fourth quarter of 2007. MLP has a 49.8% holding in the company.

The changes in net deferred tax assets and liabilities are associated with their revaluation that became necessary in the course of the corporation tax reform of 2008. Deferred tax assets have declined in the reporting period from € 4.0 million to € 1.6 million. Deferred tax liabilities are down from € 13.7 million to € 9.9 million.

Revaluation of deferred taxes

The sharp increase in receivables from banking business from € 606.4 million to € 771.8 million at the balance sheet date of December 31, 2007 is offset on the liabilities side by a similar increase in liabilities due to banking business from € 599.7 million to € 752.3 million. The reason for this change is the rise in the volume of business transacted in our banking operations.

The significant fall in tax refund claims from € 21.1 million to € 9.7 million is accounted for by payment receipts associated with these receivables.

The reduction in the "Receivables and other assets" item from € 177.1 million to € 157.3 million is mainly due to the fact that commissions payable by insurance companies for the sale of insurance products were down compared to the previous period.

Increased liquidity

The value of cash and cash equivalents increased due to lower cash outflows than the previous year in dividend payments and share buybacks from € 120.5 million to € 134.6 million. In 2006 we also acquired a majority holding in Feri Finance AG with cash funds.

The "Non-current assets held for sale and disposal groups" item includes holdings in investment funds destined for resale to our clients. These are holdings in investment funds created as part of our new wealth management concepts.

Assets

in € million	2007	2006	Change
Intangible assets	184.7	187.1	-1.3 %
Property, plant and equipment	83.9	89.1	-5.8 %
Investment property	14.6	15.1	-3.3 %
Shares in companies accounted for using the equity method	1.6	-	-
Deferred tax assets	1.6	4.0	-60.0 %
Receivables from banking business	771.8	606.4	27.3 %
Financial investments	52.4	49.9	5.0 %
Tax refund claims	9.7	21.1	-54.0 %
Receivables and other assets	157.3	177.1	-11.2 %
Cash and cash equivalents	134.6	120.5	11.7 %
Non-current assets held for sale and disposal groups	12.2	-	-
TOTAL ASSETS	1,424.2	1,270.2	12.1 %

We have continued to improve the capital structure of the MLP Group in the course of the financial year 2007. The net profit for 2007 of € 62.1 million contributed to the increase in shareholders' equity. This was offset by the dividend payment for 2007 amounting to € 40.0 million and the buyback of our own shares costing € 7.5 million. The equity ratio slipped from 25.6 % to 23.9 %. With shareholders' equity amounting to € 339.7 million (€ 324.9 million), the Group's equity capital backing continues to be extremely healthy. At 22 %, return on equity from continuing operations is at a high level.

Further improvement to capital structure

As a result of settling our tax liabilities, this item has fallen from € 7.6 million to € 0.1 million.

Provisions have risen by just 3 % to € 43.8 million. Other liabilities have likewise fallen just slightly by 1 %.

We used no off-balance sheet financial instruments in the reporting period.

Liabilities

in € million	2007	2006	Change
Shareholders' equity	339.7	324.9	4.6 %
Provisions	43.8	42.4	3.3 %
Deferred tax liabilities	9.9	13.7	-27.7 %
Liabilities from banking business	752.3	599.7	25.4 %
Tax liabilities	0.1	7.6	-98.7 %
Other liabilities	278.5	281.9	-1.2 %
TOTAL LIABILITIES	1,424.2	1,270.2	12.1 %

SEGMENT REPORT

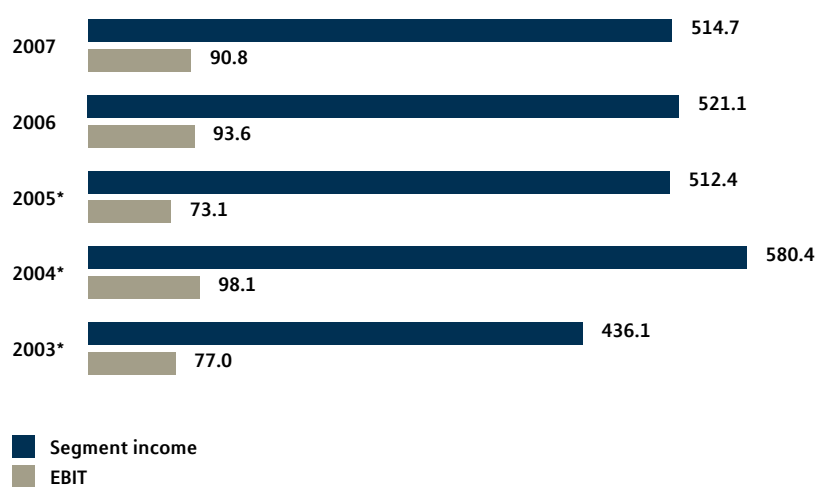
Consulting and sales segment

At € 496.3 million (€ 494.4 million), the income from the brokerage business in the consulting and sales segment in the last financial year stood slightly above the level of the previous year. The income from the brokerage of old-age provision products almost reached the same figure as in the previous year. This figure contained income from the "Riester step" of around € 25 million. Income from the brokerage of health insurance policies stood higher than the figure for the previous year. The income from the brokerage of non-life insurance policies and loans and mortgages displayed an equally positive trend. Income generated from financial investment fell, but here it should be noted that part of the income from this area accrued to the banking segment during the year under review.

Income from brokerage business slightly above previous year's level

Other income decreased mainly due to the personnel, data processing centre and IT services rendered for the non-group companies Heidelberger Lebensversicherung AG and Janitos Versicherung AG, clearly falling during the period under review from € 26.7 million to € 18.4 million.

Segment income and EBIT for consulting and sales (in € million)



* including the discontinued operations in Great Britain and Spain

The largely variable expenses for the brokerage business contribute significantly to the expenses in this segment. During the reporting period they amounted to € 217.0 million and consequently stood at around 3% below the figure for the previous year. During the last financial year, personnel expenses rose by 8% from € 63.8 million to € 68.7 million. In 2007, scheduled depreciation/amortisation and impairment expenses exceeded the prior-year figure of € 12.3 million only slightly and came to € 13.0 million. Operating expenses fell during the reporting period and came to a total of € 125.1 million (€ 127.2 million).

This meant we achieved earnings before interest and tax (EBIT) of € 90.8 million (€ 93.6 million) in the consulting and sales segment. At € 1.2 million, the finance cost stood slightly above the figure for the previous year of € 0.7 million. This meant that segment earnings before tax (EBT) reached € 92.0 million (€ 94.3 million).

EBIT stands at € 90.8 million

At € 6.9 billion (€ 7.1 billion) as at December 31, 2007, development of new business in the old-age provision segment stood almost at the same level as the previous year which had been decisively influenced by the increase in tax-privileged contributions to the Riester pension. As regards private health insurance, the brokered annual premiums in the last financial year fell, as expected, from € 71.4 million to € 50.1 million due to the effects of the health reform, which came into force on April 1, 2007. The volume of loans and mortgages stood at € 1,173 million (€ 1,217 million). Funds under management held jointly with Feri Finance AG rose compared to the previous year from € 10.8 billion to € 11.4 billion.

New business

	2007	2006	2005	2004	2003
Old-age provisions (premiums in € billion)	6.9	7.1	6.7	11.2	7.4
Health insurance (annual premiums in € million)	50.1	71.4	56.4	60.4	64.0
Loans and mortgages (volume in € million)	1,173	1,217	1,016	806	1,064
Funds under management in € billion	11.4*	10.8*	8.3*	2.6	3.5

* MLP and Feri

Banking segment

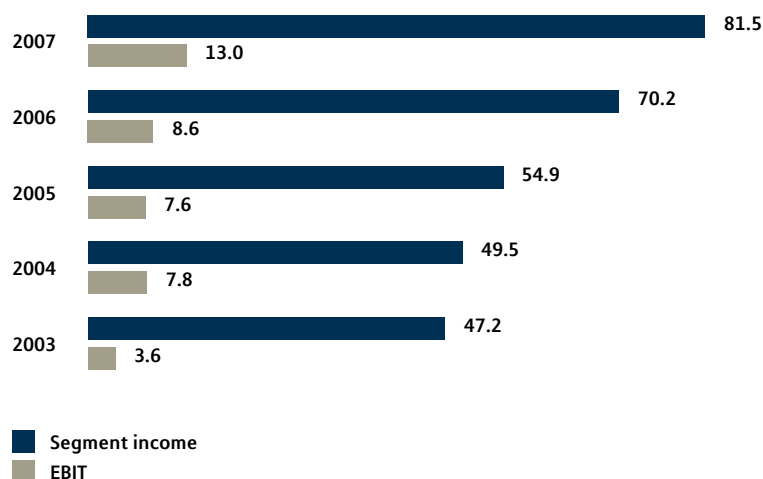
In the past financial year the banking segment continued its positive trend. Segment income rose by 16 % to € 81.5 million compared to the previous year. The commission earnings for the reporting period rose by 6 % to € 26.1 million compared to the previous year due to growth in the deposit business and in portfolio management. The increase in net interest to € 15.0 million (€ 11.6 million) can be traced back to both the higher balance sheet total and the increased interest level.

Total expenses in this segment showed a degressive trend compared to segment income, and came to an amount of € 68.6 million (€ 61.6 million). While the expenses for the banking business and personnel expenses increased almost in the same ratio as the segment income, operating expenses remained almost at the same level as the previous year.

Earnings before interest and tax (EBIT) totalling to € 13.0 million (€ 8.6 million) was achieved by the segment. With a virtually unchanged finance cost figure of € -0.1 million, earnings before tax (EBT) came to € 12.9 million (€ 8.5 million).

Degrressive cost trends

Segment income and EBIT for the banking segment (in € million)



Wealth management segment reflects the growth of Feri Finance AG

Wealth management segment

MLP acquired the majority holding in Feri Finance AG in October 2006. Since the fourth quarter of 2006, the business development of this group of companies has been represented in the wealth management segment. The comparative figures for the previous year relate to the fourth quarter of 2006 only and are consequently only comparable to a limited extent.

We generated income from wealth management of € 39.4 million (€ 9.3 million) in this segment during the last financial year. In addition to this we also attained other income of € 11.2 million (€ 1.5 million). This amount includes the proceeds from the sale of the database business of Feri Fund Market Information Ltd. in the past financial year.

Earnings before interest and tax (EBIT) came to € 11.3 million (€ 2.1 million) during the reporting period.

Internal services and administration segment

Segment result clearly improved

This segment comprises the essential internal and external services and activities of the MLP Group. During the past financial year, other income of € 26.0 million (+19 %) was attained. This contains a subsequent profit component from the sale of the former subsidiary MLP Lebensversicherung AG of € 11.3 million (€ 8.6 million).

As a result of this, with virtually unchanged total expenses, the segment profit from operations (EBIT) improved from € -9.3 million to € -5.1 million.

The finance cost has clearly declined from € 6.9 million to € 2.1 million. This development can be essentially traced back to the increase in other interest and similar expenses, which includes interest costs in connection with the acquisition of the Feri Group. The earnings before tax (EBT) has consequently changed from € -2.3 Million to € -3.0 million.

CLIENT SUPPORT

Support for the target group of academics and other discerning clients is provided by MLP consultants in the context of a holistic, independent consulting philosophy. On the basis of long-term financial planning, that is discerning in terms of quality, our consultants are able to provide each of our clients with optimal solutions in the fields of old-age provision, insurance cover, wealth management and financing. Products are selected with consistent independence. Each of the products we choose for our clients is the best that is available on the market in that particular class of product.

The concept of independence is a very attractive one. At the end of the year under review 721,000 clients were receiving support from 2,613 consultants and 262 branch offices. Despite the intensive competition surrounding the client group of academics and other discerning clients in Germany, MLP was once again able to increase the number of its clients, i.e. by 5 %.

Independent financial planning

Number of MLP consultants



Training

The innovation cycles experienced in the financial services sector are becoming shorter not least because of the regulatory environment. Commensurately, the demands being placed on the qualification level of financial advisers are constantly increasing. In MLP's corporate culture, particular importance has always been placed on both initial training and in-service training – and it is of strategic significance today. MLP's own corporate university is the guarantor of the quality of the training, provides ongoing further training for consultants and, since 2007, has also devised the development programme for personnel and management staff within the company.

Corporate university ensures the quality of the training provided

Corporate university accredited

The institute draws up training standards that exceed current regulatory requirements by far. This has helped to position the corporate university uniquely amongst personnel development programmes organised by companies themselves. In 2007 the MLP Corporate University was awarded the seal of approval from the European Foundation for Management Development (EFMD). The institute is therefore one of the very few internal company training establishments in Germany that have been accredited. CLIP (Corporate Learning Improvement Process) accreditation confirms the way in which training provision retains its value and ensures ongoing acceptance in the international arena.

Tests go hand in hand with training

MLP's training concept is based on the systematic dovetailing of theory and practice and the principle of lifelong learning. Students take the new professional examination that was introduced in 2007 by § 34d of the Trade, Commerce and Industry Regulation Act as soon as they have completed a three-month basic training course. This is followed after six months by the final examination enabling successful participants to receive the title of "MLP Financial Consultant"; after two years they can become Senior Financial Consultants. The title of "Senior Financial Consultant" is held by consultants who have completed further target-group specific seminars and training courses.

Over the last year around 600 consultants completed their training at the MLP Corporate University in Wiesloch. More than 3,000 lectures, seminars and workshops were provided by over 500 lecturers and trainers during that period of time. 14 consultants completed their Master of Business Administration (MBA). The MLP Corporate University offers this further training in cooperation with the following partner universities: HEC, Paris and IMEA (International Management Courses for Insurance Top Executives), St. Gallen.

IT support

IT guarantees compliance with legal standards

For our IT department, 2007 was marked by many challenges. In this regard the various new regulatory prescriptions must be highlighted, such as the Insurance Mediation Directive, the Markets in Financial Instruments Directive Implementation Act (FRUG) and the German Insurance Contract Law (VVG), which came into effect on January 1, 2008. Documentation and transparency requirements aimed at improving consumer protection, as well as new tariffs and the volume of data, which has increased markedly, render considerable adjustments necessary.

The gradual diminution of vertical integration in the financial services sector is making it possible for certain software products and services to be increasingly linked into in-house application landscapes. For example, the task of migrating the broker platform programme to standard CRM tools is nearly complete. This initiative will contribute to far greater professionalisation of the activity management process used by MLP consultants.

The many projects we are engaged in have one objective: We aim to improve client relationship management. We achieve this by generating causes for client appointments and vastly improving data quality, and by new product selection tools and creating the documentation relating to consulting meetings entirely in electronic form. Thanks to technical support it is now possible for clients' requirements to be ascertained with greater precision.

Clients and their consultants derive direct benefits from the IT investments in the branch offices. The information base in the branch offices has never been better than it is today. For example, in our contract inventories we are able to update 20,000 pieces of product information on an ongoing basis.

MLP's new, up-to-the-minute data world, which is virtually standardised across the Group, with its user-friendly system structure and rapid data access, enhances the effectiveness of the sales department and, at the same time, meets all the relevant legal and financial requirements.

Sales controlling

Sales controlling acts as a link between the Executive Board Member for Sales and the consultants, and is intended to ensure that the sales strategy and sales plan are implemented. The object is to further increase our sales performance by conducting our client relationships with greater consistency. In addition, all the structures, information channels and processes within the company are being aligned more closely than hitherto to the requirements of sales. In 2007 the management of conferences, information and knowledge management, campaign coordination and sales monitoring became the direct responsibility of the Executive Board member for Sales. Because processes and communications are becoming ever more coordinated, in future, the sales department will be able to concentrate more on implementing the sales plan and thus on client acquisition and support.

MLP marketing stands for brand building and sales support

Over the past year MLP marketing has also been geared towards sales support and brand reinforcement. Various campaigns have raised awareness of the company's competency in provision and financial investments and marketing has contributed to the acquisition of new staff and consultants.

In order to consolidate MLP's reputation as a competent partner in wealth management and old-age provision, various subjects have been tackled via the media in cooperation with the broadcaster, N24. Printed adverts and an online campaign completed the initiatives undertaken.

With the sales support campaigns of 2007, MLP was able to increase its presence significantly in the media that have contact with the target groups and enjoy a wide reach. An integrated approach was adopted when these initiatives were devised. As far as content was concerned, most of these initiatives were developed and realised within the company. The company also showed itself to be especially creative in personnel marketing, launching a unique and highly

Improvement in client
relationship management

Optimisation of sales
controlling

MLP's TV presence

esteemed Internet campaign to acquire new consultants, the “500jobs@mlp” campaign.

Sponsoring increased

In sponsoring, a new partnership was established with the trade magazine, “Golf Journal”. MLP will now be the main sponsor of the Bang & Olufsen Golf Journal Trophy, for which the tournaments are held at more than 60 venues and which is well received in the media. Of course, we also supported the well-known MLP Mannheim Rhein-Neckar Marathon and the German University Championships.

Fundamentally, the aim of all marketing measures is to combine brand enhancement and sales support coherently.

We also continued to run the popular “MLP Forum” series of lectures, involving well known experts from the world of commerce and academia, over the last year. At various branch office venues, more than 5,000 clients and potential prospects had the opportunity to meet and have a discussion with renowned speakers such as Prof. Matthias Horx and Prof. Dr Bert Rürup.

Partner management

Independent selection of partners

In addition, our company’s partner management, which is geared towards a continuous increase in quality, has a very great impact on the quality of the support that clients receive. As a financial broker who acts entirely independently, we see ourselves as an intermediary between our clients and the product providers. Therefore, when we are choosing companies that could potentially become our partners, we are already making decisions with quality at the forefront of our thinking. For contractual relationships that will last for several decades – such as those established in connection with old-age provision – in addition to certain other important factors, the financial stability of partner companies is a decisive consideration for us. This is why MLP applies an objective rating process to every potential new partner company, involving benchmark analyses and possibly even in-depth and strategy analyses by independent experts. Only companies that have passed through this stringent selection process with positive results will be accepted as partners. For example, we have 37 product partners in the old-age provision segment at present.

MLP makes a contribution to product development

If a particular company is accepted as a partner, its product and service quality will continue to be monitored throughout the business relationship. With the best-performing providers we develop new financial products, tailored to the preferences of our clients. Our thorough knowledge of the preferences and requirements of academics and other discerning clients forms a beneficial basis for our partners’ product development process. This kind of collaboration facilitates the creation of financial solutions at the highest level of quality.

HUMAN RESOURCES AND SOCIAL AFFAIRS

The strategic development of the MLP Group, in particular the expansion of the new core competence of wealth management once again resulted in numerous new career opportunities and challenges for MLP employees in 2007. The average number of employees in the period under review was 1,902 – an increase of 235 over the previous year. The number of staff at head office remained generally stable. The growth in numbers is due largely to the consolidation of Feri Finance AG. The majority of employees (1,813) work in Germany.

Acquisition leads to growth in number of employees

Average number of employees

	2007	2006	2005	2004	2003
CONTINUING OPERATIONS					
Consultancy and sales	1,491	1,422	1,307	1,231	1,244
Banking	125	132	126	138	152
Wealth management	246	40	–	–	–
Internal services and administration	9	10	14	39	36
	1,871	1,604	1,447	1,408	1,432
of which in Germany	1,813	1,552	1,423	1,345	1,319
DISCONTINUED OPERATIONS					
MLP Private Finance plc., Great Britain	22	37	20	27	25
MLP Private Finance S.A., Spain	9	16	37	3	3
MLP Private Finance AG, Switzerland	–	10	13	40	45
	31	63	70	70	73
TOTAL	1,902	1,667	1,517	1,478	1,505

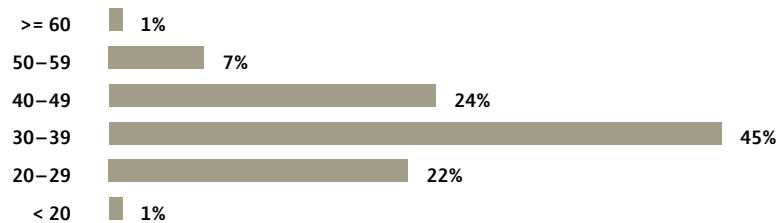
Staff satisfaction with MLP as an employer is generally high. For years staff turnover in the company has been low for the industry. Last year, this high level of satisfaction was also reflected in the media, with the “Top Employer 2007” award from market research company CRI and the careers journal “Karriere”.

Consultant turnover rate
around 11 %

Among the employees, staff turnover is largely a result of people taking parental leave because of the relatively young age of the workforce. Staff turnover among consultants in the core German market was around 11 % in 2007.

The average age of MLP employees is 36. The age structure shows that the majority of employees are aged between 30 and 40.

Age structure of MLP staff 2007



Around 400 new client consultants began careers with MLP in 2007. The age on entry varies depending on their prospective role. Those intending to work as graduate consultants have a starting age of between 25 and 30. Consultants who are expected to advise existing clients are usually older. MLP makes a point of selecting new consultants with a recognisable potential for success. This objective is backed up by a sophisticated selection process.

New remuneration systems

A new, very attractive remuneration system was introduced for new consultants last year. In the first four months after joining the company, the trainee consultants receive a monthly training allowance of € 2,000. This sum is intended to provide basic financial security for the young consultants and to make it easier for them to go freelance. In the first few months of their training the new consultants spend most of their time at the corporate university and are not yet in a position to conclude any business transactions of their own. From the fifth month of training, the new consultants receive a fixed commission of € 1,000 per month for a period of eight months. Experience has shown that the consultants start making commission earnings during this stage of their training, for which they receive advance payments.

As well as introducing a new remuneration system for new consultants, the Group also fundamentally revised its client support remuneration system in 2007 and successfully put the new system into practice at the start of 2008. The enhanced remuneration system follows the aim of continuing to promote customer orientation within the branch offices, and extends support for the requirements of an all-round, independent consultancy philosophy to the area of pay.

In the 2007 pay negotiation round, an MLP pension was introduced within the company. The entirely employer-financed pension is to be systematically expanded over the coming years and should help increase the attractiveness of MLP as an employer still further. The branch office managers also receive a pension commitment through the company – a unique model within the industry.

The average age of MLP employees (36) meant that in 2007 the issue of combining family and career was once again a high priority in the work of the human resources department. Following an employee questionnaire in 2005, which clearly showed the areas which pose the greatest problems for combining family and career, i.e. childcare for children under three and childcare for school-children after school and in the school holidays, relevant support services have been developed and put into practice:

- Since June 2007, employees have been receiving the support of a well-known family service firm, if they require specialist advice and practical assistance with childcare. The service ranges from finding childcare places to emergency childcare and consultancy services for mothers planning on returning to work.
- In the summer of 2007, MLP paid for 40 children of employees to stay for a week at a summer holiday camp run by the “Sprungbrett” project, a popular holiday camp in the Heidelberg area.
- In 2007 MLP was also involved at municipal level in working towards expanding the number of day nursery places in the area of Baden-Württemberg where the company has its head office. The HR department is in talks with the towns of Wiesloch and Walldorf and is confident of being able to achieve tangible results in the near future.

Another important topic in 2007 was the transition to more flexible working hours and working conditions. Numerous working time agreements tailored to the individual requirements of staff were concluded and the opportunities for home office working, teleworking and job-sharing were developed further. As a young company, MLP supports a transition to flexible working hours in head office and in its branch offices.

Employer-financed MLP
pension introduced

Family and career

Great importance placed on training and personnel development

In 2007, more than 60 young people started their vocational training at the MLP headquarters or in one of our branch offices. All in all, an average of 110 trainees worked for MLP in 2007. One of the trainees from the MLP branch office in Bayreuth achieved the best result in his year-group in the final examination. The IHK (Chamber of Commerce and Industry) named him “Best Insurance Management Assistant of 2007”. As a premium provider of financial services, we rely on training standards that are way above the level required by law.

For MLP, personnel development is a strategic success factor and it is a major characteristic of the culture of the company. An appreciable expansion occurred in this regard in 2007 and, in organisational terms, all personnel and managers’ development activities were brought together at the MLP Corporate University. It has been proven by various publications, such as the Global Private Banking Survey 2007, a study conducted by the PricewaterhouseCoopers AG management consultancy company, that talent management will be the one crucial factor in the success of financial services companies in the future. Only excellently trained financial consultants can gain a full understanding of their clients’ increasing requirements, meet such requirements appropriately and, with their offering prevail over the competition in winning over discerning clients. Therefore, focussed personnel and management development activities must form an essential component of the business model of a premium financial services provider like MLP.

Personnel marketing intensified

MLP’s healthy business performance is closely linked with its continued success in winning committed consultants. Potential new consultants are approached directly by the branch offices and also through personnel marketing activities conducted by headquarters. Over the last year initiatives like the 500jobs@mlp campaign, the “Frankfurter Bänkertag” (Frankfurt bankers’ day) and the company’s presence at graduate fairs such as “Talents 2007” in Munich and the Cologne Graduate Fair have helped consolidate the company’s position as an excellent, modern employer and enabled it to seek out new talent.

Thanks to our employees and consultants

The employees and consultants are the heart and the driving force of MLP. Our company owes its success to the commitment they demonstrate in their daily contact with clients and in their dealings with internal clients within it. The Executive Board therefore places great importance on expressing its thanks to all the employees and consultants for their work and the loyalty and reliability shown once again in 2007. At the same time, the Executive Board asks that all staff continue to channel all their efforts, creativity and team spirit into developing our company still further in the year to come, and into making the most of the opportunities tomorrow brings.

RISK REPORT

Entrepreneurial activity invariably involves taking risks. For MLP, “risk” means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, the objective must be a risk that is commensurate with the expected return. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. MLP’s Group-wide early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, which it then quantifies, aggregates and assesses to form the basis for Group-wide proactive risk management and controlling. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is embedded in the Group’s value-oriented management and planning system. Moreover, the Group’s risk culture, which is reflected in the corporate mission statement, must be continuously consolidated and efforts made to communicate information relevant to risk across the business segments.

Principles of risk management and controlling

Our risk management and risk controlling system, as an integral part of the internal monitoring system, follows clearly defined principles the implementation of which is mandatory throughout the entire Group. We continuously check that these principles are observed. On this basis we can take appropriate measures with a view to detecting undesirable developments early on and promptly introducing the right countermeasures.

The Group risk coverage fund is a strategic controlling parameter for the risks taken in the Group and a measure of its ability to bear risks, and from it are derived limits for each type of risk. The risk capital requirement is determined by appropriate methods for the major types of risk. Continuously comparing the allocated risk limit and the risk as it is assessed ensures that the Group’s risk-bearing ability is consistently monitored in relation to individual risks and the aggregation of risks.

The Executive Board of the Group defines the business strategy. The readiness to take risks at Group level is then derived on the basis of this in the light of the Group’s risk-bearing ability. This gives rise to framework conditions for risk-taking and risk management in the Group. The readiness to take risks is regularly checked and adjusted as necessary.

Appropriate guidelines and an efficient controlling process ensure that regulatory requirements are met for risk management and controlling of the Group companies affected.

Group-wide risk management

The ability to bear risks as a strategic controlling parameter

Readiness to take risks

Observance of supervisory requirements

An early start has been made with the implementation of the minimum requirements for risk management ("MaRisk") that were published in 2005 and updated on October 31, 2007. This has ensured that the supervisory requirements for risk management are continuously adjusted. In particular, in view of the merging of MLP Finanzdienstleistungen Aktiengesellschaft into MLP Bank AG the implemented risk management processes are currently being revised.

Group-wide risk organisation structures

We have defined and documented our risk organisation, risk processes, and the tasks and responsibilities incumbent upon risk management and controlling managers in accordance with supervisory requirements, both at Group level and at the level of the Group companies. Any altered requirements are implemented promptly. The organisational structure, structuring of operations and risk controlling process are regularly checked and assessed by the internal auditing department.

The organisation of our risk management, the methods used and the risk processes that are implemented are documented in a comprehensive manual and are available to staff in electronic form.

In coordination with the Group Risk Managers and the Group Risk Committee, the Group Risk Officer is responsible for further development of methods, models and processes and their implementation in the Group companies. Tried and tested qualitative and quantitative methods are used to evaluate and analyse risks.

The suitability of the organisational structures and the methods and processes is checked at regular intervals and adapted to internal and external developments.

Observance of functional separation

A clear organisational and operational distinction is made between the individual functions and activities of risk management.

Prompt and consistent monitoring of risks

Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

The processes that are laid down in writing guarantee that the same risks are treated consistently at all times.

Reporting of risks

A substantial risk reporting scheme within the Group forms the basis of appropriate controlling. To this end, we have instituted a comprehensive internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at defined intervals or, if necessary, on an ad-hoc basis.

Multi-level risk management/constituents

A central component of our early risk detection system is the Group-wide risk inventory, which is carried out at regular intervals, and with which the risks present in the Group are established according to risk class for each company. Risks are assessed using risk-related key figures which are then benchmarked against segment- and function-related thresholds. The assessed risks of the subsidiaries are aggregated into risk key figures at Group level.

In our risk management process, the risk coverage fund is continuously compared with the risk potential associated with our business activities. Stress scenarios also form a constituent of our analyses. Risks that could either individually or cumulatively cause the loss of half the equity of the Group and the Group companies in question, or which could considerably impede short-term solvency, are classified as posing a significant danger to business operations.

Planning, simulation and controlling tools show possible positive and negative developments on the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations.

Furthermore, our planning, simulation and controlling tools ensure that the company's development is continually monitored based on actual values and with regard to defined target values which are summarised in a periodic report.

Our BCM identifies possible critical business processes which could have a major effect on the business of the Group in the event of malfunction or failure. Suitable measures are defined for this in order to safeguard regular business operations within set standards. This also includes a written emergency plan which reduces losses to a minimum in the event of severe disruptions to operations and safeguards the ongoing business. The critical processes and the effectiveness of the defined measures are subject to constant monitoring and development. An up-to-date BCM manual is available for the business segments and employees.

Multi-level risk management/organisation

A multi-level risk management and controlling organisation with clear responsibilities and tasks is in place for implementing our risk principles.

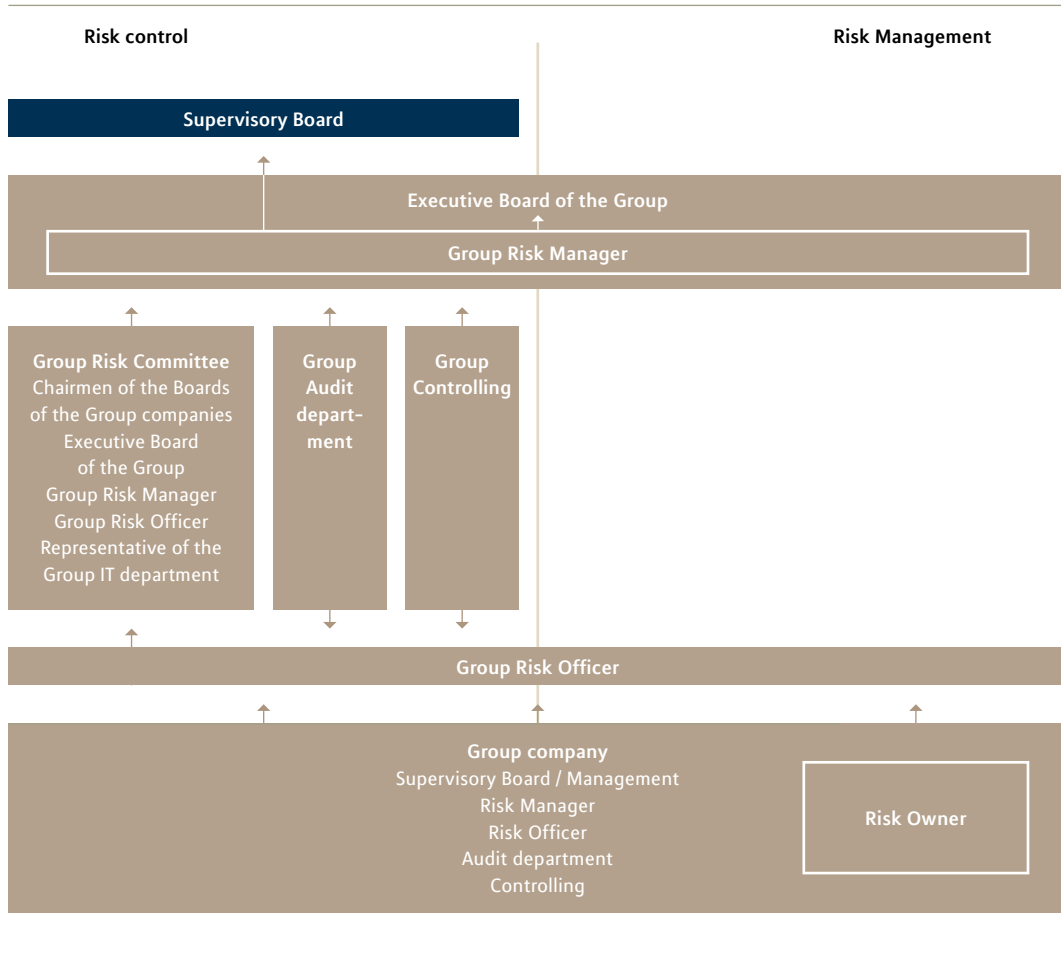
Early risk detection system

Group risk coverage fund

Planning, simulation and controlling tools

Business Continuity Management (BCM)

Risk reporting



Head of Finance acts as Group Risk Manager

In his capacity as Group Risk Manager, the Head of Finance of MLP AG is responsible for risk controlling activities in the MLP Group. He is kept constantly informed of the risk situation in the Group and regularly reports this to the Executive and Supervisory Boards.

The Group Risk Officer is responsible for monitoring the implementation of the risk management guidelines. He is the contact person for the Risk Manager and Risk Officers of the Group companies and coordinates the corresponding risk management activities.

The function of Risk Manager in the Group companies is assumed by the Chairman of the Executive Board/Head of Finance or Chief Executive Officer of the respective Group company. He is responsible for risk controlling activities at company level and regularly reports to the other members of his management as well as the respective Supervisory Boards. In addition, he reports directly to the Group Risk Manager and Group Risk Officer.

The Risk Officers of the Group companies are responsible for the uniform implementation of the risk policies. Moreover, they keep the Risk Manager constantly informed of the current risk situation of the company.

At the level of the Group companies, a risk owner is appointed for each risk that is identified. This person monitors and assesses the risks and initiates possible measures for minimising the risk value in coordination with the Risk Officer.

Group controlling is divided into an operational and a strategic controlling department. Operational Group controlling is responsible for continuously monitoring the short term profit risks. This involves comparing key profit figures with the corresponding planned figures and deriving controlling measure proposals for the Group Executive Board.

The analysis time line of strategic controlling covers the next three to five years. Here, sales and profit trends are analysed, taking into account changes in economic or legal framework conditions, and transformed into proposals for defining target figures for the individual business segments. Corresponding simulations make potential income risks in the strategically important business segments transparent for the Group Executive Board.

The Group Risk Committee analyses the risk reports of the Group companies and discusses proposals for the further advancement of the early risk detection system and the risk management instruments. The Group Risk Committee is made up of the Executive Board of MLP AG including the Group Risk Manager, the CEOs of the subsidiaries, the Group Risk Officers and a representative of Group IT.

For the main Group companies, regular company risk meetings are held within the scope of the Executive Board meetings. During these meetings, the risk situation of the company is presented based on a twelve-month time horizon.

The internal auditing department operates on behalf of the Group Executive Board in an independent capacity. The internal auditing department is also independent in its reporting and valuation of audit results.

Under the audit programmes, the internal audit department regularly performs process and systems checks in all domestic and foreign segments of the Group and monitors the implementation of the audit outcomes. This also includes a security check of the IT systems.

It monitors the observance of legal requirements and evaluates risk management and the controlling, management and monitoring systems, thereby helping to improve them consistently.

Group controlling monitors results risks

Internal audit department performs process and system checks

Statement of risks/strategic risks

Overall economic risk

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

Against the backdrop of its strategic alignment, the development of MLP's business is influenced primarily by the economic situation in Germany. The resulting risk is considered to be relatively small since, according to experts, the growth of the domestic economy is set to slow down, but also to continue overall. In addition, a further drop in the unemployment rate is anticipated, which should have a positive effect on our Group's well qualified clientele. Quite aside from economic developments, private and occupational provision will continue to gain significance.

Business environment and sector-related risks

The market for financial services providers is undergoing deep-seated changes at the present time. In particular, the EU Insurance Mediation Directive, the "Markets in Financial Instruments Directive" (MiFID) and the reform of the German Insurance Contract Law (VVG) are of crucial importance in this regard.

The transposition of the EU Insurance Mediation Directive into national law has placed strict demands on the training level to be attained by advisers, the quality of consulting and consulting documentation.

The "Markets in Financial Instruments Directive" (MiFID) that was transposed by the German legislator on November 1, 2007 is also increasing transparency in investments in financial products, and has established European standards for the quality of consulting.

The reform of the German Insurance Contract Law (VVG) has given rise to another set of important regulations. Essentially, the duty to keep clients informed has been extended, transparency concerning costs in life and health insurance has been increased and acquisitions costs are now distributed over five years. The new regulations will come into force on January 1, 2008.

Together with the Insurance Mediation Directive which was transposed in May 2007 and the MiFID which was transposed in November 2007, the German Insurance Contract Law reform will cause very great changes in the market over the next few years. We expect this to lead to a consolidation and further strengthening of independent brokers in the highly fragmented market. Parts of today's market participants will not be able to keep up with the new requirements for transparency and qualification in the long term.

In the light of the requirements for transparency in consulting that are becoming more onerous overall, in future, it will be even more crucial than ever before to give our clients high-class and continuous advice and convince them of the quality and scope of the services provided. On account of the extensive documentation regulations, an increase in administrative cost can be expected. Thus, only companies with sufficient financial power, an adequate infrastructure and high-performance IT systems will be able to meet the relevant requirements.

In this connection, financial services providers feel they are facing some very serious challenges. However, we do not anticipate any appreciable increase in risk since we have made intensive preparations with a view to the implementation of the new regulations. Rather, MLP will have the opportunity to set itself further apart from competition as high-quality consulting will become ever more important.

In addition, what is of critical significance for MLP is risks associated with developments in the markets for old-age provision, health provision, financial investments and loans and mortgages. Here, the legal framework conditions play an important role in old-age and health provision.

In the area of private old-age provision, we are also expecting continuing growth in demand in the medium term. In the light of the present environment, following the passing of the Retirement Income Law in 2005, we do not anticipate that any far-reaching structural reforms will take place in old-age provision in the medium term.

In the year under review, the health reform triggered uncertainty in the area of private health insurance. It remains to be seen to what extent the structural framework conditions of health provision will be altered still further. Overall, however, in the medium term we do not envisage any long-term negative effects on the development of MLP due to the growing demand for individual consulting and the need for personal provision, especially in the light of the current demographic trend.

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 risk

With the concentration on broker business and, in particular, on the core competencies of old-age provision, health insurance and wealth management for academics and other discerning clients, MLP is well positioned on the market. The Group must now continue to expand wealth management successfully and to establish it through its marketing endeavours.

Corporate strategy control is primarily the responsibility of the MLP Executive Board. On the basis of continual observation of the competitive climate, changes and developments on the national and international markets and the business environment are analysed and decisions are derived with a view to ensuring the Group's corporate success in the long term.

Target values are laid down based on a projected assessment of success factors. The achievement of these values is constantly monitored. In this way the Group's strategic positioning regularly undergoes critical scrutiny through comparison of target and actual values.

Productivity

Performance-related risks

The productivity of the MLP consultant in particular is a central value driver of MLP's business model, and we determine that productivity using various indicators, such as the income per consultant. Therefore, the effects of positive or negative trends in new business and the productivity of MLP consultants with existing clients on the company's success are constantly analysed and evaluated, and form the basis of sales measures which may need to be introduced. The volume of new business generated with existing and new clients and the development of the 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.

We measure the success of our consultants in the respective segments based on benchmarks which are linked to the duration of their service with the company or their expertise.

These benchmarks reflect client requirements on the basis of defined MLP quality standards in the different segments and express MLP's comprehensive and sustainable consulting concept. Due to the generally positive industry climate and the existing potentials in the MLP client base, we are not expecting any negative effects on our business development.

MLP consultants

Linking a sufficient number of competent consultants to the company over the long term and ensuring lower consultant turnover are important prerequisites for the future growth of MLP. The development of the consultant base in terms of age structure, the number of applications, employment contracts signed and terminations issued are the object of periodic reporting and form the basis for a central and precise evaluation of the business development by the management.

In spite of the increased number of consultants in Germany and a further declining fluctuation rate of 11 % in the core market of Germany, we were not satisfied with the way things developed in the financial year 2007. We aim to continuously expand our consultant base by means of attractive job entry models and career models for graduates and professionals, and by using our remuneration model.

We subject the entry of new competitors into the market and possible fluctuation trends in this connection to intensive observation and analysis. This forms the basis for appropriate measures which may need to be introduced promptly. In the period under review, we did not observe any increased fluctuations.

The effects of positive or negative developments on the company's success are constantly analysed and evaluated and form the basis for controlling measures which may need to be introduced.

We do not anticipate any negative effects on the net assets, financial position and results of operations from the development of the consultant base.

Gaining new clients and ensuring long-term client loyalty are central values of the MLP business model. The development of the client base, split into existing and new clients, its age structure and analyses of potentials at consultant and branch office level are the object of periodic reporting. The effects of possible positive or negative trends in client development on the company's overall success are constantly analysed and evaluated.

The strong market position at universities and the many years of close business relations with our clients ensure that MLP's client base undergoes continuous expansion.

Commission forms the core component of the Group'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 MLP or the tax treatment of our sales concept.

In the financial year we did not observe any negative developments with regard to our margin risks. In connection with the reform of the German Insurance Contract Law, it is possible that the selling of insurances will come under increased margin pressure. We shall be observing this development intensively.

A possible error in client consulting, investment and acquisition brokerage or finance portfolio management and associated claims for damages can present a consulting and liability risk. We minimise potential consulting risks by ensuring consistently high quality consulting which we guarantee, for example, through IT-supported consulting tools and a high level of training. This year the company's own corporate university, in which each of our consultants initially undergoes an in-service training programme enabling them to become a Senior Financial Consultant, went through the European Foundation for Management Development certification process and received the seal of approval for excellent corporate training.

We continue to reduce our liability risk through adequate pecuniary damage liability insurance policies whose level of cover is continuously monitored and adjusted to altered framework conditions. Our consultants are protected by appropriate professional indemnity insurance policies. In 2007, the number and level of settled claims cases dropped.

Clients

Margin risk

Consulting and liability risk

Default risk

Financial risks

The credit risk is the risk of a loss or lost profit because of the defaulting of or deterioration in creditworthiness of a business partner. The credit risk includes the contracting party risk (risk arising from classic credit business, 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.

In the main, the MLP Group's credit risks arise from the advances granted to consultants and office managers and from classic client credit business. We monitor and control possible default risks from advances to consultants and office managers using balance controlling. A layered warning system makes errors in the reimbursements transparent early on and ensures active receivables management.

Loans to clients are granted on the basis of standardised principles under application of the usual credit assessment standards for the market based on a scoring approach. As is required for the "MaRisk", the responsibilities in the credit process from application through authorisation to completion, including regular credit monitoring with regular creditworthiness analyses, have been defined and documented in the organisation manual.

Decision-making powers are also defined in the light of the risk content of the credit business concerned.

As a whole, the potential credit loss risks are continuously determined and evaluated by simulating the allowances for bad debt as a percentage of the credit volume that carries risks.

In addition to the above-described risks, there is an issuer's risk from the securities acquired by MLP. The strict creditworthiness requirements of our capital investment directive help us reduce the risk of default by issuers whose securities we have acquired within the scope of capital investment management.

In our view, the default risks at MLP are being allowed for appropriately. For accounts that are regarded as carrying risk, we build up appropriate allowances for bad debt. Loans that are recognised as being problematic are transferred to certain specialist departments at MLP and managed by experts.

Market risk

Market risk is the danger of a loss that can arise as a result of detrimental fluctuations in the market price or parameters that affect price. The market price risk includes the interest risk, currency risk, share price risk and raw materials risk.

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations. The basis of this is our interest management tool, which makes risks and their effects transparent in multi-layered interest scenarios.

The Group faces a further interest risk from the incongruities of interest rate agreements between loans granted by MLP and the products which refinance these loans. Maturity transformation risks, arising from the incongruity of interest rate agreements for granted loans and the refinancing of these credits, are continuously monitored and evaluated in compliance with supervisory requirements (stress scenarios). In order to reduce the cash flow affecting interest risk, we use derivative financial instruments (interest rate swaps).

In this context, cash value changes in the asset ledger are portrayed in relation to the shareholders' equity, with the application of the changes in interest rates prescribed by the supervisory authority for banking. 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.

Shares, bonds, promissory note bonds and funds held can be subject to a market risk due to fluctuations in the market price or changes in creditworthiness. Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong price fluctuations can be addressed early on.

No currency or raw materials risks exist or, if they do, they are of secondary importance.

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 risk is the danger that there are inadequate financial resources to meet payment obligations.

Within the MLP Group, the liquidity control is performed by means of daily scheduling based on defined planning horizons, taking into account possible cash flow scenarios, updated new business planning, investment planning and other capital transactions. The controlling of financial instruments of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios.

Ensuring solvency at all times is the core function of our Group treasury. MLP funds its business operations from current cash flow. The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. The assessments of creditworthiness based on internal ratings by various renowned commercial banks confirm MLP's high credit standing (investment grade). Appropriate short- and medium-term credit lines have been agreed with a number of financial institutions to safeguard against a possible short-term liquidity shortfall.

Liquidity risk

Operational risks

Operational risk is taken to be the danger of a loss that is caused by human error or technical malfunction or weaknesses in process or project management, or by external events. In the same way as the Basle Committee's definition, this also covers legal risks, whereas strategic risks and reputation risks are not included.

Operational risk

The Group's management and administrative activities mean that it requires internal and external staff as well as suitable premises and technical facilities. Comprehensive insurance cover, which is subject to continuous checks, protects us against claims and possible liability risk. No identifiable urgent risks arose in the financial year, nor do we expect any negative developments in the coming financial year.

Personnel risk

MLP is heavily dependent on qualified employees and managers in the back office areas. With comprehensive personnel planning and targeted personnel marketing measures, we reduce the risk of staff shortages. Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined agency and successor regulations secure our business and decision-making processes. Attractive career development options, a broad range of further training options and comprehensive fringe benefits combine to generate a high level of motivation and keep our employees loyal, thereby safeguarding our corporate knowledge.

IT risk

To effectively minimise possible risks in the IT area, MLP pursues a standardised IT strategy. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, business-specific proprietary IT applications are developed by qualified internal and external specialists. The comprehensive system tests and pilots carried out before the launch ensure the troublefree function of our IT systems. Our data processing centre is outsourced to leading service providers with various sites, back-up systems and mirror databases. This, and a defined contingency plan, secure our data against possible loss, ensuring consistent availability. We protect our IT systems against unauthorised access through our access and authorisation concept, extensive virus protection as well as other extensive security settings.

Other risks

Our legal department controls legal risks. In addition to consulting on corporate decisions and designing business processes, its tasks include following and assessing current legal disputes. Possible legal risks are detected at an early stage and possible solutions for minimising, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department checks and monitors the existing insurance coverage and initiates any adjustments which may be necessary.

According to our audit, the pending or threatening legal proceedings against MLP do not represent risks which could endanger the company's continued existence. The Group Executive Board is convinced that there will not be a successful outcome to the legal claims that have been filed, which are essentially identical, originate in a single firm of lawyers and date from August 2007. They have been filed for a total of 29 clients, for damages for the issuing of allegedly erroneous capital market information between 2000 and 2002.

The MLP Group has a status as a finance holding group (§ 10a (3) of the German Banking Act (KWG)) and is therefore obliged to back its weighted risk assets with at least 8% equity (equity ratio). The backing of risk assets with core capital generally requires a minimum ratio of 4%. These requirements have not changed in the financial year 2007. The same applies for MLP's internal processes, objectives and measures for investment control.

MLP's risk assets are weighted using the values planned up to December 31, 2006 in line with Principle I of the Deutsche Bundesbank which covers equity of institutions. In this respect, MLP exercises the transitional provision of § 64h of the German Banking Act (KWG). Instead of the standardised approach for credit risk in line with the German Solvency Regulation (SolvV – the regulation governing the capital adequacy of institutions, groups of institutions and financial holding groups) of December 14, 2006, the requirements of Principle I covering the principles of equity of financial institutions were used in the version published on October 29, 1997, last amended in compliance with the announcement of July 20, 2000.

On the basis of the Basle II implementation strategy for the calculation of shareholders' equity requirements (Basle Pillar 1), as adopted by the Group Executive Board, in future MLP Finanzdienstleistungen AG will be implementing the credit risk standard approach (KSA) for the credit risk and the basis indicator approach (BIA) for the operational risk in accordance with the German Banking Act (KWG) and the Solvency Regulation.

Legal risk

Supervisory risk/solvency

The core capital is made up of the following equity items of the relevant groups of institutions in line with § 10 of the German Banking Act (KWG): share capital, capital reserves, statutory reserve, reserve for treasury stock. The following reduce core capital: intangible assets, treasury stock, investment carrying amounts in companies belonging to the relevant groups of institutions, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders' equity backing during the financial year 2007. The relationship between the weighted risk assets and core capital is illustrated below.

All figures in €'000	2007	2006
Core capital	185,227	185,350
Tier 2 capital	250	–
Tier 3 capital	–	–
Equity	185,477	185,350
Weighted risk assets	704,688	682,663
Equity ratio (equity/risk assets) min. 8 %	26.32 %	27.15 %
Core capital ratio (core capital/risk assets) min. 4 %	26.28 %	27.15 %

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

Compliance risk

Compliance risks include sanctions under the law and regulations, and financial losses caused by failure to comply with the legislation, regulations, directives or organisational standards and rules of conduct that relate to MLP's business activities.

It is largely a matter of preventing money laundering and protecting data and business secrets, as well as protecting investors and complying with the rules of the German Securities Trading Act.

The requirements in question are implemented by the relevant officers together with the specialist departments concerned. Here, the MiFID is setting new standards for securities trading and will be dealing with all stages in the securities trading wealth creation chain.

It is not only compliance with market standards that is implied, but also the optimum processing of client orders, the management of conflicts of interests and the top-quality, bespoke consulting that we provide for our clients. Compliance also monitors adherence to internal standards with a view to ensuring that there is no participation in transactions the object of which is to violate laws, regulations or directives. For this reason, our definition of “compliance” goes beyond the prescriptions of legislation and takes in questions of integrity and ethics.

Therefore, for MLP, it is especially important that staff demonstrate ethical conduct, because they deal with sensitive client data and information on a daily basis. Thus, for example, it is important to prevent conflicts of interest from arising, and market manipulation and insider trading from taking place. Protecting clients, the protection of investors’ confidence and protecting staff, as well as the protection of MLP’s reputation, are the main objectives of compliance. The monitoring of the prescriptions of supervisory and capital market law, as well as the internal regulations, is conducted by the specialist compliance and money laundering departments, with the support of a monitoring process for the supervision of employees’ business.

Confidential or price-sensitive information is protected by MLP in a consistent manner, and conflicts of interests are kept to a minimum. Staff are made aware of compliance-relevant issues in the thoroughgoing training that they receive.

Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on the Group. The company’s compliance with fiscal requirements is checked by internal and external experts in accordance with the tax regulations and the documents pertaining to these issued by the tax authority.

Taxation risk

At the beginning of 2006, the public prosecutor’s office in Heidelberg instituted preliminary proceedings against managers of MLP Finanzdienstleistungen Aktiengesellschaft amongst other things due to suspicion of unauthorised lending. We and our external legal advisers are convinced that the objections raised are unjustified and that the charges will be dropped in the foreseeable future.

Reputation risk

Even though MLP’s business activities have only a minor impact on the environment, we are intent on pursuing environment-conscious and environmentally-friendly working methods at our offices. There are no appreciable environment risks.

Environmental risk

No other risks are known at MLP which could have a significant influence on the Group’s continued existence.

Other risk

Summary

MLP's business development is essentially influenced by performance, financial and operational risks. Using our systems and comprehensive reporting, we ensure the monitoring and control of risks concerning current and future development. The information provided guaranteed that risk management measures were introduced and prioritised promptly.

Change in supervisory requirements

The merging of MLP Finanzdienstleistungen Aktiengesellschaft into MLP Bank AG and the associated full banking licence for the company, as well as the shareholding in Feri Finance AG with permission for investment and acquisition brokerage and finance portfolio management, mean that the risk structure has changed with an expansion of the requirements of supervisory law at individual company level and at Group level. In addition, it has been necessary to implement the new supervisory regulations such as, for example, the solvency regulation.

No risks posing a significant danger to business operations

An overall inspection of the risks confirmed that the Group did not face any risks which could have jeopardised the continued existence of MLP in the financial year. At present MLP is not exposed to such risks and we do not expect any negative development in the future. Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control system and the consistent alignment of our business model to the Group's risk-bearing ability enables us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The effectiveness of our early risk detection system is checked by the auditors in line with legal requirements. The audits by our internal audit department showed that the type and extent of our risk control correspond to the basic principles of risk control and that the existing monitoring systems can fulfil their task.

Further expansion of the risk management system

We will continue to expand our risk management and controlling system in future to increase the transparency of the risks taken and to further improve our risk-controlling options.

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

As an independent holistic financial services provider for academics and other discerning clients with its core competencies in the old-age and health provision and wealth management sectors, MLP has a unique profile within the German market. The realignment of the MLP Group, which was initiated with the sale of MLP Lebensversicherung AG and MLP Versicherung AG in 2005 and consistently pursued with the expansion of wealth management in the years 2006 and 2007, has largely been completed. No further significant changes to corporate policy are currently planned for the next two years.

Our objectives for the next two financial years are therefore also clear: In the medium to long term, we aim to achieve profitable growth and increased shares in a market which is changing rapidly, in particular as the result of regulatory requirements. The sale of our unprofitable business units in Great Britain and Spain in the past financial year means that, apart from our core market of Germany, our regional focus is on markets in Austria and The Netherlands. We intend to make consistent use of opportunities for growth arising for us in the old-age and health provision and wealth management sectors.

In so doing, particular emphasis will be given to wealth management and to achieving sales success in this field. With the aid of our subsidiary, Feri Finance AG, which was acquired in 2007, we have developed new wealth management concepts tailored to our target client group and prepared their implementation in sales.

The competitive advantage of MLP and Feri is due to systematic use of the complementary strengths of both companies. Combining the expertise of the two companies has resulted in a range of services unique in Germany in terms of the quality of its modules, “best-of methodology”, and the width and depth of coverage of financial issues. Research-based integration of all asset categories means that the portfolio yield of MLP wealth management clients is optimised and appropriately stabilised on the basis of individually requested risk inclination. This new competency will be of interest to and be influential with a large number of people in 2008 before the new withholding tax on capital gains comes into force. At the present time, MLP is therefore well placed to appeal especially to existing customers with the new wealth management concepts and thus to generate additional income.

Strategic realignment largely completed

Objective: profitable growth

Competitive advantages in wealth management

Process optimisation creates benefits

In the coming years, we will continue to push ahead with the optimisation of our internal and external processes. The Group's recent optimisation of its IT environment not only meets all new regulatory requirements, but also improves our procurement process, ensures the quality of the consultation procedure, increases the productivity of our consultants, as well as creating diverse additional benefits for our clients, which will have a positive impact on client retention. We intend to serve as the benchmark for our industry in this field.

Slowdown in economic growth expected in Germany

Overall economic development in the future

MLP generates more than 97 % of its sales in Germany. As a result, economic development on the domestic market has the greatest impact on the Group's business success. For 2008, economic research institutions predict a slight downturn in growth of 2 to 2.2 %. This trend is expected to continue in 2009 as well. For example, the Deutsches Institut für Wirtschaftsforschung (DIW, German Institute of Economic Research) anticipates growth of only 1.9 % for 2009. For Europe, the International Monetary Fund even predicts growth of less than 2 %.

Anticipated economic growth in Germany



Source: Expert Advisory Board, European Union
Forecast: Deutsches Institut für Wirtschaftsforschung (DIW)

Consumer demand increasing

On the basis of the worsening mortgage crisis in the US in the spring of 2008, there are also fears that not even these forecasts may be realised. A raft of uncertainties has darkened the global economic outlook since January 2008. If these fears of recession from the US afflict Europe during the further course of the year, this could have an additional negative effect on the economic prospects for Germany. Once Germany's real economy is affected, this could also have an impact on MLP's business prospects.

During the coming year, economic growth in Germany is expected to be based on increasing consumer demand. Despite turbulence on the stock markets at the beginning of 2008, experts continue to assume an easing of tension on the German employment market over the coming two years. The DIW anticipates that the unemployment rate will fall from 8.9 % in 2007 to 7.7 % in 2009. The German economy is particularly interested in a highly qualified workforce. MLP's target group should benefit to the greatest extent from improved prospects on the employment market.

The positive economic environment will also have an impact on the purchasing power and the available income of the German population. In 2008, purchasing power is expected to further increase. For 2008, the DIW anticipates an average annual increase in disposable income of 2.9 %. However, for 2009, the increase is expected to be somewhat lower at 2 %.

Anticipated impact of overall economic factors on business development of MLP in 2008 and 2009

Anticipated impact on business development of MLP in 2008 and 2009	
Positive economic environment	+
Reduction in unemployment rate	+
Increase in available income	+
Increase in purchasing power	+

Outlook for the industry

MLP's business activities cover the areas of old-age provision, insurance cover, wealth management and financing. Our business prospects are therefore characterised by development in the corresponding sectors. Whereas the latter are largely influenced by economic development, the old-age and health provision sectors are particularly susceptible to the influence of politics. The situation regarding competition in the entire financial services sector will change significantly over the coming years as the result of changes to the regulatory framework introduced in 2007 and 2008.

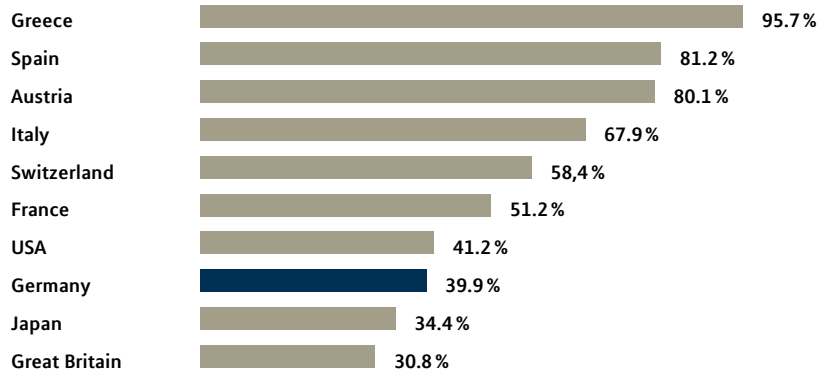
Old-age provision

With its core competency of old-age provision, MLP is operating in a growth market. All poll results emphasise the increasing problem awareness of Germans regarding provision for old age. At least in the medium term, this problem awareness will result in more money being invested in occupational and private pension schemes. This will open up additional acquisition potential for MLP.

Whereas our parents' generations could still rely on 80 % of their retirement pension being provided by state pension schemes, younger generations can only expect 40 % of their old-age pension to be paid for by the state. According to a study carried out by the OECD, pension levels in Germany around the year 2050 are expected to be lower than those of most other European countries.

Old-age provision as a growth market

Expected pension level in selected countries*



Source: OECD

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

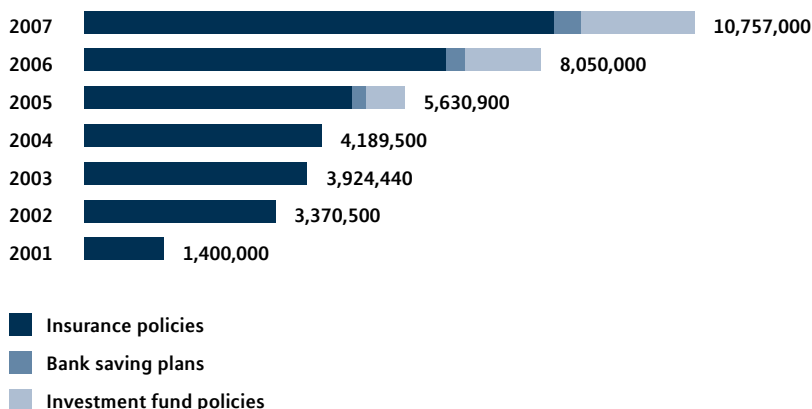
Increased need for private provision

Private provision has therefore become significantly more important in Germany. Those who want to ensure an adequate income for old age, must make private provision during their professional life. The legislator encourages saving for old age with subsidies and tax benefits. Those who save money for their old age during their active professional life receive tax rebates and allowances from the state. On the other hand, subsequent pensions are liable to tax. Only those who avail themselves of state allowances during their professional life therefore benefit from the new system. However, despite various information campaigns on behalf of the finance industry and the legislator, large sections of the population are not aware of how to plan their own old-age provision. The need for consultation has therefore increased dramatically and offers MLP with its highly qualified consultants and its best-in-class product approach good prospects for further business expansion.

Ten million Riester contracts taken out

The number of Riester contracts taken out is an indicator of the potential of the private old-age provision market in Germany. By the end of 2007, around 10 million German citizens had taken out this type of personal pension scheme. Experts calculate that the potential for Riester policies is in the order of 36 million. If the legislator soon extends Riester sponsorship to include residential property, as expected at the end of 2007, this will open up further opportunities for consultation and new business. Since 2002, MLP has continually made clients aware of the advantages of Riester contracts.

Development of number of Riester contracts by type of policy



Source: German Federal Ministry of Labour and Social Affairs

The basic pension introduced with the Retired Income Law in 2005 also promises a high sales potential. After only approximately 310,000 policy holders had taken out this type of personal pension policy by the end of December 2007, it can be assumed that this form of tax-privileged private old-age provision will attract more widespread attention in the medium to long term, as soon as the demand for Riester policies is satisfied.

An important component of provision is occupational pension provision. With the aid of this state-subsidised additional provision, employed persons benefit from the advantages of deferred compensation when planning their individual pension provision, as its financing is exempt from taxes and social insurance contributions up to at least 4% of the contribution assessment ceiling (2008: € 2,544 p.a., e.g. contributions to direct insurances and pension schemes). At the end of 2007, the legislature converted the initial short-term exemption from social insurance contributions to indefinite exemption. As the employee is entitled to deferred compensation and more and more companies in Germany are recognising the benefit of occupational pension provision for employees and employers, the basic parameters for expanding business are good.

In future, occupational pension provision and private old-age provision components from the three-layer model will increasingly merge to form an optimised concept. This applies particularly to clients in the MLP target group, who have an above-average old-age provision requirement.

Good basic parameters for occupational pension provision

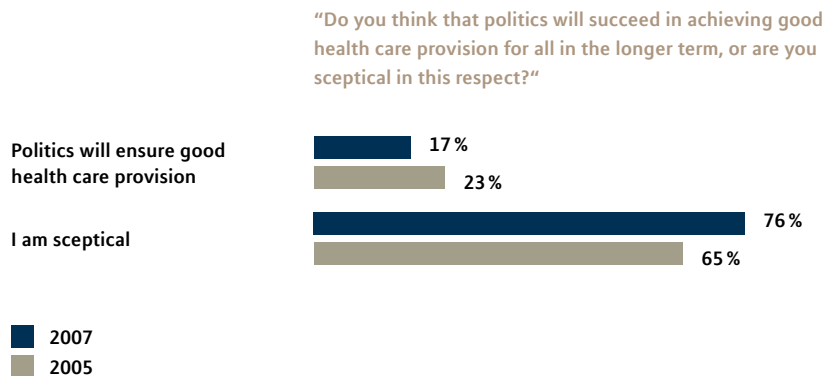
Health provision

The drop in profits from business from private fully comprehensive health insurance caused by the health care reform will equalise again in the medium term. The population has lost confidence in the pay-as-you-go financed health system operated by compulsory health insurance funds. Interest in changing to private health insurance or at least in acquiring private additional insurance is great and continues to grow. However, this area of business continues to be overshadowed by the Damocles sword of politics. New political tides against free competition in health care may once again have a negative impact on the business prospects in this sector.

Germans have lost confidence
in the health system

According to a representative survey, which MLP carried out in conjunction with the Allensbach Institute (Institut für Demoskopie Allensbach) in 2007, Germans are increasingly sceptical about the future of their health system. Three quarters of respondents anticipate further reforms. Only 17% think that politics will succeed in ensuring good health care for the population in the longer term. The need for reform in the German health care system is great. People are looking for solutions for themselves and their families.

Growing doubts regarding the long-term quality of health care



Basis: Federal Republic of Germany, 16-plus population
Source: MLP Health Report 2007, surveys 7083, 10012

The sector expects that premium income can be increased in the coming years. However, this expectation would require the economic upturn in Germany soon to be reflected more clearly in Germans' available household budgets.

Wealth management

The forecast for wealth management is extremely optimistic. According to the World Wealth Report 2007 by Merrill Lynch and Capgemini, the net financial assets of wealthy private persons increased to US \$ 37.2 billion in 2006 and thus by 11.4 % compared with the previous year. There were 798,000 millionaires in Germany in 2006. In the previous year, there were 767,000. Against the background of these figures, the sector anticipates sustained profitable growth with high margins in the next decades. Business with wealthy private clients also offers the best of prerequisites. The wealth management sector assumes an annual increase in customer wealth of 30 %.

Against this extremely positive backdrop, MLP has over the past two years initiated the strategic realignment necessary to exploit the potentials in the growth area of wealth management. The objective is now to boost synergies with the company's other operations and expand wealth management into a strong source of income within the MLP business model.

Currently, 37 % of MLP's 721,000 clients are already potential wealth management clients. In the coming years, more and more academics and other discerning MLP clients will grow into this segment.

In 2008, the start-up conditions for the new MLP wealth management are particularly favourable, as the planned introduction of withholding tax on capital gains on January 1, 2009 has stimulated activity in the financial services market in Germany. Experts predict that Germans will regroup up to € 200 billion during the run-up to introduction of this tax. The stage has therefore been set for MLP to prove their consultancy competency in wealth management in 2008.

Financing

In 2007, business in private construction financing was slack throughout the sector. However, the domestic market should offer good potential compared with the rest of Europe. Whereas countries such as France have a home ownership rate of 56 %, and the rate in Spain is as high as 81 %, most people in Germany still live in rented property. The home ownership rate in Germany is only 43 %.

Since the introduction of Riester sponsorship for residential property, the sector has anticipated an improved commercial basis. At the same time, it is expected that positive impulses will result from the KfW Home Ownership Programme, which is set to become more attractive from February 2008 onwards. Public agencies have declared that they intend to bring about an increase in the home ownership rate in Germany.

In future, MLP will arrange brokerage of financing for residential property in conjunction with the residential property financing broker Interhyp AG via MLP Hyp GmbH. MLP holds 49.8 % of this company. This results in a range of advantages for clients, but also for MLP consultants, who have optimum access to an efficient product and system platform for financing residential property and are supported in all detail questions. MLP clients benefit from independent

Private wealth increasing

Withholding tax on capital gains induces regrouping of investments

New platform for financing residential property

selection of a range of products combined with a high level of service provided by personal MLP consultation. Via the new company, MLP can offer its clients further improved conditions whilst simultaneously generating advantages in terms of margin.

Competition

Intensity of competition set to grow

The intensity of competition in the German financial services sector will continue to grow during the coming years. Whereas in previous years, international competition and the requirements of capital markets have forced market participants to optimise their costs, in the years to come change in the sector will be accelerated by growing regulatory requirements.

In particular, the following changes introduced in the years 2007 and 2008 should be mentioned with regard to the sale of financial services:

- the EU Insurance Mediation Directive (VVR; since May 2007)
- the Markets in Financial Instruments Directive, (MiFID; since November 2007)
- amendments to the German Insurance Contract Law (VVG; since January 2008)

Greater barriers to market entrance

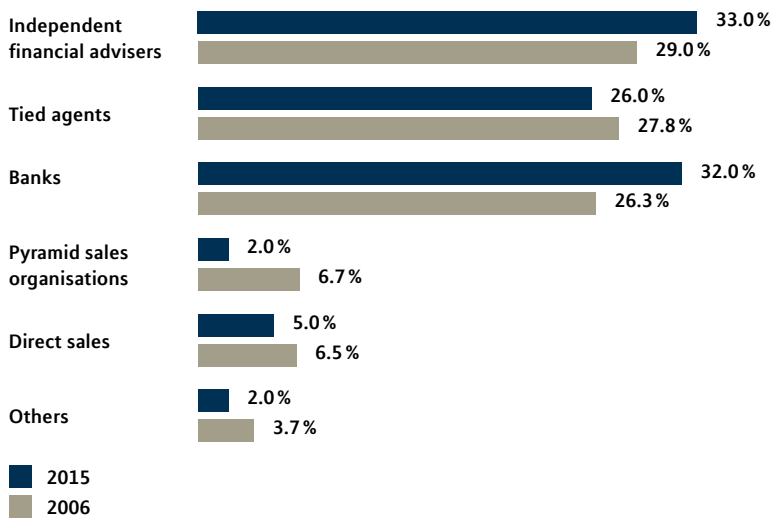
These legislative amendments do on the one hand increase barriers to market entrance for new competitors. On the other hand, they will promote professionalisation and specialisation on the part of providers. Industry experts therefore expect a consolidation process to take place amongst small and medium-sized providers on the one hand during the coming years but, on the other, a process of concentration towards bigger and therefore more efficient institutions, which can generate economies of scale and retain qualified staff. This is because the new statutory requirements for financial services providers necessitate high levels of investment in IT, as well as comprehensive process optimisation within companies. Only efficient providers with forward-looking corporate policies, well-trained consultants and the requisite financial power will be able to embrace the statutory requirements on a long-term basis.

Independent intermediaries will expand market share

In this connection, comparison is also made of the advantages and disadvantages of the various sales channels in the financial services sector. This process of comparison makes it increasingly clear that the type of non-capital-intensive, independent financial service provision, which MLP has practised successfully for many years, is set to become the gold standard. For example, the Tillinghast Sales Channel Survey, a report by the Towers Perrin consultancy renowned within the sector, assumes that independent financial advisers will continue to acquire market share. Whereas a market share of 23 % was measured in 1999, the market share of independent financial advisers is expected to reach the 33 % mark by the year 2015. Apart from banks, MLP's sales channel is thus one of the very few channels which will be able to acquire market shares in the future. MLP is therefore positioned in a segment with favourable prospects for the future.

This trend is also confirmed by developments in other countries, especially in Great Britain, where a similar tightening of the regulatory environment has taken place and the market share of independent financial advisers has increased from 39 % in 1992 to 73 % in 2006.

Market shares of various sales channels for life insurance products in Germany



Source: Tillinghast Sales Channel Survey 2006

Despite the increased regulatory requirements, the sale of financial services remains an attractive market segment in the overall financial services markets. This is also demonstrated by the fact that new competitors entered the market, or announced their intention of entering the market, during the past year. This may also contribute to intensification of competition in the future.

MLP is well prepared for change in the competitive environment and for tightened regulatory requirements. On the basis of its strategic realignment over the past three years, and with the aid of its state-of-the-art IT environment, MLP is now in a position not only to fulfill the new requirements, but also to offer its clients a wide range of additional benefits over and above the new regulatory requirements.

We therefore assume that we can continue to expand our market share precisely because of the consolidating competitive environment.

MLP is well prepared for change

Sector-specific factors impacting on anticipated business development in the sector and on MLP in the years 2008 and 2009

	Sector in 2008 and 2009	MLP in 2008 and 2009
Regulatory framework for old-age provision	+	+
Regulatory framework for health insurance	-	-
Trend towards saving for old-age provision	+	+
Increased requirement for financial investment on the part of private clients in Germany	+	++
Increased intensity of competition between sales channels for financial services	+ -	+
Changes in regulatory framework (VVR, MiFID, VVG)	-	+

Anticipated business development

Objective: expansion of market share

In our estimation, MLP occupies an excellent position in the German financial services market due to the strategic measures implemented during recent financial years. Our objective is to continue to expand our market share in the old-age provision and wealth management sectors in Germany. These markets promise growth in the coming years.

During the past financial year, we have made the necessary adjustments for implementation of the Insurance Mediation Directive (VVR), the MiFID and the amendments to the German Insurance Contract Law (VVG). As the amendments to the German Insurance Contract Law (VVG) are particularly far-reaching and will also result in adjustment processes on the part of our product partners, we cannot currently predict the short-term effects of the changes on our productivity. Furthermore, it is possible that statutory requirements for improved price transparency for life and health insurance products could lead to changed client behaviour and have a negative effect on our business.

MLP will benefit from the changed regulatory framework in the medium to long term
Declining market for old-age provision expected

However, in the medium to long term, we assume that, due to our unique business model, we will benefit from the changes to the regulatory framework introduced during the past financial year and at the beginning of 2008.

As a result of demographic developments and the continuing squeeze on statutory pension insurance in Germany, we see continued high demand in the market for old-age provision. Nevertheless, we anticipate that the volume of contracts for old-age provision will be subject to continued restraint in 2008. All in all, we expect a weakening in the market as a whole. Our aim in 2008 is to win additional market share in this segment.

Healthcare reform has made for difficult conditions

The introduction of the healthcare reform bill which came into effect on April 1, 2007 has made conditions much more difficult for our health insurance segment. The business trend in the first quarter of 2007 was satisfactory to start

with; due to the uncertainty associated with the pending healthcare reform legislation, policies sold in the fourth quarter of 2006 contained a let-out clause for customers and the income from these contracts was only recognized in the income statement in the first quarter 2007. However, after the healthcare reform legislation came into force on April 1, 2007 the demand for private comprehensive health insurance slackened as forecast. In this segment, too, we anticipate a fall in total income for 2008.

With the introduction of a flat rate withholding tax on capital gains in Germany as at January 1, 2009, experts expect enormous realignments in the wealth management market in the current year. Thanks to our new wealth management concepts, optimized to meet the changed tax regime, we are well positioned to benefit from these changes.

The largest individual item of our expenses are those for the brokerage business. These consist mainly of performance related commission payments to our consultants. These costs will move in line with the change in overall income from the brokerage business.

As we want to engage more sales support staff in a number of areas, personnel costs in the current financial year will increase slightly over and above the normal salary increases.

Operating expenses, too, are likely to rise as we plan further expansion of our IT infrastructure, and adjustments to meet the new regulatory environment will necessitate additional outlays.

The uncertainties arising largely from the regulatory changes make it difficult to give exact forecasts for income and operating results for the financial year 2008. By and large we are assuming that overall income will show a moderate rise and that our operating margin (EBIT margin) will be down slightly to begin with in the current financial year. It should not, however, fall below the high level it achieved in the financial year 2006 (16 %). We can then look forward to an improvement in operating margin in the subsequent years.

It is part of our corporate policy that our shareholders should enjoy an appropriate share of our success. Dividends are paid according to the financial and earnings position of the Group and our future cash requirements. We aim to achieve a sustained distribution rate of some 60 %.

In view of the satisfactory earnings posted in the past financial year, at the Annual General Meeting on May 16, 2008 the Executive Board and Supervisory Board can propose a dividend of € 0.50 per share. This corresponds to a total dividend distribution of some € 49 million, and a distribution rate of 64 % of net profit from continuing operations.

Pursuant to § 71b of the German Stock Corporation Act (AktG), own shares held by the company are not entitled to dividend payments.

Rising costs

Dividend policy

Adequate liquidity**Planned borrowings and capital expenditure**

The MLP Group had adequate liquid funds at balance sheet date. Our business model is not very capital intensive and it generates high cash flows. At the present time, therefore, it looks as if we shall have sufficient internal finance available in the Group for 2008 and 2009. In the previous financial year we achieved a cash flow from operating activities amounting to € 82.4 million (continuing operations), and we expect to achieve at least the same level of cash flow from operating activities in the current year. We shall use this cash flow to offer shareholders a share in our corporate success and to further reinforce the financial strength of the Group.

Also this year, the lion's share of our investments will be spent on IT projects with the aim of continuously improving the quality of our consulting and client service (see also section "Client support"). In addition to these capitalisable investments, we will employ further investment measures which will be recorded as expenditure in the income statement. Between 2006 and 2007 we already invested around € 29 million in these projects. Further investments and expenditures will follow in the current financial year.

Return on equity to rise

Return on equity regarding continuing operations was at 22 % in the period under review. Although this ratio is not one of our control ratios, we shall do our utmost to achieve sustained increases in return on equity in the coming years.

The liquidity situation in the Group is excellent. As usual, liquidity in the first half of the year will dip to begin with, partly due to the planned dividend distribution, but increase again in the second half-year as a result of the usual seasonal development in operating activity.

New opportunities**Opportunities in the markets for old-age and healthcare provision.**

The markets for old-age and healthcare provision in Germany are heavily influenced by the legislative environment. The foreseeable impact of demographic change in our society in particular has greatly increased the pressure to reform contribution-based social insurance systems. With the Retirement Income Law of 2005 the government introduced structural changes in the state pension system. The level of provision will gradually decline over time and this is to be compensated by capital funded private and corporate pension schemes, which attract tax incentives. Two additional opportunities may arise for MLP in the field of old-age provision. If statutory pension insurance should prove difficult to fund in future, necessitating further cuts in the level of provision, it would increase the pressure to increase private provision and open up new business

potential for MLP. Should the government find that the level of personal provision is inadequate to prevent increasing old-age poverty in future, it could decide to give further tax incentives for private and corporate pension schemes, which would also open up additional business potential for MLP.

In our view, further structural reform of the German healthcare system is also necessary. As with the changes in the state pension system, demographic pressure would mean a declining level of provision and the need for more private insurance against health risks. This development, too, would give MLP openings for brokering the relevant products.

Changes in the regulatory environment for financial services providers arising from the Insurance Mediation Directive (VVR), the Markets in Financial Instruments Directive (MiFID) and amendments to the Insurance Contract Law (VVG) also open further potential for MLP. In particular, the anticipated consolidation of the market offers us the opportunity to win new market share.

Another opportunity for MLP arising from a change in the regulatory environment is the introduction of a flat rate withholding tax on capital gains in Germany from 2009. Experts expect swingeing restructuring of the assets of German households in the current financial year. This gives us the chance to advise our clients on the flat rate withholding tax and thereby generate satisfactory business from our wealth management concepts.

As regards the corporate strategy, the main opportunities are likely to be found in the repositioning of the Group undertaken in the last three years. We are now concentrating on all-embracing independent advice to our clients and in this way we have created a well-defined position as independent broker for financial services. Independent financial advice and product selection is becoming an increasingly important distinguishing factor in the competitive arena, especially for our target group of academics and other discerning clients. To reinforce this position, we have registered as a broker under the Insurance Mediation Directive.

We also consider our strategic decision to develop wealth management services into another core strength alongside old-age provision and healthcare provision as likely to offer good business potential. Together with our subsidiary Feri Finance AG, we shall develop sophisticated new wealth management concepts and target the over-forties client group in particular. If our clients should take up these concepts faster and in wider variety than planned, this will provide further opportunities for growth. Success with our existing clients would then facilitate the winning of new business.

Opportunities from changes in the regulatory environment

Opportunity in the flat rate withholding tax on capital gains

Corporate strategic opportunities

Performance-related
opportunities

We see significant performance-related opportunities for our consultants and processes. In the last few years we have not only adapted our performance-related processes to meet the new regulatory requirements, but further optimized them. With full online support for all processes throughout the value-added chain, we should manage in future to increase the productivity of our consultants, reduce unit costs and enhance our attractiveness as a partner company. And if we should also succeed in increasing the number of our consultants faster than planned, the Group is likely to grow even more dynamically in the years to come.

That completes the series of new opportunities which we expect to make a positive contribution to our economic position.

General outlook for the Group

We anticipate that 2008 will be a year of change and adjustment for the financial services industry as a whole. The changes in the legislative framework will encourage competition, drive professionalisation, and in the end hasten the consolidation of the sector. As an independent broker for financial services, MLP is excellently positioned in this changing market. We therefore anticipate positive overall development in our business for 2008 and 2009.

Positive overall development
anticipated

Thanks to the strategic repositioning of the Group in the last three years, we are now focusing on independent advice to academics and other discerning clients in our core segments of old-age and healthcare provision. We thus operate in markets which hold out prospects for growth in the coming years. In both these segments the benefits provided by the state social security systems will continue to decline, which will lead to a rising demand for private insurance.

At the same time wealth management has developed into another major pillar in our business model. There is a particularly high demand for this type of advice among the growing number of clients in the 40+ age group. We shall do more to meet this demand going forward.

EVENTS SUBSEQUENT TO THE REPORTING DATE

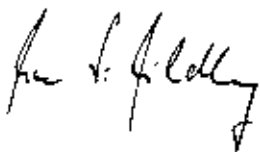
As scheduled, MLP AG finished its share buyback programme, which began on November 8, 2007, on January 30, 2008. A further 1.2 million treasury stock with a total value of € 11.5 million (excluding incidental acquisition expenses) were purchased after the end of the reporting period. After the conclusion of this programme, treasury stock amounts to 9.94 % of the share capital.

On February 19, 2008, the Executive Board of MLP AG decided to make use of the authorisation by the Annual General Meeting in line with § 71 (1) no. 8 of the German Stock Corporation Act (AktG) to reduce the company's share capital by 1,957,656 ordinary bearer shares. Pursuant to § 71 (1) no. 8 sentence 6 of the German Stock Corporation Act (AktG), the capital decrease shall take place by retiring the company's own shares bought back between November 11, 2007 and January 30, 2008 for the purpose of reducing the share capital. The retirement of shares is subject to a further resolution by the Board.

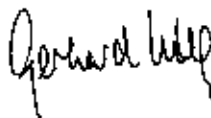
To strengthen the business segment of occupational pension provision, MLP acquired the TPC Group GmbH, Hamburg on February 29, 2008.

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

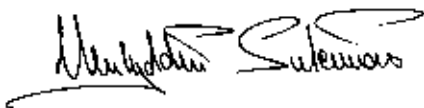
Wiesloch, March 19, 2008



Dr Uwe Schroeder-Wildberg



Gerhard Frieg



Muhyddin Suleiman

Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Words such as "expect," "anticipate," "estimate," "assume," "intend," "plan," "should," "could," "project" and other similar terms used in reference to the company describe prognoses based on certain factors subject to uncertainty.

Many factors can contribute to the actual results of the MLP Group differing significantly from the prognoses made in such statements.

MLP AG accepts no liability to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties, which can lead to the actual results differing from expectations. The prognoses reflect the points of view at the time when they were made.

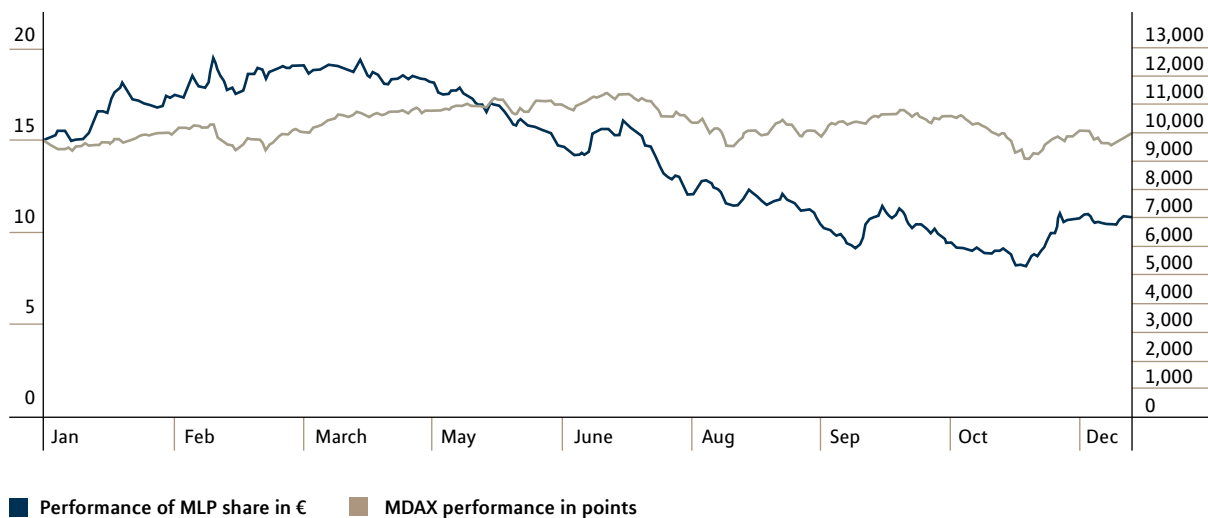
INVESTOR RELATIONS

An eventful year for the stock market

Annual performance of DAX and MDAX positive again

2007 was an eventful, but altogether good year for the stock market. The major worldwide share indexes once again exceeded their levels for the previous year and climbed to new historic highs over the course of the year. By the end of July a tremendous increase in quotations could be observed, which was essentially caused by three elements: positive economic data, good company performance and intensive takeover activity and speculation. Triggered by the US housing crisis, the capital markets experienced an abrupt and massive change of mood that was accompanied by a huge drop in share prices, in particular for banks and other financial institutions. The US mortgage crisis affected various renowned financial institutions worldwide with substantial depreciation of their credit and derivative portfolios. In the meantime, several money market interventions by the large central banks as well as two interest rate cuts by the Federal Reserve led to a certain reassurance of market participants and renewed increasing rates on the stock markets. At the end of the year the MDAX, in which the MLP share is listed, climbed to 9,865 points and surpassed the value for the previous year by 35 %. Likewise, in 2007, the DAX index of leading German shares experienced pleasing development and rose by 21 % above the start of the year to 8,067 points. Somewhat more subdued was the development of the Dow Jones Industrial Average index of leading American shares, rising 9 % to 13,265 points.

Performance of the MLP share and MDAX in 2007



Development of the MLP share

The MLP share was not able to profit from the overall positive course of the capital markets in the past financial year and in comparison to the first trading day of 2007 fell 29 % to € 10.75. Various factors were responsible for this performance:

- discussions on possible negative effects on the course of MLP's business, which could arise from changes that have taken place in the regulatory environment (EU Insurance Mediation Directive, MiFID, amendments to the German Insurance Contract Law (VVG))
- an intensified competitive situation as a result of potential new competitors entering or announcing their entrance into the market
- speculation that the EBIT forecast of € 110 million for the last financial year could be missed

In this negative environment the market price had initially fallen to € 8.05 by November 21, 2007 before recovering in December. MLP's confirmation of the EBIT forecast of approximately € 110 million also had a positive effect. This welcome trend continued throughout January and February. By the end of February 2008 the MLP share had risen to € 9.32.

Key figures for business valuation and balance sheet analysis

One of the reasons for the lower equity ratio of the MLP Group, which decreased from 26 % to 24 % is the share buyback programme. Return on equity fell from 24 % to 22 % in the period under review. When calculating these key figures we drew on the net result of continuing operations.

Key figures for business valuation and balance sheet analysis

	2007	2006
Equity ratio	24 %	26 %
Return on equity	22 %	24 %
Net liquidity in € million	152.4	158.3
Market capitalisation in € million as at Dec 31	1,169.7	1,502.8
Enterprise Value (EV) in € million	1,017.3	1,344.5
EV/total income	1.6	2.3
EV/EBIT	9.2	14.1
Total income from continuing operations in € million	637.1	588.5
EBIT from continuing operations in € million	110.3	95.1

MLP share not able to profit from positive climate

Attractive valuation level

Net liquidity reduced as scheduled by share buyback programme and dividend payments

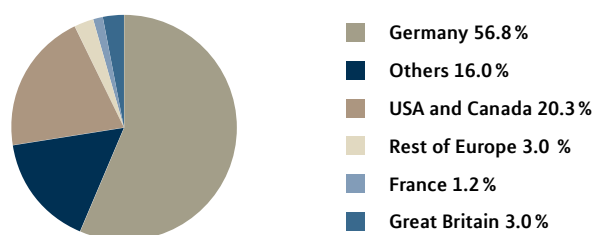
In the year under review net liquidity dropped from € 158.3 million to € 152.4 million through expenditures related to the continuation of the share buyback programme and dividend payments. These figures were calculated without taking into account receivables and liabilities due to banking business. The 2007 key figures for Enterprise Value (EV) in relation to total income and EBIT, which participants in capital markets regularly refer to for business valuation, present a more favourable outcome in comparison to those of 2006.

Shareholder structure

At the end of 2007 57 % of MLP AG shares were in the hands of German investors. Therefore the majority of share capital of our company remains with German investors. North American investors hold approximately 20 % and European investors from outside of Germany approximately 7 % of shares.

The shareholder structure, updated quarterly, is available from www.mlp.de.

Shareholder structure and regional distribution of the investors



Overview of the largest MLP shareholders

Lautenschläger family (D)	29 %
Own shares (D)	10 %
Harris Associates L.P. (USA)	10 %
Regionalverbandsgesellschaft mbH, Berlin (D)	6 %
Fidelity Management & Research LLC (USA)	3 %

Values rounded off

Dividend and share buyback programme

Furthermore, the stated aim of MLP is also to offer its shareholders an appropriate share in the company's success. Accordingly, a share of the net profit from the financial year 2006 was distributed to the shareholders in the form of a dividend of € 0.40 per share. For the period from November 8, 2007 until January 30, 2008 a total of 1,957,656 own shares were acquired for an average price of € 9.66. Together with the dividend, MLP distributed a total of around € 59 million to its shareholders. This corresponds to around 77 % of the net result of continuing operations of the year 2006.

At the Annual General Meeting of May 16, 2008, the Executive and Supervisory Boards will propose increasing the dividend by 25 % from € 0.40 per share to € 0.50 per share. Own shares held by the company are not entitled to dividends as per § 71b of the German Stock Corporation Act (AktG).

A more open dialogue with investors

A continuous and open dialogue with investors has high significance within the value-based management of MLP. MLP promptly informs all institutional and private investors of all the important changes in the Group at the same time. Investors and members of the public taking interest can find relevant information on the website www.mlp.de, which is being constantly updated. In addition to this, investors can take up dialogue with the Investor Relations department, who answer all questions related to MLP shares, the Annual General Meeting and other matters.

At the 2007 Annual General Meeting in Mannheim full support for the chosen direction of strategic further development of the Group was expressed to the Executive Board. All motions of the Executive Board were accepted with a clear majority. In total around 1,000 shareholders accepted the invitation to the Annual General Meeting. They represented approximately 53 % of the share capital.

Intensive dialogue with institutional investors was also continued during the previous financial year. The management carried out a total of 140 individual talks with investors and took part in 10 investor conferences, as well as various shareholder events, for example the "Aktienforum" (share forum) of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (German Association for Private Investors). At an analyst day on the topic of MLP Wealth Management on May 22, 2007 the company presented wealth management concepts developed by MLP and Feri as well as planned measures for its marketing implementation.

There has been keen interest in the MLP share during the whole course of the year. The number of analysts routinely following the MLP share is continually rising. At the end of 2007 the number of analysts amounted to 26, which was two more than in the previous year.

Substantial participation of shareholders in the company's success

Intensive dialogue with shareholders

Range of services on IR website significantly improved

The MLP Annual Report for 2006 reached fourth place in the MDAX in Manager Magazine's yearly review of annual reports of the most important German and European public limited companies. This once again presents an improvement, with MLP occupying the 39th position in 2004 and the 13th position last year.

The MLP IR website is the most important tool for communication with private investors. In order to improve the usability of the content provided, as well as the service itself, we have added to the range with further high-quality features over the past year. To name but a few, we have included the HTML annual and quarterly reports as well as the interactive chart tool.

This year MLP will again publish its results for the last financial year within 90 days after year-end closing and the quarterly results within 45 days after the respective quarterly closing. In so doing, it adheres to the regulations of the German Corporate Governance Code. The Annual General Meeting will take place on May 16, 2008 at the Rosengarten Congress Center in Mannheim. Invitations will be issued to depository banks in good time.

Key figures

	2007	2006	2005	2004	2003
Shares in circulation as at Dec 31 (in units)	99,163,680	99,918,294	108,026,177	108,640,686	108,640,686
Share price at the beginning of the year in €	15.12	17.61	14.73	15.41	10.79
Share price at the end of the year in €	10.75	15.04	17.52	14.59	15.50
Share price high in €	19.56	22.59	17.53	20.65	17.63
Share price low in €	8.05	13.38	10.71	10.50	5.78
Market capitalisation at the end of the year in € billion	1.2	1.5	1.9	1.6	1.7
Average daily turnover of shares (in units)	724,896	449,052	411,610	480,217	582,421
Dividend per share in €	0.50*	0.40	0.30	0.22	0.15
Total dividend in € million	49.0*	40.0	31.5	23.9	16.3
Return on dividend (without extra dividend) in %	3.5 %	2.4 %	2.0 %	1.6 %	1.2 %
Extra dividend per share in €	–	–	0.30	–	–
Total extra dividend in € million	–	–	31.5	–	–
Earnings per share in €	0.62	0.69	1.84	0.46	0.36
Diluted earnings per share in €	0.61	0.69	1.81	0.46	0.36

* Subject to the approval of the AGM on May 16, 2008; excluding own shares.

CORPORATE GOVERNANCE

By complying with the German Corporate Governance Code of June 14, 2007 MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop Corporate Governance across the Group.

Responsible and value adding
management

Management and controlling structure

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

Cooperation between Executive
Board and Supervisory Board

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

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2007. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board plenary meeting and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were discussed intensively in target-oriented talks. All proposals have since been implemented.

Efficiency of the Supervisory
Board

Supervisory Board committees

Efficient committee work

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee discusses HR issues concerning the Executive Board members with the company. The Audit Committee is responsible for accounting and risk management issues, the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation to the Supervisory Board regarding resolutions. In accordance with the German Corporate Governance Code of June 14, 2007, the Supervisory Board passed a resolution on forming 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 in 2007.

Corporate Governance in the Supervisory Board

In 2007, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code. The changes to the Code ratified on June 14, 2007 were the object of in-depth discussions in a joint meeting of the Executive and Supervisory Boards.

No conflict of interest in the Supervisory Board

The Supervisory Board considers itself to consist of a suitable number of members who have no business or personal relationship with the company or members of the Executive Board which could form grounds for a conflict of interest. The Supervisory Board examined the knowledge and experience required of the Chairman of the audit committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP AG auditing committee fully complies with the requirements. The recommendations made by the Code with regard to the election of the company's Supervisory Board are to be met during the next Supervisory Board election in this year. More specifically, this means that the Supervisory Board elections are to take the form of uninominal voting and that the nomination of the Chairman of the Supervisory Board is to be made known to the shareholders.

TRANSPARENCY

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

As at December 31, 2007, 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, 2006	Number of shares as at Dec 31, 2007
Manfred Lautenschläger ¹	17,316,597	12,991,597
Gerd Schmitz-Morkramer	9,935	9,935
Dr Peter Lütke-Bornefeld	–	30,000
Johannes Maret	–	–
Maria Bähr	11,503	11,503
Norbert Kohler	1,094	1,094

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

Executive Board member	Number of shares as at Dec 31, 2006	Number of shares as at Dec 31, 2007
Dr Uwe Schroeder-Wildberg	–	–
Gerhard Friedg	177,839	181,463
Muhyddin Suleiman	– ¹	–

¹ not specified since only a member of the Executive Board of MLP AG as of September 4, 2007

Directors' Dealings

The expanded regulation of § 15a of the German Securities Trading Act (WpHG) on publishing and reporting transactions with shares of the issuers 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.

Three transactions pursuant to § 15a of the German Securities Trading Act (WpHG) were reported to us in the financial year 2007. They are published on our website at www.mlp.de.

Directors' Dealings

Compliance guidelines

Compliance

For us the principles of good company management also comprise the compliance with all applicable laws and codes of conducts for the capital market. MLP has established a group-wide Compliance Organisation. In the interest of our clients, shareholders and of MLP, the Compliance Organisation supports the Executive Board in its task to ensure compliance with legal provisions and intra-company directives and to establish uniform standards for all Group companies. Executive Board and Supervisory Board are regularly informed about significant facts and events.

The MLP Group has a comprehensive volume of regulations on compliance which explains the legal regulations on insider law to members of the executive bodies and to employees alike, and gives a legal framework within which they can carry out their investment business. The guideline also ensures that sensitive information is handled responsibly at MLP. To prevent any impairment of client interests – in particular with regard to the securities business – we have defined policies regarding the avoidance and monitoring of conflicts of interest. These policies are regularly reviewed and adapted to changing requirements.

The implementation of the Markets in Financial Instruments Directive (MiFID), the EU Insurance Mediation Directive and the reform of the German Insurance Contract Law have entailed supervisory requirements to which we have reacted with extensive measures in 2007. Their continuous optimisation and consistent development reflects our promise and commitment to provide high-quality consulting.

Information

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

Information of all target groups

In order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally, we use the Internet. Under "Investor Relations" on our homepage www.mlp.de we have published both German and English versions of annual and quarterly reports, press releases, conference calls and presentations. Our financial calendar includes important events and dates for investors. Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on Corporate Governance at MLP. We provide access to our declaration of compliance on our homepage for at least five years.

Accounting and audit

The Group's accounts are prepared in line with the International Financial Reporting Standards (IFRSs). By doing so, it provides a high level of transparency and improves comparability with competitors. Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, was appointed as auditor by the Annual General Meeting and audited the 2007 consolidated financial statements and reviewed the condensed financial statements and the interim management report (articles 37w(5) and 37y(2) of the German Securities Trading Act (WpHG)) in 2007. The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor.

REMUNERATION REPORT

Subject to the disclosure obligations pursuant to the German commercial law, the following remuneration report also forms part of the Notes and the Management Report alike.

SHARE OPTIONS PROGRAMME AND SHARE-BASED REMUNERATION SYSTEMS

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

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

Employee profit-sharing programme (Incentive programme 2002)

The convertible debentures were offered in allocated amounts in the years 2002 until 2005. Within the period from 2002 until 2005 a total of € 1,651,188 or units of convertible debentures were allocated. The size of each tranche was determined by the Executive Board with the approval of the Supervisory Board. The beneficiaries and the scope of the corresponding right to purchase the convertible debentures were determined by the Executive Board. If members of the Executive Board were affected, these factors were determined by the Supervisory Board.

Since the exercise hurdle (€ 39.28) for the allocation of the first tranche of convertible debentures from 2002 was not reached by August 19, 2005, the convertible debentures of the first tranche could no longer be converted. The nominal amount was paid back to the beneficiaries.

Convertible debentures

	Tranche 2003	Tranche 2004	Tranche 2005
EXERCISE PERIOD			
Start	Aug 5, 2006	Aug 17, 2007	Aug 16, 2008
End	Aug 4, 2009	Aug 16, 2010	Aug 15, 2011
Nominal amount (€)	1.00	1.00	1.00
Exercise prices (€)	7.02	12.40	13.01
Subscribed convertible debenture (€ or units)	281,040	677,042	577,806
Convertible debentures at Dec 31, 2006 (€ or units)	109,561	649,291	569,886
of which Executive Board (€ or units)	3,624	22,300	–
Converted in 2007	29,036	1,850	–
Paid back in 2007	1,930	64,847	16,868
Convertible debentures at Dec 31, 2007 (€ or units)	78,595	582,594	553,018
of which Executive Board (€ or units)	–	32,300	–

The exercise hurdle for the second tranche emitted in the financial year 2003 was reached in the financial year 2006. During the exercise period from August 5, 2006 to August 4, 2009, the bearers of the convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2007, a total of 169,753 conversion rights had been exercised and converted into shares of MLP AG.

The exercise hurdle for the tranche 2004 issued in the financial year 2004 was reached in 2007. During the exercise period from August 17, 2007 until August 16, 2010, the bearers of convertible debentures are entitled to exercise their right to conversion. During the financial year 2007, a total of 1,850 conversion rights had been exercised and converted into shares of MLP AG.

In 2005 a Long-Term Incentive Programme (“LTI”) was launched for the first time. It is designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and the rise in share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. A payout in cash of phantom shares will only take place if the earnings before tax (EBT) of the MLP Group in the years 2005 to 2007 reach a certain amount (performance hurdle), which is established by the Supervisory Board in accordance with MLP’s strategic planning. The Supervisory Board will establish the performance hurdle in spring 2008. In spring 2008, the Supervisory Board will determine whether a dividend payout is to take place. On December 12, 2005, a further tranche was approved for the financial year 2006. In this instance, too, these phantom shares are only paid out in cash if the Group’s earnings before tax (EBT) for 2006 to 2008 reach a sum established in advance by the Supervisory Board. In spring 2009, the Supervisory Board will determine whether a dividend payout is to take place. A further tranche was approved in 2007. Unlike previous tranches, the cash payout is determined on the basis of the triple earnings before interest and tax (EBIT) of continuing operations (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.

Long-Term Incentive Programme
2005

An equity settlement is not planned. The fair value of the phantom shares is reassessed on each closing date using the Monte-Carlo simulation method.

If an employee or Executive Board member leaves the company, the phantom shares granted expire. Of the total of 513,148 allocated performance shares, 89,896 expired by December 31, 2007.

Allocation of performance shares

	Tranche 2005	Tranche 2006	Tranche 2007
Performance shares at time of allocation (units)	144,728	135,300	233,120
of which Executive Board (units)	89,592	78,173	117,899
of which others (units)	55,136	57,127	115,221
Performance shares as at Dec 31, 2006 (units)	124,053	117,260	–
of which Executive Board (units)	68,917	60,133	–
of which others (units)	55,136	57,127	–
Performance shares expired in 2007	24,121	27,060	–
Performance shares at Dec 31, 2007 (units)	99,932	90,200	233,120
of which Executive Board (units)	53,411	46,603	117,899
of which others (units)	46,521	43,597	115,221

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

Fixed remuneration for
Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 30,000 in accordance with the articles of association. The Chairman of the Supervisory Board receives double and his deputy one and a half times this amount. An additional remuneration is granted for activities in a committee. This amounts to 0.3 times the basic remuneration as a Supervisory Board member for each committee. The Chairman of the committee receives 0.4 times the basic remuneration, his deputy 0.35 times this amount. If the Chairman of the Supervisory Board also holds the chair in one or more committees, he receives only the basic remuneration (0.3 times the fixed Supervisory Board remuneration) per committee in addition to his remuneration for the Supervisory Board. The fixed portion of remuneration is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based remuneration payments.

Individualised Supervisory Board remuneration for the financial year 2007

All figures in €'000	Fixed portion of remuneration incl. VAT
Manfred Lautenschläger (Chairman of the Board)	93
Gerd Schmitz-Morkramer (Vice Chairman)	75
Dr Peter Lütke-Bornefeld	57
Johannes Maret	57
Norbert Kohler	36
Maria Bähr	36
TOTAL	353

€ 7 thsd were used as compensation for expenses in the financial year 2007.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

The members of the Group's Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration in accordance with the concluded contracts of employment. The basis of assessment are the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards used in the Group. The key figure is the earnings before tax (EBT) that would have resulted without deduction of profit-sharing payments. If continuing operations/operations to be continued and discontinued operations/operations to be discontinued are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the continued operations/operations to be continued and discontinued operations/operations to be discontinued. No costs and income directly connected with the discontinuation/sale of business segments are included in the basis of assessment. The variable remuneration is calculated on the basis of a fixed percentage of the assessment basis. Should a contract of employment commence or terminate during the course of a financial year, the profit-sharing payment for this financial year is granted pro rata temporis as a matter of principle.

Fixed and variable remuneration of Executive Board

Individualised Executive Board remuneration for the financial year 2007

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration	Allocation to pension provision	Total
Dr Uwe Schroeder-Wildberg	524	568	2	1,094
Gerhard Frieg	312	375	214	901
Muhyddin Suleiman as of Sep 4, 2007	102	125	242	468
TOTAL	938	1,068	457	2,463

During their active service, the former members of the Executive Board Böttger/Frowein received a fixed portion of remuneration of € 1,037 thsd/€ 178 thsd and a variable portion of remuneration of € 254 thsd/€ 187 thsd. In addition this group of people were paid € 1,722 thsd compensation for a non-competition clause, the premature termination of the board service agreement and the associated loss of earning opportunities. Other former Executive Board members received a total remuneration of € 301 thsd. As at December 31, 2007 pension provisions for former members of the Executive Board amounted to € 8,711 thsd.

Long-term remuneration components

In addition there are long-term remuneration components. The members of the Executive Board participate in the Incentive Programme 2002 and the Long-Term Incentive Programme 2005. The structure of these programmes is described in detail under "Share options programme and share-based remuneration systems" of this Corporate Governance report.

Executive Board members active on December 31, 2007 hold convertible debentures issued by the company. See the table below for further details:

Convertible debentures – Executive Board

All figures in €'000	Convertible debentures Tranche 2003 (Value as at Dec 31, 2007)	Convertible debentures Tranche 2004 (Value as at Dec 31, 2007)	Convertible debentures Total units as at Dec 31, 2007
Dr Uwe Schroeder-Wildberg	–	50	12,300
Gerhard Frieg	–	40	10,000
Muhyddin Suleiman as of Sep 4, 2007	–	40	10,000
TOTAL	–	130	32,300

Within the scope of the Long-Term Incentive Programme, members of the Executive Board received performance shares (phantom shares) in the years 2005, 2006 and 2007. See the following table for number of units and values of phantom shares:

Performance shares – Executive Board

	Tranche 2005 (Value as at Dec 31, 2007)	Tranche 2006 (Value as at Dec 31, 2007)	Tranche 2007 (Value as at Dec 31, 2007)	Tranche 2005 (Units)	Tranche 2006 (Units)	Tranche 2007 (Units)
<i>All figures in €'000</i>						
Dr Uwe Schroeder-Wildberg	182	–	69	27,567	24,053	53,591
Gerhard Frieg	137	–	41	20,675	18,040	32,154
Muhyddin Suleiman as of Sep 4, 2007	34	–	41	5,169	4,510	32,154
TOTAL	353	–	151	53,411	46,603	117,899

For further details on share-based payments see note [30] “Share-based payments”.

Compliance with the Corporate
Governance Code

DECLARATION OF COMPLIANCE

MLP AG complies strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version of June 14, 2007) with the exception only of sections 3.8 sentence 4, 5.1.2 sentence 6, 5.4.1 sentence 2 and 5.4.7 sentence 4.

A new Directors' & Officers' insurance policy (D&O insurance) with no excess is in place for the members of the Executive and Supervisory Boards. An excess is ill suited to increasing the committee members' motivation and sense of responsibility.

There is no age limit for the members of the Executive and Supervisory Boards of MLP AG. The appointment of members of the Executive and Supervisory Boards should be geared solely towards knowledge, skills and specialist experience. For this reason we will not implement this recommendation in 2008, as was also the case in 2007.

The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing plans in support of such remuneration structures have yet come to light. For this reason we will not implement this recommendation in 2008, as was also the case in 2007.

In December 2007, the Executive and Supervisory Boards issued a declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. You can view the text of the declaration of compliance of December 11, 2007 at www.mlp.de.

You can find further information on Corporate Governance at MLP on the Internet at www.mlp.de.

MLP IN THE PUBLIC ARENA

In addition of being a competent and reliable partner for our clients in the long term we also recognise and embrace our social responsibilities. It is for this reason that we have been sponsoring young academics for many years and are involved in numerous cultural, sporting and social projects.

EDUCATION

“JOIN THE BEST”, MLP’S INTERNATIONAL INTERNSHIP PROGRAMME

For the fourth time MLP is offering an international career platform for students in the form of its “Join the Best” programme. 16 emerging talents selected by MLP have the opportunity to gather professional experience at renowned partner companies all over the world through internships abroad. MLP pays the cost of flight and accommodation, provides full insurance coverage and also sends the students away with an MLP credit card in their pockets. In 2007, around 4,200 budding academics – 900 more than in the previous year – applied for one of these sought-after internships. Top companies in top locations such as BASF AG in Singapore or the HypoVereinsbank in New York are amongst those participating in “Join the Best”.

International career platform
for students

PRO CAMPUS PRESS – THE PROJECT FOR PROMOTING UNIVERSITY JOURNALISTS

MLP supports up-and-coming student journalists and editors from university newspapers with material resources, job-shadowing placements and practical tips in workshops with well-known journalists. The company presented the MLP Campus Press Awards for the best university newspapers for the third time in 2007. The award ceremony was held on the MLP University Journalism Day at the Berlin-Brandenburg Academy of Sciences. University journalists from all over Germany also had the chance to improve their practical writing skills under expert guidance in the Pro Campus Press Workshop.

MLP supports up-and-coming
journalists

MLP SUPPORTS JUNIOR CONSULTANTS

The conveying of experiences plays a vital role in the progress of our industry. Therefore MLP consultants in Hamburg are working in an advisory role in the student-based consultancy, called Hanseatic Consulting e.V. (HC). Consultants, who have professional experience, support junior consultants, for example through training courses or in project situations.

MLP SPONSORS "DUALE REIHE" MEDICAL TEXTBOOKS

MLP wants to help make it easier for medical students to master the enormous range of material in their courses, which is why MLP sponsors the "Duale Reihe" series of learner-friendly medical textbooks produced by Thieme Medical Publishers. Each book in this series is a textbook and a learning aid in one. As well as being extensively described in the text, the contents are also provided with short revision notes on the margin.

Textbooks help medical students

SPORT

MLP EXTENDS TITLE SPONSORSHIP OF THE MANNHEIM MARATHON TO 2010

After four years as title sponsor of the twilight marathon through Mannheim and Ludwigshafen, MLP has extended its support of this largest popular sporting event in the Rhine-Neckar region for another three years. This underlines the importance of the company's commitment to the region. The running event with more than 10,000 participants counts as one of the top ten German marathons.

MLP remains the title sponsor of the Mannheim Marathon

MLP GETS INVOLVED IN GOLF

In 2007, MLP supported the Bang & Olufsen Golf Journal Trophy for the first time. More than 7,000 golfers eagerly awaited the finale of the tournament, which encompassed 58 competitions in clubs in Germany, Austria and Switzerland. The best participants will be invited to play for victory in a relaxed holiday atmosphere in Spain.

GERMAN UNIVERSITY CHAMPIONSHIPS: MLP SPONSORS FOUR SPORTS

MLP continued its title sponsorship of the German University Championships in 2007 and supported the disciplines of football, basketball, horse riding and beach volleyball through its targeted advertising activities. The competition was organised by seven German universities.

MLP IS MAIN SPONSOR OF THE RHINE-NECKAR TRIATHLON CUP FOR A THIRD YEAR

For the third time, MLP sponsored the Rhine-Neckar Triathlon Cup (RNTC), one of Germany's most exciting contests. The triathlon comprised five events in 2007, in which world-class athletes and week-end warriors alike battled for victory.

THE MLP TENNISBASE – WHERE YOUNG PLAYERS CAN DEVELOP

MLP was involved as the title sponsor of the MLP TennisBase in the Bavarian town of Oberhaching for a third year. Project partners MLP and the Bavarian Tennis Association (BTV) want to establish the TennisBase as the most successful German training institution for gifted young players. Young talents such as Florian Mayer are fostered and prepared for important tournaments.

MLP continues promotion of young tennis players

MLP IS TITLE SPONSOR OF THE BASKETCAMP AT THE HEIDELBERG UNIVERSITY SPORTS CLUB (USC)

Since 2001 MLP has been the main sponsor of the Basketcamp, which also in 2007 was organised by the USC as a youth training camp during the summer and Christmas holidays. The camp offers talented young basketball players from the ProA category of the 2nd Basketball Bundesliga a chance to improve their technique. At the end of the camp, the "most improved players" were given an award by their coaches.

CULTURE**MLP IS PRIME PARTNER OF THE "HEIDELBERGER FRÜHLING" FOR A THIRD YEAR**

MLP has supported the "Heidelberger Frühling", an international music festival, as its prime partner since 2005. This once again underlines the commitment of the financial services provider from Wiesloch to supporting young talent, as the festival is a renowned platform for promoting young talents. The "Heidelberger Frühling" enjoys an international reputation and became a real crowd puller last year with 24,000 visitors.

MLP PROMOTES THE KURPFÄLZISCHE CHAMBER ORCHESTRA

The Mannheim school returned to the Rhine-Neckar region with the Kurpfälzische Chamber Orchestra. The successor to the electoral court orchestra of Elector Charles Theodore has since ensured that musical standards are once again being set at an international level in the Rhine-Neckar region. MLP provides the ensemble with financial support.

MLP supports classical music in the region

SOCIAL COMMITMENT

WIESLOCHER TAFEL ENJOYS THE PROCEEDS FROM THE MLP CHRISTMAS TOMBOLA

The proceeds from the MLP Christmas tombola in 2007 provided a well-filled plate for all the disadvantaged in Wiesloch, who are in need of very low-priced groceries. The volunteers of the Wieslocher Tafel collect useable groceries from local shops and sell them to those in need at very low prices through their Tafel shop.

MLP DONATES TO THE DEUTSCH-PERUANISCHE GESELLSCHAFT ZUR FÖRDERUNG DER ÄRZTLICHEN VERSORGUNG IN PERU E.V. (GERMAN-PERUVIAN SOCIETY FOR THE ADVANCEMENT OF MEDICAL CARE IN PERU)

Social responsibility

Most children in Peru are not vaccinated, receive no medical care and many are malnourished. This leads to illness and a high childhood mortality rate, which stands in stark contrast to the scenic beauty of the mountain state. With its donations, MLP supported the medical self-help project "Mayantu" whose members are active in training medical staff on the ground, also involving traditional medicine. "Mayantu" is the legendary figure of the indigenous people, who helps the poor and the good.