Content

Letter to the Shareholders

Dear shareholders,

The next stage of our corporate development plan

we can look back on 1999 as an extremely eventful and successful business year. Last year your company, MLP AG, turned in yet another first class performance throughout all sectors - investment, banking, loans, life assurance and non-life insurance. In this context it is important to note that we have generated this growth consistently across the entire service spectrum and independently of external influences. Group revenues have again reached record levels. Net earnings increased by over 63.9 percent. Furthermore, business at the newer companies increased several-fold, for example at MLP Bank AG which has been in operation for just a few years. The number of banking clients grew from 16,000 to 80,235.

The number of MLP clients exceeded the 300,000 mark with the market share among graduates in our target groups reaching 36 percent. The number of MLP consultants - our financial advisors - increased to 1,541. And last, but not least, our stock continued its' success story and advanced to become the seventh best-performing stock on the DAX 100.

In 1999 we entered the next stage of our corporate development plan which will enable us to continue to increase the MLP performance curve.

As you know in 1998 we completed our transition, initiated a few years previously, from a pure brokerage business to a financial consultancy, offering a comprehensive range of services within the financial management field. Our clients place great emphasis to safeguard their standard of living when they reach retirement age. MLP is unique in being able to work out individual solutions for each of its' clients, tailored to their individual circumstances. We also have a second decisive competitive advantage: We have the most efficient and "intelligent" information technology that will form the platform for the next stage of our development and we shall make full use of the opportunities provided to our clients and ourselves by the Internet.

With the aid of the Internet we will be able to provide even greater support for our financial consultants. The Internet helps us to strengthen the MLP customer relationships and enables our clients to conduct transactions that do not require further consultation directly on the Web. We will reduce our administration which will result in greater efficiencies. Until now, the term ”online brokerage” has only been used in association with securities. MLP will make ”online brokerage” available to its clients via the Internet for all the various financial services sectors. This will make MLP the first financial services company in the world to combine highly qualified personal advice with online brokerage. The name we have given to this strategic direction is Private Finance.

Quality remains our most important priority. MLP has again increased the focus on its clearly defined quality profile in 1999. This manifests itself not least in the further reduction of the cancellation rate to significantly less than one percent. This level is five times better than the average market figure.

MLP has made excellent provisions for the future. Our entire approach and actions are therefore directed with just one objective in mind: Our clients. Our "Private Finance" concept has been received very positively by both analysts and the business press. I am pleased that you will be accompanying us in the future as a shareholder and am certain that your company, MLP, will bring you as much pleasure in years to come as it will us.

Best regards

Dr. Bernhard Termühlen

Dr. Bernhard Termühlen
Chairman of the Board of Directors
MLP AG

Group

In 1999 MLP continued to increase both its standing among clients and its value for customers – a result which is reflected in the share price. MLP will grow into the next dimension with the next strategic step of making full use of the opportunities presented by the Internet.

	Ordinary shares	Preference shares	Change in %1)
Number of shares, each at the value of 1 Euro*	9.90	9.90	–
DVFA result per MLP AG share	1.96	1.96	53.1
Subscribed capital**	9.90	9.90	–
Dividend per share	1.18	1.20	32.8
Total dividends***	11.68	11.88	33.0
Market capitalisation as at 31.12.***	2.58	2.97	73.6
Traded shares**	303[1)]	953[1)]	98.8
Total trading volume*	1.67[1)]	5.10[1)]	122.7

1) Total trading volume on all German stock markets
*in million units, ** in million Euro, *** in billion Euro

MLP – A candidate for the DAX 30

The MLP stock has again risen strongly in the most important index for the Deutsche Börse AG (German stock market) - the DAX 100 - and at the end of the year it had become a serious contender for the Top-Index, the DAX 30. In terms of market capitalisation the MLP stock had reached place 31 as at December 31st, improving its position by a full 8 places in comparison with 12 months previously. In terms of trading volume the MLP stock has improved by 6 places in the same period to the 38th position. According to the rules stipulated by the Deutsche Börse AG a stock can be included in the DAX when it is among the top 35 companies in terms of both market capitalisation and trading volume. At the end of February 2000, MLP was already in position 21 for market capitalisation and position 34 for share trading volume.

The MLP preference shares continued the good performance established in recent years and reached their historical high on 22.12.1999 at Euro 308. The price at year-end was Euro 300. This represents a rise in the MLP stock of Euro 139 or more than 86 percent within the period of one year. The stock was once again one of the exceptional performers on the German stock market. The MLP stock has the seventh best annual performance among the DAX 100 shares and is clearly ahead of all other companies and corporations active in the financial services industry in Germany. MLP also enjoys its position as one of the best performing European stocks.

The wealth created by MLP for its shareholders up until 1999 is also evident by looking at the historical growth performance. Clients who invested DM 10,000, or Euro 5,115.09, in MLP preference shares in 1988 when MLP was first listed on the stock market, had assets amounting to some DM 1.44 million, or Euro 736,572.89 by the end

Corporate value continues to rise

of 1999. This does not include the dividend payments. The company's stock market value as at 31.12.1999 amounted to some Euro 5.6 billion, an increase of Euro 2.4 billion, or 73.6 percent, over the previous year.

In comparison with the DAX, which closed some 39 percent higher than at the end of the previous year, the MLP preference stock again "out-performed" the markets with an increase of 86.3 percent.

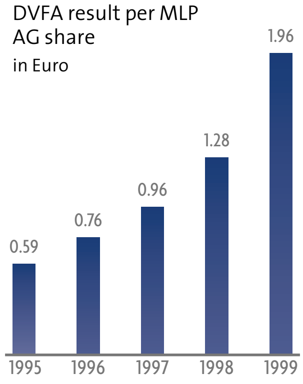
The ordinary MLP shares have also enjoyed extremely positive growth. They increased in value during the course of 1999 by 72.8 percent to Euro 261 as at 31.12.1999. Extremely dynamic price increases have continued for both the ordinary as well as the preference shares in the New Year. The investment companies and analysts have, almost without exception, again increased their profit forecasts and their upside targets for MLP.

Trading of the MLP AG stock increased considerably last year. In comparison with the same period in 1998 the value of the shares traded in the Xetra and on the Frankfurt stock exchange reached a volume of Euro 910 million. This represents an increase of Euro 152 million or 20 percent.

The attractiveness of the MLP stock is of great importance to MLP. One of the major corporate objectives is to increase the value of the company and hence that of its shares. Last year MLP conducted a range of measures with the objective of simplifying the tradability of the MLP stock and further increasing its appeal. As part of the conversion to individual share certificates MLP conducted a stock split in the first half of 1999 in the ratio of 1:3. The then 3.3 million preference and 3.3 million ordinary shares were converted respectively to 9.9 million shares with a corresponding nominal value of Euro 1 each. The difference in equity capital of DM 5.725 million, or Euro 2.927 million, was funded by capital reserves.

This made the stock visibly less expensive and easier to trade. The success of this measure was soon to become apparent. At the beginning of this year MLP announced that it would again considerable improve the tradability of the stock.

DVFA result per MLP AG share
in Euro



Stock split in 1999

Investor Relations

The proposal will be made at the annual general meeting on May 15th, 2000 to conduct a nominal capital increase from corporate funds and to increase the number of each type of share by 39.6 million to Euro 79.2 million respectively.

A new dimension in shareholder communication

Last year MLP further intensified its communication with the capital markets - investors, analysts, mutual fund companies, the financial press and banking institutions. Analysts meetings and numerous roadshows were held in Paris, London, New York, Boston as well as in Germany. And for the first time MLP held a very successful "Analyst Day" in December in the Heidelberg Head Offices. Almost fifty analysts from leading international investment companies participated. The depth of the information made available to the business press was again increased. MLP issued more frequent press releases and provided even more information in the appropriate media. Investors and interested parties can now access a special Investor Relations Page on the MLP web site. A section for Investor Relations has also been set up in the MLP customer magazine FORUM. MLP consciously pursues a shareholder-friendly policy and hence places great emphasis upon this Investor Relations work.

For the eleventh successive year MLP has increased its dividend payments. The dividend amounts to Euro 1.2 per preference and Euro 1.18 per ordinary share. This represents an increase in the dividend per share of Euro 0.30 or 33.3 percent. The dividend total increased from 17.7 to Euro 23.6 million.

MLP AG
Department
Investor Relations

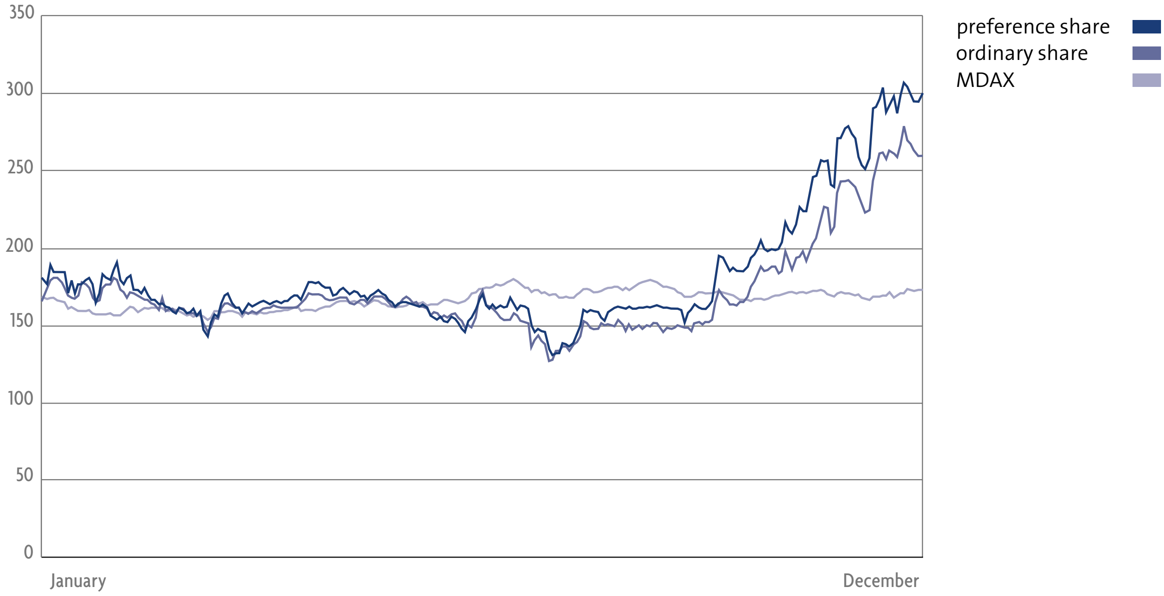
Jutta Funck
MLP AG, Forum 7,
D-69126 Heidelberg, Germany
Telephone: +49 6221/308-330
Fax: +49 6221/308-258
E-mail: jutta.funck@mlp-ag.com

ISIN no. MLP preference shares
DE 0006569932

Security identification code,
MLP preference share: 656 993
Security identification code,
MLP ordinary share: 656 990

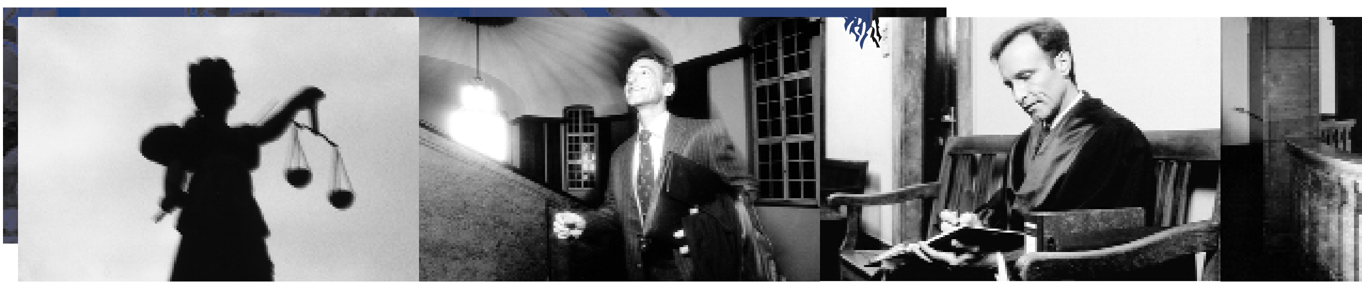
Stock exchange abbreviation: MLP3
Internet: www.mlp.de

The MLP Share 1999 (in Euro)



Director's Report for the MLP Group and MLP AG

MLP clients expect a high standard of quality. MLP will provide this with the new MLP Private Finance concept that combines personal advice with online brokerage.




du
RISIKO
KUNST

Director's Report for the MLP Group and MLP AG

Group financial statements summary (in Mio. Euro)	1999	1998	
Balance sheet			
Tangible assets		46.2	38.5
Financial assets		25.5	6.8
Employment of investment capital from unit-linked life assurance		438.2	212.9
Trade account receivable		111.9	63.1
Other assets		26.8	35.1
Liquid assets and investments		111.6	75.2
Equity capital**		134.7	118.0
Provisions and accrued liabilities		33.1	25.6
Insurance related reserves and deposit liabilities	448.8	218.6	
Profit and Loss			
Sales revenues		218.9	164.9
Insurance premiums		169.2	95.5
Cost of materials		113.0	78.4
Personnel expenses		45.1	39.9
Depreciation		9.9	8.2
Other operating expenses		79.8	49.9
Expenses in insurance related reserves		225.8	75.6
Profit from ordinary operations		76.7	46.8
Taxes		36.4	23.1
Net income		**40.3**	**23.7**

* in million Euro
** adjusted by dividend payments

All companies make a contribution to the corporate success

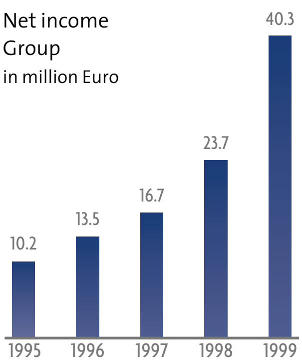
The year 1999 was again a successful year for the MLP Group headed by MLP AG as a listed holding company. The earnings before tax on income were Euro 76.7 million in comparison with Euro 46,8 million in 1998 representing a 63.9 percent increase. The total group revenues reached Euro 542.7 million, representing an increase of 62.5 percent compared with the revenues of the previous year of Euro 334 million. These excellent figures reflect the extremely positive growth of all companies in the MLP Group. Almost all companies contributed to this consistent growth and reported increases in some cases of over 50 percent. The stability of the growth is particularly significant. MLP has achieved annual growth of some 30 percent for several years now and expects to maintain this performance in the future. This is also an expression of MLP's ability to achieve growth independently of the respective market environments.

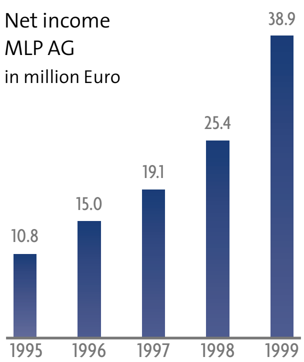
The earnings before tax on income also clearly increased in the AG and reached Euro 71.1 million, in comparison with Euro 49 million in 1998. This represents an increase of 44.8 percent. The net income after tax reached Euro 38.9 million for the AG and was hence Euro 13.6 million or 53.8 percent higher than the comparable value in 1998.

During the last business year MLP further increased its standing with its customers and its value for the clients. The company has extended and consequently expanded the "private finance" concept for its sophisticated clients, that is, combined personal advice with online brokerage services on the Internet:

- MLP combines highly qualified consultation with online brokerage across a broad range of financial services sectors.
- The intelligent MLP Financial Management provided by the consulting company MLP Finanzdienstleistungen AG made an increasingly strong contribution to MLP's success and the service provided to its clients.
- MLP has extended its cost leadership and realised further cost advantages for its customers with the help of its superior information technology resources.
- The combination of highly qualified advice for academics and sophisticated private clients by local academics and centralised, first-class IT as back office and consulting support on the other hand is becoming increasingly important.
- Services like the MLP Bank AG, MLP Service GmbH etc. underwent very successful developments and have continued to round off the range of consulting services.

MLP Private Finance, Personal Advice & Online Brokerage





MLP Group and MLP AG

Breakdown of total revenues	1999 in thousands Euro	1998 in thousands Euro	Change in %
Sales revenues	218.9	164.9	32.7
Changes in work in progress	0.0	-2.6	–
Other capitalised own work	0.0	0.8	–
Interest income from banking operations	3.0	0.0	–
Insurance premiums	169.2	95.5	77.2
Income from outward reinsurance business	109.5	56.7	93.1
Other operationg income	42.1	18.8	123.9
Total revenue	**542.7**	**334.0**	**62.5**

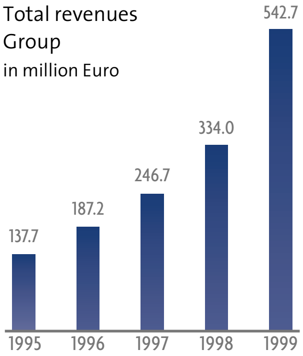
MLP continues to expand its international presence

- The third stage of the strategic plans to provide Internet-based services has been completed successfully.

- The international presence was raised to another level by opening up new markets in the first non-German speaking country, the Netherlands. We are preparing the company for entry onto the British market.

- The strategic direction has again been intensified. On the one hand the company has clearly defined its major growth factors, and on the other it has set itself new strategic objectives regarding the opportunities presented by new technologies, which also ties in with a revaluation of the company on the capital markets.

Total revenues
Group
in million Euro



Previous year's value adjusted in view of consolidated commissions of MLP Lebensversicherung AG

MLP Group and MLP AG

Financial indicators	1999	1998
Equity return after tax MLP AG in %	28.4	20.8
Equity return after tax MLP Group in %	29.9	20.1
Equity ratio MLP AG in %	78.4	83.0
Equity ratio MLP Group in %	17.7	26.8
Cash flow MLP AG in million Euro	40.2	26.9
Cash flow MLP Group in million Euro	50.1	31.8

Over 300,000 clients

The expansion of the market presence and penetration was continued successfully. The number of customers exceeded the 300,000 mark and stood at 304,000 at the year-end. MLP's share in its core customer group, graduates who started working in 1999, increased from 30 to 36 percent. In the German speaking region MLP opened 48 new offices and hence extended its broad network coverage from 103 offices at the end of 1999 to 151. The further expansion of activities in Austria and Switzerland is also running successfully. MLP is represented in Austria with 9 offices and advanced to become market leader in its segment in 1999 - just 4 years after its Austrian launch. In Switzerland MLP is also continuing to expand its office network with two new offices, one in Bern and a second in Zurich.

A positive crucial factor was the increasing readiness, particularly among sophisticated private clients, to take responsibility for their financial provisions themselves and to view the state pensions increasingly as just a basic provision. Additional growth impulses also come from potential customers, who have already been working for several years and have only now approached MLP, mainly via recommendations. The share of recommendations among the total number of new customers increased to some 35 percent.

DVFA result per share

The result according to DVFA (German Association of Financial Analysts and Investment Consultants) reached Euro 1.96 per share for the AG representing an increase of 53.1 percent or Euro 0.68 above that of the previous year. The corresponding Group figure was Euro 1.98 in comparison with Euro 1.16 in 1998. The company therefore also further improved its return on shareholders' equity. This figure reached 29.9 percent after taxes for the Group in 1999. In comparison: The figure was 20.1 percent for the previous year. The MLP Group has therefore met all its yield objectives for 1999. The shareholders' equity amounted to Euro 134.7 million for the Group and Euro 137.2 million for the MLP AG. The equity ratio in the AG reached 78.4 percent. As expected the equity ratio for the Group decreased as a result of the strong increase in investment stock at MLP Lebensversicherung AG to 17.7 percent.

The cash flow reached Euro 50.1 million for the Group and Euro 40.2 million for the AG. The stable cash flow guarantees MLP a high level of independence. The entire company growth as well as all investments, which were particularly high in 1999, were also financed completely from the cash flow in 1999.

The balance sheet total reached the Euro 787,0 million mark for the Group and Euro 198,5 million for the AG. The comparable figures for the previous year were Euro 451,9 million, or Euro 164,6 million. The net profit for the year amounts to Euro 38.2 million for the Group and Euro 38.9 million for the MLP AG. At the annual general meeting on 15th May 2000 the proposal will be made, to pay out increased dividends from Euro 0.90 in 1998 to Euro 1.20 per preference share, and increased dividends from Euro 0.89 in 1998 to Euro 1.18 per ordinary share for the capital bearing dividends.

In 1999 MLP was able to almost double its market value. At year-end the market capitalisation amounted to some Euro 5.6 billion and was hence more than 73.6 percent higher than in the previous year.

Attractive employer

In 1999 MLP again created numerous high quality jobs. The total number of employees increased by 18.5 percent from 2,014 as at 31.12.1998 to 2,394 at the end of 1999. Some 4,000 candidates applied for jobs as consultants. The number of consultants increased by 25 percent to 1,541. The level of academic training among MLP employees is unusually high: 96 percent of consultants and 40 percent of office-based employees are graduates.

MLP created more than 370 new jobs

Risk management

One of the obligations arising from the Control and Transparency Act in the corporate sector (KonTraG) is that reports must be submitted about the risks of future development. These risks are, by their very nature, linked with the risks that are inseparable from commercial dealings. For the financial services industry in particular restrictions could arise for corporate growth from a taxation point of view or as a result of fluctuations on the stock markets. Appropriate concepts for such third party changes have been developed.

A detailed and comprehensive risk evaluation for corporate growth has shown that there are no other additional risks that could endanger MLP as a company. Our forecasts have not shown any indications of factors that may negatively influence the MLP Group growth.

MLP Finanzdienstleistungen AG

MLP Finanzdienstleistungen AG	1999	1998	Change in %
Sales revenues*	263.0	185.0	42.2
Profit transfer to MLP AG*	68.4	48.8	40.2
New life assurance business **(total contributions)	4.3	3.2	34.4
Net inflows mutual funds*	667.0	478.0	39.5
Loans*	783.0	564.0	38.8
Health insurance including nursing insurance cover* (annual premiums)	48.8	40.2	21.4
Non-life, third-party liability and legal protection insurance*	66.1	59.6	10.9

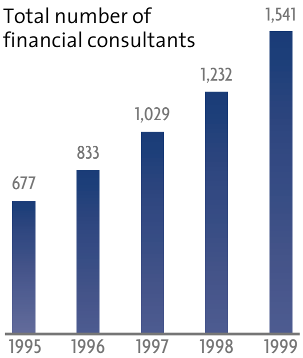
* in million Euro
** in billion Euro

More than 1500 Financial Consultants

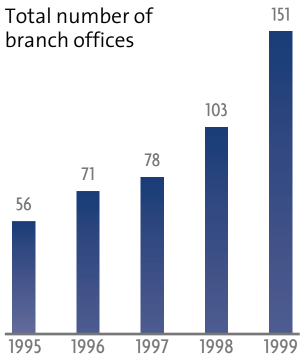
The MLP Finanzdienstleistungen AG reported significant growth in all areas of the business. Sales revenues reached Euro 263 million, Euro 78 million more than in the previous year. The transfer of profits to the Holding Company increased by 40.2 percent to Euro 68.4 million. The customer base increased by over 22 percent to more than 304,000 customers. The number of consultants grew to 1,541, an increase of 25 percent. The consultation quality was demonstrated once again by the most important indicator: the rate of cancellations. This was significantly lower than one percent and has even been reduced once again. In comparison: the average market figure is more than five percent.

The MLP Finanzdienstleistungen AG considerably improved its market presence once again, increasing the number of branch offices from 103 to 151.

Total number of financial consultants



Total number of branch offices



The indivicual sectors

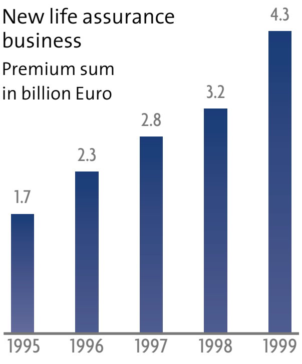
Life Assurance

The new business in the life assurance sector continued the strong upward trend set over the course of the last ten years. New business increased to Euro 4.3 billion in comparison with Euro 3.2 billion premium sum in 1998. A market share of over 20 percent was reached in the occupational disability sector. There was a strong growth again in the unit-linked life assurance field where the premium sum increased by 80 percent to Euro 2.3 billion.

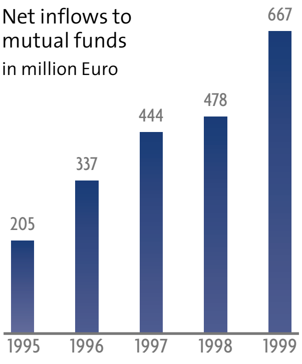
Mutual Funds

The positive trend continued for net inflows to mutual funds. A total of Euro 667 million new funds generated in comparison with Euro 478 million in 1998. This makes MLP one of the most important companies in terms of new funds injected in Germany, and would place it among the top ten pure mutual fund companies which are associated with the Bundesverband deutscher Investmentgesellschaften (BVI). Total funds under management of the MLP Group amounts to Euro 1.97 billion.

New life assurance business
Premium sum
in billion Euro



Net inflows to mutual funds
in million Euro



MLP Finanzdienstleistungen AG

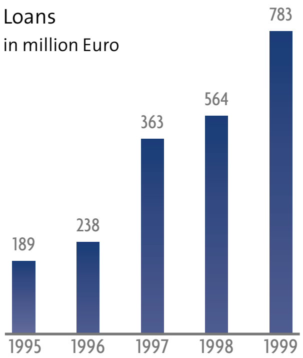
6,400 New Loans

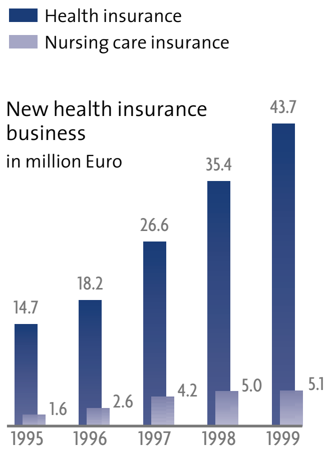
Loans

MLP Finanzdienstleistungen AG was also able to record considerable increases in its loan business - especially for property and real estate. New business here grew by 39 percent to Euro 783 million following Euro 564 million in the previous year. The average loan volume reached the Euro 122,000 mark per contract; in total MLP arranged almost 6,400 new loans compared with some 4,200 in the previous year. This new strong expansion is mainly a result of the MLP HYP concept, which has been in operation for only two years. This IT-based property loan instrument gives the MLP consultant far-reaching possibilities for approving loans. In conjunction with a well-developed system of risk scoring, the consultant's credit competence runs up to as much as Euro 400,000 - this is unique in the entire financial services market. Larger amounts can also be approved for higher loans by contacting the MLP Bank AG. Loan losses are not an issue because of the MLP clients' creditworthiness and the high quality of consultation.

Health Insurance

In the health insurance sector the company recorded increases in new business of 24 percent, achieving Euro 43.7 million in comparison with Euro 35.4 million in 1998. This does not include a further Euro 5.1 million from the nursing care insurance. The total new business therefore amounted to Euro 48.8 million in annual premiums. This would correspond to a market share for MLP for sophisticated private clients of some 20 percent in the Federal Republic of Germany.

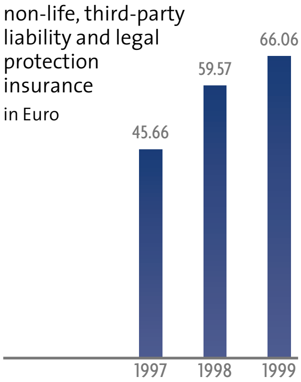




Non-Life, Third-Party Liability and legal Protection Insurance

The non-life, third-party liability and legal protection insurance sector again saw a very pleasing development. An increase of 10.9 percent was recorded in the in-force business and at year-end was, with Euro 66.1 million annual premiums, Euro 6.4 million higher in comparison with the Euro 59.6 million annual premiums recorded in 1998.

Policies in-force for non-life, third-party liability and legal protection insurance
in Euro



MLP Lebensversicherung AG

MLP Lebensversicherung AG	1999	1998	Change in %
Premium income*	169.2	95.5	77.2
Earnings before tax on income*	4.4	1.6	175.0
Net income*	2.2	0.7	214.3
New policies issued**	4.2	2.5	68.0
Portfolio**	8.7	4.7	85.1

* in million Euro
** Total insurance amount in billion Euro

Dynamic company growth

Development

MLP Lebensversicherung AG was able to continue its steep upward trend in 1999. The number of policies in-force almost doubled and increased from a total insurance sum of Euro 4.7 billion to Euro 8.7 billion insurance sum. The contribution receipts increased by some 74 million to Euro 169 million. The net profit was tripled reaching the Euro 2.2 million mark. The total new business increased by some 70 percent from 2.5 to Euro 4.2 billion total insurance sum.

The high increase in investment stock was caused by both the positive developments on the capital markets in which the customers participate directly, and also the ongoing premium payments.

MLP Lebensversicherung is still one of the companies with the most dynamic growth in this market and is, after almost eight years, one of the most important in the entire industry. The strong company growth will continue in the future not least because of the attractive product range in the life assurance sector as well as the increase in private pension provision arrangements.

MLP Fondspolice (unit-linked policies)

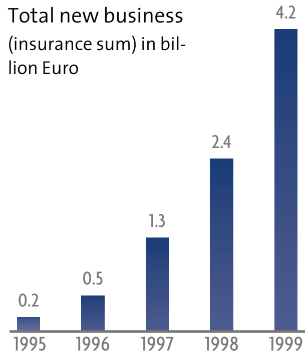
The new business for the unit-linked life assurance including the dynamic increases reached the Euro 2.3 billion mark compared with Euro 1 billion in 1998. The asset managers with the most significant share in the funds were DWS, Mercury and Fleming each with a share of over 10 percent. Other important partners also include Schroders, Sal. Oppenheim, ABN Amro, Credit Suisse and Fidelity.

Term Insurance

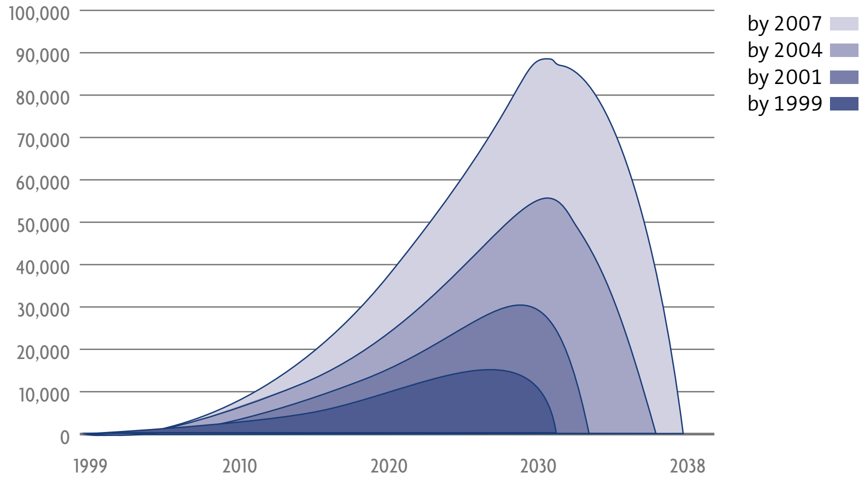
MLP Lebensversicherung AG also recorded growth figures in the term insurance field. New business for policies issued increased from Euro 294 million in 1998 to Euro 310 million total insurance sum in 1999.

Flexible Occupational disability Insurance

MLP recorded strong growth in the flexible occupational disability insurance field. The new business increased in terms of total insurance sum (12 times annual pension) from 1.2 to Euro 1.6 billion inclusive of dynamics and increases.



Development of investment stock in unit-linked assurance, including future new business in million Euro



MLP Vermögensverwaltung AG

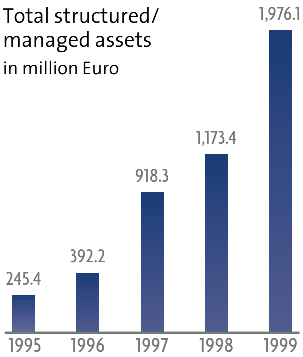
MLP Vermögensverwaltung AG	1999	1998	Change in %
Sales revenues*	4.7	7.3	–35.6
Earnings before tax on income*	1.9	1.3	46.1
Total receipts in portfolio management*	0.9	0.6	50.0
Funds under management in portfolio management*	1,135.6	607.4	87.0

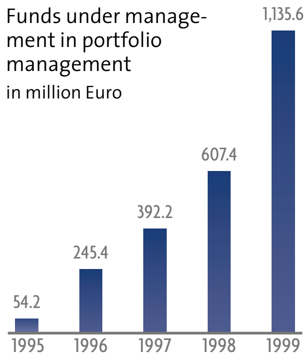
* in million Euro

MLP Vermögensverwaltung AG is one of the fastest growing companies on the market

MLP Vermögensverwaltung AG advises the MLP Bank AG regarding professional wealth management for MLP clients. Last year the company was able to continue the high dynamic growth established in previous years. As a result the company has contributed to the increase in funds under management in the MLP portfolio management to over Euro 1.135 billion, which represents a rise of 87 percent compared with the previous year. The total structured and managed assets of all clients within the MLP Group was reported at Euro 1.98 billion. The sales revenues sank from Euro 7.3 million to Euro 4.7 million. The lower revenues despite the significant increase in managed assets and the company's successes were caused by the fact that all activities related to the individual customer portfolio administration were transferred to MLP Bank AG.

The increases in funds under management can mainly be attributed to the success of the MLP strategy. The MLP target group strategy with its focus upon young graduates in precisely selected courses of study contributes to the fact that the MLP clients are among the almost 14 percent of the population whose net monthly income will later exceed Euro 4,000. The MLP consultant is, at this level of personal financial development, so to say the natural partner who can build upon a long-established basis of trust. MLP can put together individual wealth concepts using elements from the most successful suppliers depending upon the customer's specific savings objectives, time horizon and risk structure.





MLP Bank AG

MLP Bank AG	1999	1998	Change in %
Balance sheet total*	157.6	50.5	212.1
Annual deficit	0.3	0.9	66.6
Accounts	80,235	16,000	401.5

* in million Euro

In its second year since foundation the MLP Bank AG has almost achieved balanced results. Following losses of some Euro 0.9 million in 1998 the start-up losses amounted to just Euro 0.3 million in 1999. The balance sheet total reached some Euro 157.6 million, three times the figure recorded in the previous year. The number of accounts for MLP customers was higher than 80,000 compared with 16,000 in 1998. MLP Bank has hence grown many times faster than all other direct banks listed on the stock market for example. As the electronic turntable and processing platform for the banks, building and loan associations and insurance companies which co-operate with MLP in the financial services field, MLP Bank AG co-ordinates and processes a large number of the loans arranged by MLP and other banks. The MLP Bank AG is a 100-percent subsidiary of MLP Vermögensverwaltung AG, also acting as custodian bank for the assets under management with a volume of Euro 576.2 million.

The start-up phase has already been completed – high growth in terms of number of customers and accounts

MLP Service GmbH

MLP Service GmbH	1999	1998	Change in %
Sales revenues*	6.6	4.6	43.5
Earnings before tax on income*	–1.0	–0.5	100.0
Annual deficit*	–0.9	–0.2	350.0
Managed contracts**	115,000	85,000	35.3

* in million Euro
** in units

MLP Service GmbH provides tailor-made insurance coverage concepts for non-life, liability, accident, legal protection and automobile insurance cover. This involves the combination and management of modules from different insurance companies to develop appropriate overall concepts for the MLP clients. MLP takes advantage of its position in the market place as well as the particularly attractive risk structure of its clients to develop advantageous offers together with its partners, making these accessible for the MLP clients. The company has reported excellent results in 1999 and has increased the number of managed contracts in the fields non-life, third-party liability, legal protection coverage and automobile insurance by over 35 percent to 115,000. Many contracts in the non-life sector commence on January 1st in any one year. It is thus typical for this business field that growth is stronger in the first half of the year than in the second. The development in the non-life, liability and accident insurance areas was especially positive along side that in the automobile area. The total number of policies now exceeds 65,000, representing an increase compared with 31.12.1998 of over 58 percent.

In the reporting year the company continued to make major investments in its technological development. Since autumn 1999 the MLP Consultants have been able to process their car insurance contracts using the MLP Intranet Platform, from the proposal to the policy agreement. This option will also be made available directly to the customers in the course of the year 2000. Due to the importance of the non-life sector MLP Service GmbH will be transferred to MLP Insurance AG in the new year.

MLP Assekuranzmakler GmbH

MLP Assekuranzmakler GmbH	1999	1998	Change in %
Sales revenues*	2.8	1.9	47.4
Earnings before tax on income*	0.6	0.2	200.0
Net income*	0.5	0.2	150.0

* in million Euro

MLP Assekuranzmakler GmbH reported a significant surplus increase for the business year of Euro 0.5 million compared with Euro 0.2 million in 1998. The sales revenues rose by 50 percent to Euro 2.8 million.

There will be dynamic growth in the field of company pension schemes

MLP processes the commercial insurance business as well as consultation in the company pension field with MLP Assekuranzmakler GmbH. In this way, MLP can meet the requirements especially of clients who have reached top management positions in companies and still seek MLP support in this field. In the meantime some 55 group policies for company pension provisions have been arranged for well-known companies.

In the coming year the company's operations are to be integrated into MLP Finanzdienstleistungen AG as a specialist-operating department. As a result MLP can offer both its private and corporate clients contacts in an advisory centre, can improve the service and accelerate the administrative procedures.

MLP Consult GmbH

MLP Consult GmbH	1999	1998	Change in %
Sales revenues*	19.0	20.5	–7.3
Earnings before tax on income*	0.3	0.5	–40.0
Net income*	0.1	0.2	–50.0

* in million Euro

The major role of the MLP Consult GmbH was as the internal service provider for computing activities at MLP. The company recorded total revenues in 1999 of Euro 19.0 million. The net earnings were positive.

As part of the internationalisation process within the MLP Group the entire computing area was restructured last year and employees distributed to the sister companies with effect from January 1st, 2000. A basic agreement was signed with Hewlett Packard GmbH covering both hardware and network support at the MLP Group. The company ceased to operate with effect from January 1st,2000.

MLP Media GmbH

MLP Media GmbH	1999	1998	Change in %
Sales revenues*	2.7	3.5	–22.9
Earnings before tax on income*	–0.04	-0.08	50.0

* in million Euro

Communications service company

MLP Media GmbH is a one hundred percent subsidiary of MLP Finanzdienstleistungen AG. The MLP Media GmbH results are consolidated with those of its parent company.

MLP Media GmbH provides services for the Group in the overall field of communication, assuming major elements of Corporate Communications for MLP such as advertising, public relations, press work, customer communication and Investor Relations. The company is thus an internal services organisation and in-house agency for MLP. To simplify the company-internal processes MLP Media GmbH will be dissolved at year-end and continue to operate as a service department called "Corporate Communication".

Outlook

The steep ascent continues

MLP's objective is to achieve high annual growth rates of at least 30 percent. In the year 2000, MLP expects to be able to maintain the growth rates established in recent years for all relevant ratios. Additional impetus will come here from the ongoing internationalisation process, the continued introduction of new financial concepts such as in the pension provision field for example, and the effects of the Internet strategy which are already becoming apparent in 2000. As in the previous 12 years, MLP will endeavour to realise a stable share price again. In the course of 2000 MLP expects to be listed in the DAX Top 30. This will make the company even more interesting for institutional investors. The proposal will be made at the annual general meeting on 15th May 2000 to conduct a nominal capital increase from corporate funds from the current level of 19.8 to Euro 79.2 million. The capital increase is based upon the company financial statement as at 31st December 1999 that has been certified by both the management board and the supervisory board.

The Board of Directors at MLP Holding AG:
Dr. Bernhard Termühlen (Chairman of the Board of Directors), Eugen Bucher, Gerhard Frieg, Dirk Petersmann (from left to right).

The proposal will also be submitted at the annual general meeting, authorising the management board to increase the equity capital by December 31st, 2004 by issuing new individual ordinary shares and / or non-voting individual preference shares against cash or non-cash contributions by a maximum of Euro 7,920,000.00 with the option of a cancellation of pre-emption right on issues of new shares. The management board has given the reasons for this option for cancellation of pre-emption right on issues of new shares in a written report.

The company will be able to fund its growth almost entirely from the ongoing cashflow. In the year 2000 the dividend payout policy will continue to remain shareholder friendly and be guided by the course taken by the net profit results.

MLP expects consistent growth in all subsidiaries. The company continues to have high expectations in particular for the MLP Bank AG as well as in the non-life insurance field and for MLP Finanzdienstleistungen AG and MLP Lebensversicherung AG. The range of risk management products will be rounded off when MLP Service GmbH is integrated into MLP Versicherung AG.

The MLP Private Finance Concept and the targeted corporate strategy will form a sound basis for success in the future:

- The market penetration will be further increased in the major target groups of economists, doctors and dentists, lawyers, engineers.
- Additionally, older client groups will be addressed via recommendations.
- The number of consultants will continue to grow dynamically, while their qualifications improve at the same time.
- As MLP clients become more successful and their incomes increase they will see a strong rise in their financial power. This will also be affected by capital market influences.
- MLP clients are using the Internet more and more. Further potential can be realised and customer loyalty increased with the additional "Private Finance" strategy of combining highly qualified advice with online brokerage.
- The international expansion will be cautious, but at the same time systematic and consistent, making an increasing contribution to the MLP success.

During the course of 1999 MLP has continued to pursue the next stage in its corporate strategy of giving the company an Internet direction. This strategy will be implemented in the year 2000.

Systematic expansion of international growth

Outlook

Employees

The quality of the employees begins at the recruitment stage. In 1999 some 4,000 people applied for a position as an MLP consultant. In 2000 MLP is expecting to see a considerable increase, not least as a result of the restructuring measures taking place in the German banking sector.

The total number of employees stood at 2,394 as of December 31st. This represents another increase of more than 20 percent. MLP thus still counts as one of the companies with the highest new hire rates among academics, particularly in Europe. 309 new consultants joined MLP, a significant increase when compared to the 203 who joined in 1998. More than 96 percent of the MLP consultants have a university qualification. This figure is over 40 percent for the office-based employees.

In 1999 the personnel costs reached a figure of Euro 45.1 million. This was 13 percent higher than the previous year's figure of Euro 39.9 million. The personnel costs once again rose more slowly than the revenues and net earnings. We will also see a continuation of this trend in the year 2000.

Customers

Every company will correctly maintain that its clients are the basis of its success. But this has a particular significance for MLP: The MLP clients are among the elite of almost ten percent as defined by education, training and income in the corresponding markets. MLP places the focus of its advisory services upon the long-term requirements of individual professional groups. The main customer groups include lawyers, economists, engineers and medical professionals. In 1999 the number of MLP customers exceeded the 300,000 mark for the first time and was, at approximately 304,000, more than 54,000 higher than one year previously. We expect this growth to continue again in the year 2000.

New Corporate Structure

The group structure will also be consolidated as part of the corporate strategy for the new millennium, making business processes and administration leaner and directing the company further towards internationalisation. The option of outsourcing will be actively pursued.
All of the Internet activities will be combined strategically in the new company MLP Login GmbH.

Planning for 2000 and 2001

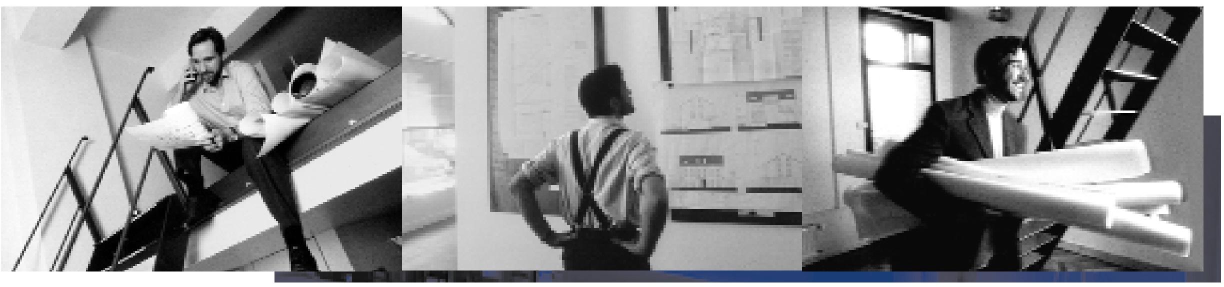
The number of consultants alone should be increased in the course of 2000 to 1,900, rising to 2,300 by the end of 2001. This means that MLP will be creating over 500 new jobs during the 2000 business year. At the same time there are plans to expand the office network to a total of some 240 offices by the end of 2001. MLP assumes that the number of clients will grow to 365,000 by the end of 2000 and approximately 440,000 by the end of 2001. The year 2000 budget pre-tax net income for the Group should amount to Euro 100 million and Euro 90 million for MLP AG, rising to Euro 120 million and Euro 110 million respectively for the business year 2001.

Action for Annulment

The action filed against MLP in July 1998 by the Schutzgemeinschaft der Kleinaktionäre (SdK: association for the protection of small shareholders) against resolutions passed at the annual general meeting of shareholders on July 15th, 1998 is still proceeding pending before a court. MLP commented in depth on the contents and assessment of the action in the 1998 Annual Report. No additional new information has arisen from MLP's point of view in the meantime regarding the action. On July 15th, 1999 MLP appealed against a first-instance ruling. The legal proceedings were still underway at the end of the business year.


Corporate strategy

The companies in the MLP Group form the basis of the success. They are responsible for the qualitative business and thrived considerably in 1999. For years now the companies have been among the most dynamic in their respective market sectors.



Next strategic level

By transferring major elements of the MLP Broker Platform built up in recent years to the Internet, the company is expanding its range of customer-oriented solutions. The objective is to have successfully introduced the Private Finance Concept combining highly qualified consultation with online brokerage to provide comprehensive coverage of all financial service areas by the end of 2000. Until now the term ”online brokerage” has only been used in association with securities trading.
By the end of 2000 MLP will be the only company worldwide which can and will consolidate the various financial services, ranging from car or health insurance, mortgage loans to securities brokerage, in an intelligent online brokerage service.

The course was set for the success in the next millennium by MLP in recent years with the diligent implementation of the technical strategic plan.

- The production companies were founded as brokerage platforms. This process was almost completed in 1996 giving the individual companies the legal scope to develop their own financial management concepts under the MLP brand. The broker platforms also allow MLP to offer customer solutions made up of a combination of insurance and banking services. This puts MLP way ahead of the overall market place in terms of content.

- This in turn led to the development of the intelligent MLP financial management system. The option for each customer of creating a tailor-made personal financial concept has, according to independent experts, given MLP a lasting competitive advantage of more than ten years. This process was completed in 1998.

- Since 1998: Development of Intranet solutions for MLP advisors. All MLP offices are networked online. The consultants can access the highly-developed computing systems at the MLP headquarters and, for example, download or compile individual loan approvals, initial concept elements etc. during a consultation. In addition the modules put together within the financial management system can be arranged independently by cost-to-performance ratio from those available on the marketplace.

- Internet solutions for customers. This is probably the last strategic step.

In 1999 MLP had already employed extensive resources for the development of the e-brokerage services. More than 100 employees work on implementing this strategy at the beginning of 2000. The investments will have amounted to over Euro 250 million once all the projects have been completed.

From health insurance to mortgage loans up to wealth management – all areas will be online. The concept is called MLP Private Finance, Personal Advice & e-Brokerage. The focus in the future will still be upon the MLP consultants with their customer consultation. And they will be supported by sophisticated Internet consultation applications.

The basis for this strategy is excellent: On the one hand the MLP customers are among the Internet users par excellence – they are young, highly educated, command high incomes and are Internet-literate. And on the other, MLP has built up its leading technological know-how in the competitive environment over many years. All solutions are developed completely within the company; external-computing services companies are only employed for support or implementation projects. MLP has thus secured itself the essential strategic know-how.

In the future customers will be able to obtain an overview of their financial relationships with MLP at any time. Straightforward products or services requiring no further consultation can be transacted via the Internet.

The aim is also to relieve advisors of the basic products requiring no consultation so that they can focus their work more closely upon the tasks requiring more complex consultation. This also ties in with the objective of further reducing the already low number of customers per advisor from 250 to 200, facilitating as a result more extensive and consequent support. This will give rise to a new quality of productivity due to the high potential of each MLP client.

This strategy foresees the inclusion of three groups crucial to the company via the web: non-clients, clients and employees. The tools employed for each individual client group will vary particularly in their scope:

- Non-clients or potential customers will receive general information via the web. They can also test MLP services, e.g. in the asset management field or other areas, without having to enter into a formal relationship with MLP. Contracts can be entered into online directly on the mortgage, health insurance or securities trading (by the end of 2000) brokerage platforms. And, most importantly, they can also benefit from the MLP Career Services, one of the major pillars of the MLP customer access.

Customers can download their entire asset status at a glance online

Internet

Customers benefit from the new Private Finance Concept

- Existing clients are provided with a complete overview of the assets and provisional arrangements that they have built up with MLP and can also make other entries for contracts and accounts. In addition they can conduct a wide range of transactions that far exceed the framework of the usual, normal e-brokerage. MLP clients will be able to download an extensive wealth and liquidity status overview online at any time.

- Employees, and above all the consultants, will benefit greatly from the tools available. On the one hand the "knowledge services" will be built up, which provide the consultants with terms, commissions etc., they include the so-called "expert base" etc. And on the other, MLP's concept of "personal financial management" can be implemented early on the Internet as a basic installation.

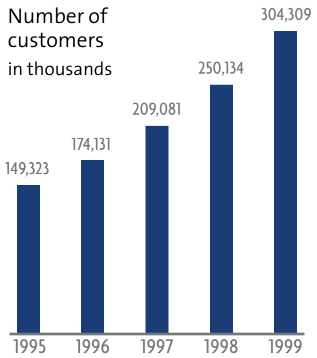
MLP expects to have penetrated the entire customer base with the Internet services within the period of between two and four years. MLP will also implement this strategic competitive advantage as it moves forward with its process of internationalisation.

Customers

The unique customer basis and customer structures are two of the main reasons for the high regard for MLP, which is also expressed in the share price. No other company adopts such a determined approach in addressing sophisticated customer groups with high potential with equally well-educated and highly ambitious advisors. This customer group is the most difficult imaginable in terms of acquisition; they are critical, well informed and independent. More and more customers from this group are turning to MLP for precisely this reason. The share of MLP customers among the academics of a graduating year – in 1999 there were more than 100,000 graduates in Germany - in its core target groups of economists, medical graduates, lawyers and engineers is already in excess of 36 percent. In individual groups such as medicine for example, over 65 percent of graduates also become MLP customers. And more and more customers are also approaching MLP as a result of recommendations. MLP expects a further increase in market penetration in its existing markets for the year 2000.

The average age of an MLP customer is 33. The high quality of consultation and of the financial solutions means that the cancellation rate or customer terminations are less than one percent. The result is that the potential within this customer base guarantees high growth for many years. The average age of new customers is well below 30. Approximately one third of new clients have previous professional experience. 28 percent of the clients are between 25 and 29 years of age, 31 percent between 30 and 34. Just 6 percent are older than 50 years of age.

Unique customer basis – reason for high assessment of MLP



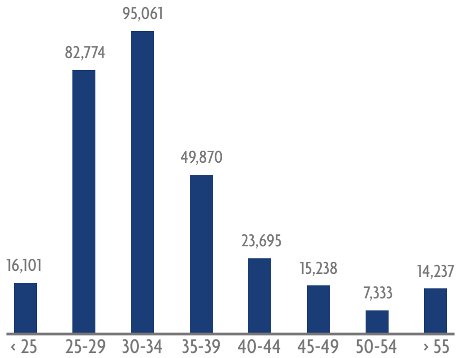
Customers

Customer Groups	
Economists & Engineers	115,600
Medical Graduates	71,187
Lawyers	14,177
Dentists	9,972
Customers via recommendations	93,373

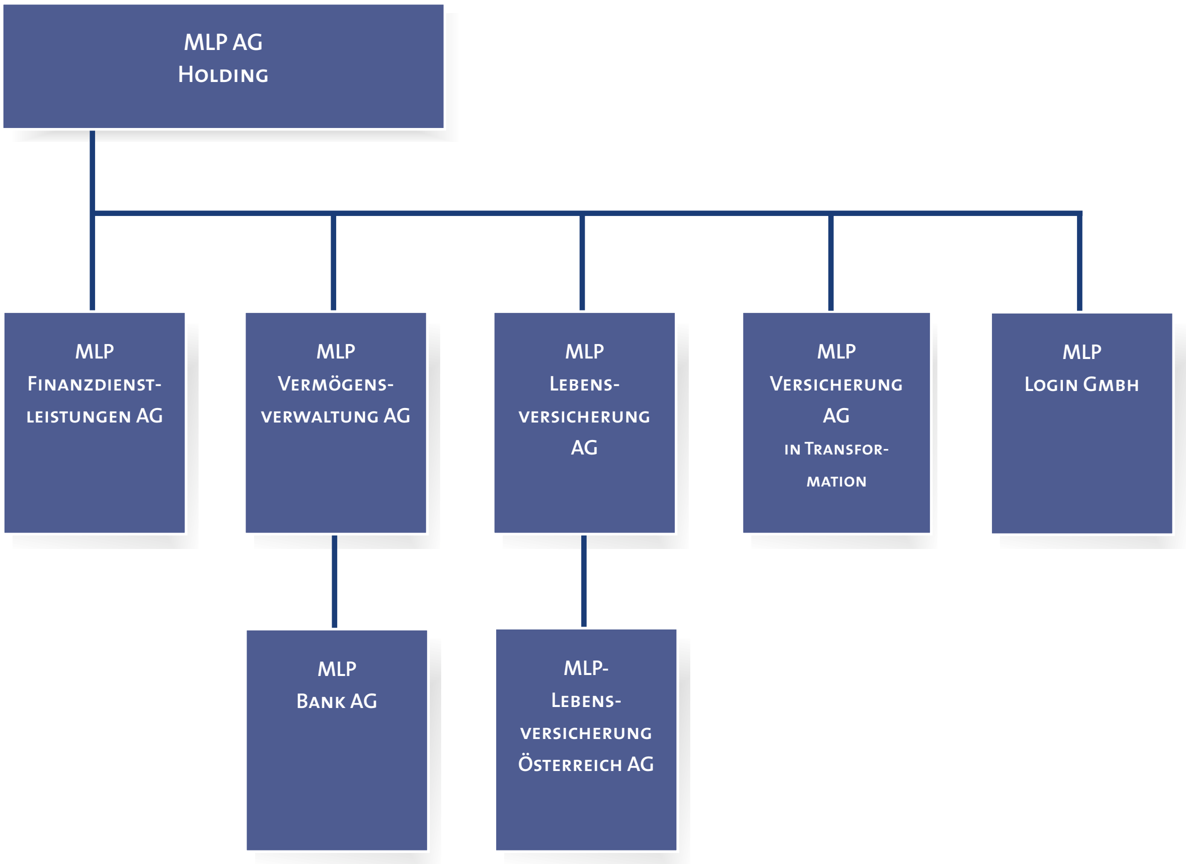
Based alone on the current customer basis and the development per client that can be realistically expected, we can already forecast how increases in the financial performance of the MLP customers will effect the company over the next thirty years. Account should also be taken of the fact that the number of MLP customers will continue to rise sharply due to the internationalisation and the increasing market penetration.
At the same time MLP will be increasing the advisors' productivity, because they will be focusing their work on fewer clients per consultant. The MLP clients benefit twice over. They receive first class individual advice at an extremely favourable cost-to-performance ratio.

MLP aims to be listed in the DAX 30 in 2000. Since being listed on the stock market in 1988 the company has reported consistent growth rates year for year. At the end of February 2000 MLP met the criteria stipulated by the Deutsche Börse AG for acceptance on the Dax 30. MLP was in position 21 for market capitalisation and position 34 for share trading volume among all listed stocks. (As at end of February 2000). Admittance into the Dax 30 will lend further growth impetus to both the company and the shares.

Age structure of MLP customers
Total: 304,309 customers



Group structure 2000



Employees

Consultants are the central strategic figures

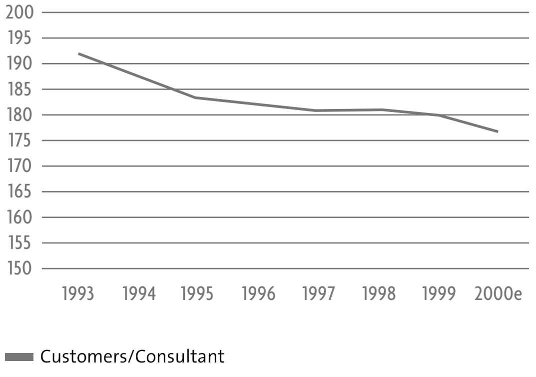
MLP is an organisation that already has the prerequisites for the most successful companies of the future: MLP's work is based upon knowledge and information. The employees and the consultants are the bearers of this knowledge, the headquarters provides the information, processes it and together with the consultants develops solutions for the customers. The key factor for MLP is, and remains, the employees.

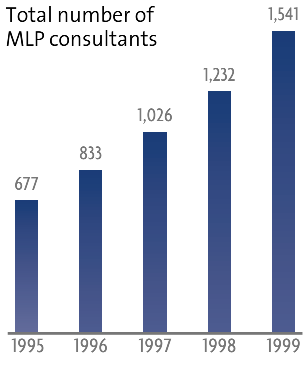
At the end of 1999 MLP employed 1,541 consultants. This is 309 more than in the previous year. Not just young graduates, but also increasingly more experienced banking consultants are, for example, finding their way to MLP. MLP welcomes this development because it promotes a more heterogeneous age mix amongst the consultants. MLP finds itself competing with companies like Boston Consulting, McKinsey etc. for the best university graduates.

We have observed a continual increase in MLP’s appeal as an employer. MLP benefits here on the one hand from its own good image, and on the other from the growing interest among graduates to pursue promising new career paths which offer a high degree of success and responsibility.

The consultants themselves are the central strategic factor in the MLP AG business process; and they embody the all-important link to the customers. MLP reaches its clients predominantly via the consultants. They on the other hand use the "MLP" brand for their personal image within their markets. The outcome is the unique MLP position. In line with the strategy of focussing upon the sophisticated and academically qualified customer groups, MLP also expects the highest standards from its own consultants. This is particularly relevant to competence, training, and professionalism towards the clients, responsibility, diligence and performance.

Less customers per consultant –
higher quality of consultation





The average annual number of training days per consultant is 26 working days. Almost 32,000 days of training were held at the MLP headquarters for consultants, complemented by almost 4,000 days of training for office-based staff as well as numerous other courses, training events etc. Combined with the further training seminars in the local offices the number of training days amounted to 70,000. This represents the highest training intensity throughout the entire financial services industry.

The basic training for MLP consultants amounts to 72 days of training in the first year of company employment.

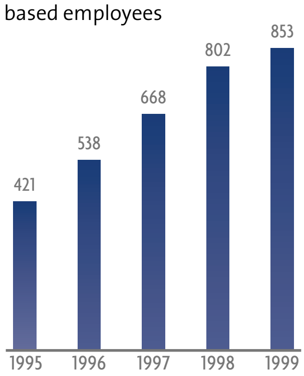
The average age of the MLP consultants remains unchanged at 33. The fluctuation was also pleasingly low in 1998. It remained stable at an overall figure of approximately 5 percent.

In 1999 the MLP consultants supported some 304,000 customers. Statistically this results in a figure of some 200 clients per consultant. This is an extremely low figure by industry comparisons and is an indication of the high intensity of the services provided. A corporate objective is to reduce this figure slightly further in the years to come. Fewer customers per consultant means a higher standard of advice and consultation.

Personnel expenditure rise digressively – MLP creates new jobs

Productivity of employees continues to rise (in thousand Euro)

Total number of office-based employees



Notes to the financial statements

The growth trend set in recent years has continued its course without disruptions. The outlook remains positive. MLP looks forward to the future with confidence.

Consolidated balance sheet - as at December 31st, 1999

Assets	31.12.1999 Euro	31.12.1998 Euro
A Expenses for the start-up and expansion of operations	**575,203.00**	**1,227,100.51**
B Fixed Assets		
I. Intangible assets		
1. Concessions, trademarks and similar rights and assets and licences in such rights and assets	6,118,283.88	5,044,564.14
2. Advance payments	5,361,582.44	285,647.28
	11.479.866,32	5,330,211.42
II. Tangible assets		
1. Land, leasehold rights and buildings, including buildings on non-owned land	24,432,226.68	24,275,366.86
2. Other fixture and fitting, office equipment	15,362,480.13	13,472,166.54
3. Advance payments	6,451,272.58	754,289.32
	46.245.979,39	38,501,822.72
III. Financial assets		
1. Interests in associated companies	2,478,851.13	2,078,112.51
2. Investments held as fixed assets	22,624,891.38	4,211,806.26
3. Other loans	360,185.11	483,127.71
	25.463.927,62	6,773,046.48
IV. Investments of investment stock of unit-linked life asssurance	438,176,962.85	212,927,258.73
	521,366,736.18	**263,532,339.35**
C Current assets		
I. Inventories		
Work in progress	21,364.33	11,632.40
II. Accounts receivable and other assets		
1. Trade accounts receivable – of which overdue by more than one year: EURO 11.414.207,28 previous year: EURO 0,00	111,852,174.18	63,073,486.86
2. Accounts receivable due from companies in which a participating interest is held – of which overdue by more than one year: EURO 0,00 previous year: EURO 0,00	574,789.20	333,852.43
3. Other assets – of which overdue by more than one year: EURO 11.308.432,28 previous year EURO 9.646.507,44	26,845,733.78	35,057,609.15
	139,272,697.16	**98,464,948.44**
III. Securities		
Other securities	38,588,512.79	43,110,986.99
IV. Cash in hand and on deposit with the German Central Bank, cash in other banking accounts	73,016,306.28	32,039,134.75
	250,898,880.56	**173,626,702.58**
D Prepaid expenses and deferred charges	**6,369,920.02**	**5,286,507.98**
E Deferred taxes	**7,819,200.00**	**8,189,362.07**
	787,029,939.76	**451,862,012.49**

Liabilities and shareholders´ equity		31.12.1999 Euro	31.12.1998 Euro
A	shareholders´ equity	Subscribed capital	
	1. Ordinary share	9,900,000.00	8,436,316.04
	2. Non-voting preference share	9,900,000.00	8,436,316.04
		19,800,000.00	**16,872,632.08**
II.	Capital reserves	65,648,633.06	68,576,000.98
III.	Revenue reserves		
	1. Legal revenue reserves	453,887.67	383,600.43
	2. Other revenue reserves	34,355,068.38	27,433,532.85
	3. Adjustment item from elimination of intracompany results	–7,501,472.12	–8,645,944.16
		27,307,483.93	**19,171,189.12**
IV.	Adjustment item for shares of other partners	7,785,443.77	5,072,330.63
V.	Consolidated net earnings	38,159,225.98	26,032,191.76
		158,700,786.74	**135,724,344.57**
B	Provisions and accrued liabilities		
	1. Provisions for pensions and similar obligations	4,931,531.44	5,052,646.71
	2. Accrued taxes	25,057,115.30	18,887,131.89
	3. Other provisions and accrued liabilities	3,129,091.89	1,644,429.74
		33,117,738.63	**25,584,208.34**
C	Insurance related reserves and deposit liabilities		
	1. Insurance related reserves for unit-linked life assurance insofar as they have to be covered by investment stock	281,278,144.42	115,220,689.14
	2. Deposit liabilities resulting from the outward reinsurance business insofar as they have to be covered by investment stock	156,898,818.43	97,706,569.59
	3. Other insurance related reserves	8,218,923.97	4,691,736.12
	4. Other deposit liabilities resulting from the outward reinsurance business	2,436,033.95	999,148.55
		448,831,920.77	**218,618,143.40**
D	Liabilities		
	1. Liabilities due to banks – of which with a remaining term of up to one year: EURO 5.901.027,89; previous year: EURO 1.499.181,01	8,979,491.35	1,499,181.01
	2. Advances received – of which with a remaining term of up to one year: EURO 4.714.595,82; previous year: EURO 5.062.946,57	4,714,595.82	5,062,946.57
	3. Trade accounts payable – of which with a remaining term of up to one year: EURO 105.143.341,69; previous year: EURO 54.225.760,76	105,926,998.76	54,225,760.76
	4. Amounts due to companies in which a participating interest ist held – of which with a remaining term of up to one year: EURO 0,00; previous year: EURO 46.719,81	0.00	46,719.81
	5. Other liabilities – of which taxes: EURO 1.246.867,40; previous year: EURO 790.717,90 – of which social security: EURO 870.889,79; previous year: EURO 760.980,78 – of which with a remaining term of up to one year: EURO 26.238.656,27; previous year: EURO 10.757.620,97	26,701,671.98	11,100,391.03
		146,322,757.91	**71,934,999.18**
E	Deferred income	**56,735.71**	**317.00**
		787,029,939.76	**451,862,012.49**

Consolidated profit and loss account from January 1st - December 31st. 1999

	1999 Euro	1998 Euro
1. Sales revenues	218,904,696.93	164,864,853.37
2. Increase/decrease in work in progress	9,731.92	−2,615,911.31
3. Other capitalised own work	0.00	766,937.82
4. Interest income from banking operations	2,981,371.87	0.00
5. Insurance premiums	169,211,091.20	95,470,480.84
6. Income from outward reinsurance business	109,546,081.47	56,664,405.64
7. Other operating income	42,049,666.09	18,868,408.87
8. Cost of materials		
a) Cost of purchased services	−113,003,644.45	−78,381,172.27
9. Personnel expenses		
a) Salaries and wages	−38,860,040.48	−34,287,304.82
b) Social contributions and expenses for old age and pensions and benefits – of which for pensions: EURO 710.385,54; previous year: EURO 674.630,02	−6,276,518.77	−5,651,197.21
10. Depreciation		
a) Depreciation of intangible fixed assets and tangible assets, and of capitalised start-up and business expansion expenses	−9,888,490.73	−8,249,718.38
11. Other operation expenses	−79,789,639.16	−49,873,617.39
12. Expenses related to insurance related reserves	−225,849,761.13	−75,629,948.86
13. Reinsurance premiums	−79,461,509.71	−43,737,948.29
14. Income from investments in associated companies	410,962.29	264,056.28
15. Income from other investments and long term loans	3,381,426.63	2,324,283.76

	1999 Euro	1998 Euro
16. Other interest and similar income	2,337,919.45	4,182,472.35
17. Write downs on financial assets and on securities held as current assets	–83,549.94	–19,707.57
18. Interest and similar expenses	–6,084,036.06	–3,704,152.95
19. Unrealised gains from investments	88,264,629.28	9,622,846.08
20. Unrealised losses from investments	–1,107,684.42	–4,066,735.87
21. Profit from ordinary operations	76,692,702.28	46,811,330.09
22. Taxes on income and profit	–36,028,232.50	–23,038,046.53
23. Other taxes	–361,072.06	–41,487.78
24. Net income	40,303,397.72	23,731,795.78
25. Results carried forward	8,166,017.74	5.587.227,41
26. Withdrawals from revenue reserves – Increase in adjustment item from elimination of intracompany results	0,00	2,826,888.24
27. Transfers to revenue reserves		
a) To legal reserves	–70,287.24	–30,424.71
b) To other reserves	–7,618,249.03	–5,624,210.69
c) To the Adjustment item from elimination of intracompany results	–1,144,472.04	0.00
28. Shares of other shareholders in results for the year		
a) Profit shares	–2,067,921.53	–1,016,914.27
b) Loss shares	590,740.36	557,830.00
29. Unappropriated retained earnings	**38,159,225.98**	**26,032,191.76**

FIRST CONSOLIDATION AND CONSOLIDATION METHODS

GENERAL NOTES TO THE CONSOLIDATION

The company prepared annual financial statements according to the provisions of the German Commercial Code (HGB) for the first time for the year ending December 31st, 1992. The capital consolidation was effected at the date on which the subsidiaries were first included in the Group annual financial statements (Sec. 301 (2) sentence 1 HBG).

All companies included in the Group annual financial statements were initially consolidated in accordance with the book value method under Sec. 301 (1) no. 1 HGB insofar as such companies had to be included on the basis of the principles of full consolidation.

The open differences arising from the initial capital consolidations were set off against the reserves in accordance with Sec. 309 (1) sentence 3 of the German Commercial Code.

The interests held in associated companies are consolidated in accordance with the book value method under Sec. 312 (1) sentence 1 no. 1 of the German Commercial Code. The differences arising from the respective book value of the interest and the proportionate equity at the date on which the associated companies were first included in the Group annual accounts were offset against the Group's revenue reserves.

In the years following initial consolidation, the value of the interests held in associated companies is adjusted in such a way that any change in the equity of the associated company is added to, or deducted from, the stated valuation in proportion to the amount of the direct percentage interest in the associated company. The share in profits of other partners arising from the indirect shareholding is taken into account in the corresponding item in the profit and loss statement after the net income for the year.

INTERESTS HELD IN ASSOCIATED COMPANIES

MLP LEBENSVERSICHERUNG AG, VIENNA, AUSTRIA

The interest in MLP Lebensversicherung AG, Vienna, Austria, was consolidated for the first time as of December 31, 1997.

In the Group, this is an indirect interest, since the shares in the company are shown in the balance sheet of MLP Lebensversicherung AG, Heidelberg.

The holding in the MLP Lebensversicherung AG, Vienna, Austria is stated at book value.

The investment is now stated according to the multiplying method, which takes account of the fact that the indirect percentage holding of the Group differs from that shown in the annual accounts of MLP Lebensversicherung AG, Heidelberg. As a result of this approach some of these shares held indirectly in the business by other partners are to be accrued.

DIGNOS EDV-GMBH

The interests held in the DIGNOS EDV-GmbH are accounted for at equity in a similar way to the interests held in the MLP Lebensversicherung AG, Vienna, Austria.

The first consolidation took place in the consolidated financial statements for the year ending December 31, 1998. The consolidation is stated according to the book value method.

Since the valuation of the interests held as at December 31st, 1998, was calculated using the preliminary annual results of the DIGNOS EDV-GmbH an adjustment was made on December 31st, 1999 to the final company deficit.

At the time of the consolidated financial statement for the year ending December 31st, 1999 the DIGNOS EDV GmbH annual results were not yet finalised. In this respect and for reasons of materiality, any change in equity capital was not reflected in the value of the interests held in the associated company.

Adjustment item for intracompany elimination

In the 1998 Group annual accounts, an adjustment item relating to the elimination of unrealised results of intracompany transactions is shown for the first time under the revenue reserves. The item contains all the unrealised profits or losses eliminated since the first preparation of consolidated financial statement for the 1992 business year.

One of the purposes of this new consolidation adjustment item is to enhance transparency. Since the elimination of intracompany results relates almost solely to software produced in the Group and its depreciation, this item also serves to indicate the extent of the development work carried out by the MLP Group in this area.

As a consequence of the creation of the adjustment item in the balance sheet at December 31, 1998, the intracompany results set off against the revenue reserves up to December 31, 1996, to adjust the Group profit to the unappropriated retained earnings in the annual financial statements of Marschollek, Lautenschläger & Partner AG, Heidelberg, had to be added back to these reserves.

The increase in the adjustment item with regard to the elimination of unrealised results of intracompany transactions for the business year 1999 is conducted using the consolidate net earnings.

The adjustment item formation from the elimination of intracompany results has the following accounting effect:

	31.12.1999 EURO	31.12.1998 EURO
Adjustment item from the elimination of unrealised results of intracompany transactions		
1992-1996	3,458,523.00	3,458,523.00
1997	2,360,532.92	2,360,532.92
1998	2,826,888.24	2,826,888.24
1999	–1,144,472.04	0.00
	7,501,472.12	**8,645,944.16**
Other revenue reserves at the balance sheet date prior to introduction of adjustment item	30,896,545.38	23,975,009.85
Intracompany results 1992-1996	**3,458,523.00**	**3,458,523.00**
	34,355,068.38	**27,433,532.85**

Accounting, Valuation and Conversion Methods

General Statement

The consolidated financial statements presented were prepared in accordance with sections 290 and following of German Commercial Code as well as the relevant provisions of the German Stock Corporation Law (AktG).

The profit and loss statement is prepared using the cost summary method in accordance with section 275 (2) of the of the German Commercial Code.

The classification and description of individual items in the Group balance sheet and profit and loss accounts were adjusted to take account of the special features of the MLP Group.

These are items that have to be reported in the annual financial statements of MLP Lebensversicherung AG, and of MLP Bank AG in accordance with the accounting regulations for insurance companies and the accounting regulations for banks.

The assets and liabilities of MLP Lebenversicherung AG and MLP Bank AG are valued in accordance with the principles applicable to insurance companies and banks.

The reserves earned by the subsidiaries subsequent to the date of their first consolidation are transferred to the reserves of the group insofar as they are attributable to the shares of the group.

Receivables and liabilities between consolidated companies are netted. The revenues from intracompany sales and other income are offset against the corresponding expenses.

For the first time ever, both the consolidated financial statement for the year ending December 31st, 1999 and the consolidated group management report for the business year 1999 have been prepared in Euro. The conversion of items from German Marks to Euro is calculated using the official 1,95583 DM/EUR exchange rate set on January 1st, 1999. The previous year values are also shown in Euro.

Receivables and liabilities in foreign currencies are valued on the basis of the exchange rate prevailing on the date of their creation or the more unfavourable exchange rate prevailing on the balance sheet date.

Changes to the Accounting and Valuation Methods Compared to Previous year

MLP Lebensversicehrung AG Commissions

The MLP Lebensversicherung AG commission expenses paid to the MLP Finanzdienstleistungen AG for the sale and handling of unit-linked life assurance policies were included for the first time in the consolidation of the 1999 annual accounts.

In the business year 1999 the MLP Lebensversicherung AG paid commissions to the MLP Finanzdienstleistungen AG to the value of Euro 59,854,489.47.

The previous year values that amounted to Euro 31,454,083.57 were adjusted by a corresponding reduction in sales revenue and in material effort.

Interest Revenue from the Banking business

Unlike the previous year, the interest revenue generated by the MLP Bank AG is shown as a separate item in the profit and loss account. In the business year 1998 the interest revenue amounted to Euro 1,165,916.97 which is shown under the item other interest and similar income.

Adjustment for deferred taxes

With regard to the deferred taxes, which are shown as part of the item tax accruals and deferrals, the applicable taxes on income were reduced at December 31st, 1999 from 50 percent to 45 percent. The effect of this adjustment for 1999 amounts to Euro 868,800.00.

Details of Accounting and Valuation Methods for individual Accounting items

The depreciable fixed assets are valued at original cost or production cost less scheduled depreciation.

The cost of acquisition or production contains the part of the invoiced value added tax which related to the additions and which cannot be deducted as input tax. The scheduled depreciation is deducted on the basis of the following probable useful lives in accordance with the straight -line method of depreciation.

Expenses for the start-up and expansion of operations	4 years
Concessions, trade marks and similar rights and assets and licenses in such rights and assets	5 years
Administration building	25 years
External facilities	15-25 years
Leasehold improvements agreement	duration of lease
Fixtures and fitting	5–10 years
Computer hardware/cables	5–10 years
Office furniture and equipment	5–10 years
Cars	5 years

Low-value capital assets with an initial cost of up to DM 800 (Euro 409.03) are fully depreciated in the year of purchase and are recorded as disposals.

In the case of non-real estate fixed assets, the additions in the first half of the year are depreciated at the full annual rate, while the additions in the second half are depreciated at half the annual rate.

Investments held as fixed assets, and shown under financial investments, are stated at initial cost.

Other loans are stated at nominal value less any necessary write-downs.

The investments (in this case fund shares) which are required to cover the commitments from the (unit-linked) life assurance are transferred to the investments of the investment stock of the unit-linked life assurance. The investment stock is stated at current market value.

Receivables are stated at nominal value less any individual value adjustment. A flat valuation adjustment was not made.

Current funds are valued at nominal value.

The deferred tax item arises from netted elimination of intracompany results affecting income and relating mainly to software developed within the Group. An average tax rate of 45 percent was assumed with regard to this item.

For obligations arising from the company pension scheme, pension provisions are made to the amount of the going concern value pursuant to section 6a of the German Income Tax Act (EStG) and on the basis of an assumed interest rate of 6% and the tables of Dr. Klaus Heubeck. The new 1998 tables were used for the first time in the 1999 business year. The provision adjustments were made in accordance with section 6a-(4) sentence 2 of the German Income Tax Act amounting to a third of the difference.

Provisions are made for contingent liabilities in amounts deemed necessary, based on sound commercial judgement.

The technical reserves for life assurance policies and the deposit liabilities resulting from the outward reinsurance business, in both cases so far as the investment risk is borne by the policyholder, which are shown on the liabilities side, are equal to the total of the individual premium reserves. The premium is made up of fund shares in the investment stock valued at the prevailing market value on the balance sheet date.

Liabilities are stated at their repayment amount.

Notes to the consolidated balance sheet and Profit and loss Account

Notes to the consolidated balance sheet of the group

The development of the fixed assets, capitalised expenses for the start up and expansion of operations and depreciation in the 1999 business year are shown in the gross fixed assets movement schedule on page 77 of this appendix.

The capitalised expenses for the start up and expansion of operations relating to the development of the MLP Service GmbH non-life assurance business include capitalised, non-accountable expenses incurred in 1998. MLP Service GmbH used the balance sheet aid in accordance with section 269 and 282 of the German Commercial Code to depreciate a quarter of the costs for the first time in the 1999 business year.

The prepaid expenses and deferred charges item contains a discount of Euro 197,500.00.

The subscribed capital is made up of 9,900.000 ordinary Euro 1 shares and 9,900.000 preferential Euro 1 shares.

At the annual general meeting on May 19th, 1999 it was decided that the equity capital of the parent company amounting to DM 33,000,000.00 be converted to Euro 16,872,632.08 and increased to Euro 19,800,000.00 by re-allocating a portion (Euro 2,927,367.92) of the capital reserves. The increase of share capital was registered on June 23rd, 1999.

The development of revenue reserves is set out as follows:

	Legal Reserves Euro	Other revenue Reserves Euro	Total Euro
01.01.1999	383,600.43	27,433,532.85	27,817,133.28
Transfer at annual general meeting	0.00	7,618,249.03	7,618,249.03
Transfer from net income	155,155.86	0.00	155,155.86
Change resulting from consolidation measures	–84,868.62	–696,713.50	–781,582.12
	453,887.67	**34,355,068.38**	**34,808,956.05**

The change in other revenue reserves in connection with consolidation measures is essentially made up as follows:

	Euro
Goodwill from investment aquisitions made by Marschollek, Lautenschläger und Partner AG and MLP Consult GmbH	–351,945.34
Adjustment measures MLP Lebensversicherung AG	32,055.34
Termination shares of other Dignos EDV GmbH partners	–366,599.82
Adjustments to legal reserves MLP Lebensversicherung AG and MLP Vermögensverwaltung AG	–84,868.62
Other consolidation measures	–10,223.68
	–781,582.12

The development of the unappropriated retained earnings is set out as follows:

	31.12.1999 EURO	31.12.1998 EURO
Unappropriated retained earnings previous year	26,032,191.76	19,012,088.51
Dividend distribution MLP Lebensversicherung AG	–162,890.88	–87,098.06
Dividend distribution Marschollek, Lautenschläger und Partner AG	–17,716,263.67	–13,498,105.74
Transfer of revenue reserves Marschollek, Lautenschläger und Partner AG	–7,618,249.03	–5,624,210.69
Transfer of legal reserves MLP Lebenversicherung AG	–47,911.15	–15,863.28
Transfer of legal reserves MLP Vermögensverwaltung AG	–22,376.09	–14,561.43
Net income for the current business year	**40,303,397.72**	**23,731,795.78**
Balancing items for intracompany elimination	–1,144,472.04	2,826,888.24
Shares of other partners	–1,477,181.17	–459,084.27
Other consolidation adjustments	12,980.53	160,342.70
Unappropriated retained earnings	**38,159,225.98**	**26,032,191.76**

The other provisions consist of cancellation expenses (thousand Euro 975), residual holiday entitlement of salaried employees for 1999 (thousand Euro 809), annual audit and tax advice fees (thousand Euro 484), IHK fees (thousand Euro 240) , annual account expenses (thousand Euro 220) , employers' occupational accident insurance scheme (thousand Euro 165) , severely disabled levy, litigation risks and outstanding invoices.

The item advances received contain mainly liabilities of MLP Lebensversicherung AG from insurance policies sold by itself to policyholders in the amount of thousand Euro 4,655.

The remaining terms of the stated liabilities are shown in the liabilities schedule on pages 78 and 96.

Notes to the consolidated profit and loss account

Sales revenue is broken down as follows:

	1999 thousand EURO	1998 thousand EURO
Life assurance	133,686	95,767
Health insurance	34,855	28,412
Investments	20,706	14,140
Non-life insurance	16,168	14,634
Other revenues	13,490	11,912
Total	**218,905**	**164,865**

The insurance premiums are made as follows:

	1999 thousand EURO	1998 thousand EURO
Booked gross premiums	169,136	95,283
Change in gross premiums carried forward	–1,548	–852
Premiums from the gross provisions for premium refunds	1,623	1,039
Total	**169,211**	**95,470**

„Other operating expenses“ are made up of the following items:

	1999 thousand EURO	1998 thousand EURO
Computer and software costs	18,923	4,203
Other actuarial expenses	15,032	5,560
Office space expenses	11,319	9.,180
Communication expenses	5,482	4,830
Training and seminars	4,186	3,516
Office supplies	4,124	3,378
Losses from realocation of investments of MLP Lebensversicherung AG	3,834	4,067
Others	16,890	15,140
	79,790	**49,874**

Flow of funds analysis for the 1999 business year

The financial position is shown in the following flow of funds analysis which bases net financial assets on financial resources funds

	1999 thousand Euro	1998 thousand Euro
Change in net financial assets from current operations		
Net income	40,303.4	23,731.8
Plus (less) expenses (income) which do not reduce (increase the net financial assets		
– Capitalised expenses for start-up and expansion of operations	0.0	–766.9
– Depreciation of capital expenses for start-up and expansion of operations	651.9	153.4
– Depreciation of intangible assets	2,189.1	1,704.4
– Depreciation of tangible assets	7,047.5	6,392.0
– Write-down of financial assets	56.3	0.0
– Write-up of tangible assets	–76.4	0.0
– Transfer to (release of) pension provisions, blanced	–121.1	586.6
	9,747.3	**8,069.5**
Plus (less) reductions (increases) in short term asset items, except for liquid funds		
– Inventories	–9.87	2,624.5
– Trade accounts receivable	–48,778.6	–31,941.3
– Amounts due from companies in which participating interests are held	–240.9	–40.7
– Other assets	8,211.9	-–6,226.6
– Prepaid expenses and deferred charges	–1,083.4	–1,864.9
– Accrued deferred taxes	370.2	–2,368.3
	–41,530.6	**–39,817.3**
Plus (less) increases (reductions) in short term liability items		
– Accrued taxes	6,170.0	5,825.1
– Other provisions	1,484.7	133.7
– Other actuarial provisions	4,964.1	2,059.2
– Advances received	–348.4	–1,672.8
– Trade accounts payable	50,917.6	31,599.3
– Amounts receivable due to companies in which a participating interest is held	–46.7	43.9
– Other liabilities	15,481.6	–418.1
– Deferred income	56.4	0.0
	78,679.3	**37,570.2**
Increase in net financial assets from current operations	**87,199.4**	**29,554.2**
Change in net financial assets from investment activity		
– Additions to intangible fixed assets	–8,338.8	–2,627.3
– Additions to tangible fixed assets	–14,977.1	–11,696.6
– Additions to financial assets	–18,990.5	–1,551.9
– Disposals of intangible fixed assets (net)	0.0	90.7
– Disposals of tangible fixed assets (net)	261.8	341.3
– Disposals of financial assets (net)	644.1	938.5
Decrease in net financial assets from investments	**–41,400.5**	**–14,505.3**

	1999 THOUSAND EURO	1998 THOUNSAND EURO
Change in net cash flow from special features of current insurance business		
– Transfer to cover reserves	225,249.7	75,254.5
– Unrealised gains from investments	–88,264.6	–9,622.8
– Unrealised losses from investments	1,107.7	4,066.7
Increase in net finanical assets form insurance operations	**138,092.8**	**69,698.4**
Change in net financial assets from insurance investment activity		
– Additions to investments in investment stock	–878,932.7	–366,059.6
– Disposals of investments in investment stock	740,839.9	296,361.2
Decrease in net financial assets from insurance investment activity	**–138,092.8**	**–69,698.4**
Change in net financial assets from financing activities		
– Increase in capital stock	2,927.4	0.0
– Reduction of capital reserves	–2,927.4	0.0
– Increase in revenue reserves	8,136.3	4,606.9
– Increase in adjustment item for external shareholders	2,713.1	313.3
Development of Group profit (excluding net income for the year)		
– Dividend distribution	–17,879.2	–13,585.2
– Transfer to revenue reserves	–7,688.5	–5,654.6
– Decrease/increase in adjustment item form elimination of intracompany results	–1,144.5	2,826.9
– Transfer to the adjustment items of other shareholders	–1,477.2	–459.1
– Changes to unappropriated net income and revenue reserves for consolidation purposes	12.8	160.3
– Increase in medium and long term amounts owed to credit institutions	8,078.5	0.0
– Increase in medium and long term trade creditors	783.7	0.0
– Increase in other medium and long term liabilities	119.7	0.0
Decrease in net financial assets from financing activities	**–8,345.3**	**–11,791.5**
Change in net financial assets from consolidation transactions		
– decrease/increase in investments in associated companies	–400.7	–403.4
Increase in net financial assets	**32,052.9**	**2,854.0**
Liquid funds at year-end	73,016.3	32,039.1
short-term securities at year-end	38,588.5	43,111.0
short-term liabilities due to credit institutions at year-end	901.0	1,499.2
Liquid funds at beginning of year	32,039.1	37,063.9
Short-term securities at beginning of year	43,111.0	33,733.0
Short term liabilities due to credit institutions at beginning of year	1,499.2	0.0
	37,052.9	**2,854.0**

Divisional Report

General Notes

In accordance with Sec. 297 (1) of the German Commercial Code the legal representatives of a stock exchange listed parent company are required to provide a divisional report in addition to the Group appendix. This additional reporting requirement arises from the Control and Transparency Act in Germany (KonTraG) for operating groups. In this respect the Marschollek, Lautenschläger and Partner AG complies with the German standardisation office draft standards relating to divisional reporting, issued by the German Accounting Standards Committee (GASC).

The description of the divisional report can be found on page 66 of this appendix.

Using the E-DRS 3, the MLP AG identified the following operating divisions as being subject to reporting requirements: financial services, life assurance, asset management and banking. The operating divisions thus correlate directly to the individual companies in the MLP Group*. These divisions which are subject to reporting requirements represent strategic Group business sectors which differ in their services, products and regulatory environment.

The **financial services** division is concerned with commercial advisory services and financial service contract brokerage, especially advice relating to insurance issues, investments and loans of all types.

The **life assurance** division covers life assurance in all its forms and the associated supplementary insurance, capitalisation and the business associated with the administration of pension organisations.
In 1999 the **asset management** division encompasses investment advice for the MLP Lebensversicherung AG and the MLP Bank AG as well as the advice relating to the purchase of units in investment trusts.

The **banking** division activities include acting as a deposit bank for customers of the MLP Vermögensverwaltung AG, the portfolio management for MLP customers as well as credit and credit card operations.

Following consolidation the business area named ”Other divisions” now consists of the MLP Service GmbH, MLP Assekuranzmakler GmbH, MLP Consult GmbH, and MLP Media GmbH Verlag und Werbeagentur.

In agreement with the E-DRS 3 the preparation of comparable divisional data for the previous year 1998 has been omitted since this would have involved a disproportionate amount of effort.

The accounting principles used are essentially in line with the framework of the methods used for the Group consolidated financial statement.

Explanatory note to the Reported divisional Information

The **divisional revenue** contains sales revenue, and other operational income. The divisional revenue of the banking division also includes commission and interest income. The life assurance divisional revenue includes assurance premiums and revenues and revenue resulting from reinsured business. The divisional revenues were almost entirely generated in Germany. Only the financial services division reported revenues arising in Austria and Switzerland.

* Financial services correlates to MLP Finanzdienstleistungen AG, life assurance correlates to MLP Lebensversicherung AG, asset management correlates to MLP Vermögensverwaltung AG, and banking correlates to MLP Bank AG.

The **divisional result** corresponds to the „Profit from ordinary operations".

Scheduled and unscheduled depreciation is covered under the heading depreciation. Only accruals made or released are accounted for under the other non-active accounting items. Technical accruals made or released are not taken into account in the life assurance division. For accounting purposes the interest expense in the banking division are regarded as cost of materials. However for better comparability these are shown under the item interest expense. The definition of investment with respect to other investments is based on section 271 (1) of the German Commercial Code. There were no revenues arising from other interests in this business year.

There were no extraordinary items in the 1999 business year.

The **divisional assets** item encompasses fixed assets and current assets. Advance payments, work in progress, loans and own shares are not accounted for in the divisional assets.

The **investments in long-term divisional assets** are shown as additions to intangible fixed assets without advance payments and as additions to tangible assets without advance payments and without work in progress.

The **divisional debt** consists of provisions and liabilities.

The cash flow arises from the net profit plus depreciation and provisions made, or less provisions released. The life assurance divisional cash flow excludes technical provisions made or released.

The **average head count** is calculated in accordance with section 267 (5) of the German Commercial Code.

Notes to the Transfer amounts

In the following, selected divisional data are transferred to corresponding statement in the consolidated annual accounts, in accordance with E-DRS 3. In principle, the respective consolidated values deviate from the sum of the divisional values presented in the consolidated annual accounts by Marschollek, Lautenschläger und Partner AG and as a result of the consolidation entries.

The transfer amount in the **divisional revenues** is made of consolidation measures, such as intracompany eliminations, revenue and expense consolidation and other operating revenue of the Marschollek, Lautenschläger und Partner AG.

The consolidated value for the **divisional result** is essentially higher, to the value of the result of the normal business activity of Marschollek, Lautenschläger und Partner AG, and is also additionally affected by consolidation measures.

The **divisional assets** in the Group are on the one hand higher to the amount of the assets (as defined in the individual divisions) of Marschollek, Lautenschläger und Partner AG; and on the other hand, lower than the sum of the divisional assets, due to intracompany elimination measures, capital consolidation and debt consolidation.

The lower Group valuation of **investment in long-term divisional assets** is due in particular to the elimination of intracompany results. This effect is partially compensated for by additions to the long-term divisional assets of Marschollek, Lautenschläger and Partner AG.

The transfer amount relating to **divisional debts** (as defined in the individual divisions) results from debts of Marschollek, Lautenschläger und Partner AG , and from the debt consolidation.

The transfer relating to the average head count results from the Marschollek, Lautenschläger und Partner AG employees.

Additional notes to the life assurance division

The accounting standard E-DRS 3-20 is an addendum to E-DRS 3 and is particularly related to insurance

	Euro
Gross premiums	169,135,766
Net premiums	89,672,561
Earnings from investments	28,267,711
Other insurance related revenue	5,907,485
Expenses related to insurance claims (net)	–6,984,918
Expenses related to premium reimbursement (net)	–2,184,768
Expenses related to the running of the insurance business	–21,140,948
Other insurance related revenues and expenses (net)	–87,333,598
Other revenues and expenses	–1,777,831
Profit from ordinary operations	4,425,695
Taxes	–2,217,570
Profit for periods	2,208,124
Intangible assets	2,139,345
Capital investments	14,795,505
Investments for life assurance policy holders	438,176,963
Other assets	58,287,392
Insurance related provisions (net)	8,218,924
Life assurance-related provisions where the investment risk is borne by the policy holders	281,278,144
Other liabilities	223,902,137

Gross premiums does not contain insurance business with other divisions.

Other revenue and expenses contain only non-insurance related items.

Taxes includes tax on income and revenue as well as other taxes.

The profit for periods corresponds to the net profit. Results from minority partners are not included.

The intangible assets do not contain any advance payments. There is no business or company value.

The capital investments include interests held and other capital investments.

Additional notes to the banking division

The accounting standard E-DRS 3-10 is an addendum to E-DRS 3 and is particularly related to banking.

	EURO
Net interest revenue	972,659
Provision against contingencies	–263,898
Net commissions received	3,595,922
Administrative expense	–5,608,875
Balance of other operational income and expenses	1,530,542
Result net of provision against contingencies	226,350
Divisional assets	68,340,127
Divisional liabilities	68,135,830
Risk items	87,836,544
Allocated capital	4,824,268
Average head count	33.75
Profitiability of allocated capital	–5.91 %
Income/expense ratio	0.92

The provision against contingencies made up of individual and general bad debt provisions on receivables. No provision against contingencies was made in accordance with sections 340f. of the German Commercial Code.

The bank did not conduct any commercial financial business.

The administrative expenses are made up of personnel and other administration related expenditure.

The balance of other operational income and expenses is primarily made up of services, revenue resulting from transferred costs as well as interest resulting from clearing transactions within the Group.

The result net of provision against contingencies, is derived from the sum of net interest and commission received plus the balance of other operating income and expenses and less administration costs and less the provision for contingent loan losses.

The assets and liabilities of the Banking division are more closely aligned than in the general part of the divisional reporting. The assets of the Banking division include cash reserves and receivables from credit institutions and customers. The divisional liabilities of the bank are made up of liabilities against credit institutions and customers.

The risk assets consist of the balance sheet assets and the off balance sheet business section 19 (1) KWG. Right-of-controlled risk items in the banking division include exclusively risk assets.

The allocated capital includes balance sheet equity capital.

In the case of the profitability of allocated capital, the divisional result is proportionate to the allocated capital.

The income/expense ratio is the quotient resulting from administration expenses and the current net revenue (net interest received, net provisions received, balance of other operating income and expenditure).

OTHER NOTES

OTHER FINANCIAL OBLIGATIONS NOT SHOWN IN THE BALANCE SHEET

Financial obligations relating to rent and leasing agreements existing on the balance sheet date were as follows:

2000	16,916.0 thousand Euro
2001	15,336.0 thousand Euro
2002	12,719.0 thousand Euro
2003	10,575.0 thousand Euro
2004	10,347.0 thousand Euro
Subsequent years	27,500.0 thousand Euro

Not shown in the accounts again, were the Marschollek, Lautenschläger und Partner AG open liabilities connected with the Wiesloch building project (phase 1) to the amount of Euro 15,834,991.32

In order to secure a favourable long-term interest rate in connection with the planned financing of the building project in Wiesloch, two interest rate swaps were undertaken in August 1999. This concerned two coupon swaps in which the MLP AG is a fixed ratepayer (payer swap).

The framework of the swaps is as follows:

	1st Contract	2nd Contract
Settlement date	August 12, 1999	August 12, 1999
Term beginn	January 15, 2001	July 16, 2001
Expiry date	January 17, 2011	January 17, 2011
Nominal value (Euro)	30,000,000.00	20,000,000.00
Fixed rate payer	Marschollek, Lautenschläger und Partner AG	Marschollek, Lautenschläger und Partner AG
Fixed interest rate	5.9 %	6.0 %
Variable rate	EURIBOR	EURIBOR
Invoicing/Clearing	half-yearly	half-yearly

Divisional Report for the 1999 Business year

	Financial Services	Life assurance	Asset management
	EURO	EURO	EURO
Divisional Revenue	267,577,955 44 %	287,662,968 47 %	4,804,356 1 %
of which inter-divisional revenue:	72,236,629 92 %	0 0 %	1,077,128 1 %
Divisional net earnings of which:	68,832,607 91 %	4,425,695 6 %	1,868,913 2 %
Depreciation	9,641,985 73 %	1,472,451 11 %	139,145 1 %
Other essential non active payment terms	2,024,251 47 %	1,008,886 23 %	653,648 15 %
Interest income	272,330 7 %	346,135 9 %	39,794 1 %
Interest expense	917,717 10 %	5,515,222 62 %	132,232 1 %
Earnings from investments accounted for under the equity method	0	0	0
Divisional Assets of which:	82,580,454 12 %	494,575,306 73 %	9,663,346 1 %
Investment accounted for unter the equity method	0 0 %	2.183.756 91 %	0 0 %
Other investments	25,565 0 %	0 0 %	6,144,772 100 %
Investment in long term divisional assets	14,010,374 60 %	3,070,132 13 %	25,777 0 %
Divisional debt	76,605,093 11 %	497,741,702 75 %	5,428,484 1 %
Cash flow	11,666,674 53 %	4,689,462 21 %	1,687,658 8 %
Average head count	821.00 66 %	122.75 10 %	13.50 1 %

Banking EURO	Other Divisions EURO	Total EURO	Transfers EURO	Group EURO
17,702,797	30,502,300	608,250,376	–65,557,468	542,692,908
3 %	5 %	100 %		
3,442,919	1,679,283	78,435,959		
5 %	2 %	100 %		
-285,078	741,355	75,583,492	1,109,210	76,692,702
0 %	1 %	100 %		
200,963	1,794,495	13,249,039	–3,276,998	9,972,041
2 %	13 %	100 %		
236,354	368,694	4,291,833	12,361,353	16,653,186
6 %	9 %	100 %		
2,981,372	117,629	3,757,260	1,562,031	5,319,291
80 %	3 %	100 %		
2,008,852	365,801	8,939,824	–1,870,842	7,068,982
23 %	4 %	100 %		
0	0	0	410,962	410,962
80,869,607	16,001,898	683,690,611	76,401,966	760,092,577
12 %	2 %	100 %		
0	204,517	2,388,273	90,578	2,478,851
0 %	9 %	100 %		
0	0	6,170,337	–6,170,337	0
0 %	0 %	100 %		
5,016,507	1,218,001	23,340,791	–12,499,782	10,841,009
22 %	5 %	100 %		
75,988,923	10,621,937	666,386,139	–38,113,722	628,272,417
11 %	2 %	100 %		
152,084	3,700,380	21,896,258	45,032,366	66,928,624
1 %	17 %	100 %		
33.75	249.25	1,240.25	5.75	1,246.00
3 %	20 %	100 %		

For those contracts not based on corresponding deals Marschollek, Lautenschläger und Partner AG pays the appropriate fixed interest instalment to the bank. In return Marschollek, Lautenschläger und Partner AG receives interest at the corresponding EURIBOR rate.

If, in the coming years, money is required to finance the individual construction phases then a loan/note loan is to be issued to EURIBOR to the amount of interest rate swap. The interest relating to the loan/note loan can then be paid using the interest that Marschollek, Lautenschläger und Partner AG receives from the bank arising from the interest rate swap since both interest payments follow the EURIBOR system. These two payments balance each other out leaving only the fixed interest portion to be paid. Since raising fixed interest loan rates expected, it was possible to secure the favourable long-term interest rate applicable in August 1999.

If financing of the planned building project cannot proceed in accordance with the proposed conditions this then results in corresponding financial obligations from the start date mentioned above so long as the fixed interest rate exceeds the EURIBOR interest rate.

Board of Directors, Supervisory Board

The total remuneration paid to directors (section 314 (1) no.6a and b of the German Commercial Code) in 1999 amounted to Euro 7,057,996.59.

The 1999 fees for the supervisory board totalled Euro 39,788.10.

Head count

The average number of employees - determined in accordance with section 267(5) of the German Commercial Code was 1,246 in 1999. Of these 690 were in full-time and 106 in part-time employment, 24.5 had limited contracts and 57.5 employees were on maternity leave. The number of temporary and low paid /sideline employees amounted to 368. On average there were 45 trainees.

Shareholdings

With regard to the list of shareholdings we refer to pages 74 and 75 of this schedule.

Heidelberg, March 17, 2000

Board of Directors

Dr. Bernhard Termühlen

Eugen Bucher

Gerhard Frieg

Dirk Petersmann

Associated Companies

Affilitated Companies	Book value of interests held 1.1.1999 Euro	Additions Euro	Disposals Euro	Book value of interests held 31.12.1999 Euro
MLP Finanzdienstleistungen AG	10,225,837.62	–.–	–.–	10,225,837.62
MLP Lebensversicherung AG	1,386,649.79	–.–	43,296.20	1,343,353.59
MLP Vermögensverwaltung AG	1,278,485.35	–.–	–.–	1,278,485.35
MLP Bank AG	6,135,502.57	9,269.21	–.–	6,144,771.78
MLP Assekuranzmakler GmbH	193,268,33	–.–	–.–	193,268.33
MLP Service GmbH	1,133,840.88	2,014,577.21	–.–	3,148,418.09
MLP Consult GmbH	1,799,747.41	1,533,875.64	–.–	3,333,623.05
MLP Media GmbH, Verlag und Werbeagentur	25,564.59	–.–	–.–	25,564.59
Total of related companies				
Associated companies	**1.1.1999**	**Additions**	**Dipsosals**	**31.12.1999**
MLP Lebensversicherung AG Vienna, Austria	1,938.753.75	410,962.29	–.–	2,349,716.04
DIGNOS EDV-GmbH Mörfelden-Walldorf	139,358.76	–.–	10,223.67	129,135.09
Total associated companies				
Total of all companies				

1) Annual accounts for the 1999 business year are not available.

Subscribed Capital Euro	Shares	Net income/ loss for the year (–) Euro	Profit attributable to other partners interests Euro	Loss attributable to other partners interests Euro
5,112,918.81	100 %	-.-	-.-	-.-
12,782,297.03 (of which paid up: 3,195,574.26)	a) Ordinary shares: 50 % + 20 shares b) non-voting preference shares: 30.09385 %	2,208,124.63	1,130,200.94	–.–
2,556,459.41	50.01 %	894,864.64	447,342.83	–.–
5,115,475.27	50.01 %	-285,460.47	–.–	142,701.69
255,645.94	50.40 %	508,418.44	252,175.55	–.–
511,291.88	50.40 %	–903,303.78	–.–	448,038.67
2,045,167.52	100.00 %	112,798.69	–.–	–.–
25,564.59	100.00 %	–.–	–.–	–.–
			1,829,719.32	**590,740,36**

Subscribed Capital	Shares	Net income/ loss for the year	Profit attributable Others	Loss attributable Others
6,540,552.00 (of which paid up: 4,360,368.00)	21,018.97 %	804,846.81	238,202.21	–,–
204,516.75 (of which paid up: 173,839.24)	40.0 %	1)	–.–	–.–
			238,202.21	–,–
			2,067,921.53	**590,740.36**

Development in Expenses for the Start-up and Expansion of Operations and of Fixed Assets in the 1999 Business Year

		Aquisition costs				
		1.1.1999 Euro	Additions Euro	Disposals Euro	Book Transfer Euro	31.12.1999 Euro
A.	Expenses for start-up and expansion of operations	1,380,488.08	0.00	613,550.26	0.00	766,937.82
B.	Fixed assets					
I.	Intangible assets					
	1. Concessions, trademarks and similar rights, assets, and licences in such rights and assets	14,339,059.23	2,237,195.21	1,595,796.36	1,025,656.57	16,006,114.65
	2. Advance payments	285,647.28	6,101,591.43	0.00	–1,025,656.27	5,361,582.44
		14,624,706.51	**8,338,786.64**	**1,595,796.36**	**0.30**	**21,367,697.09**
II.	Tangible assets					
	1. Land leasehold rights and buildings, including buildings on non-owned land	32,687,732.90	1,540,554.86	89,295.80	527,558.38	34,666,550.34
	2. Other fixtures and fittings and office equipement	34,062,458.60	7,063,258.65	1,859,381.10	148,711.30	39,415,047.45
	3. Advance payments	754,289.32	6,373,252.94	0.00	–676,269.68	6,451,272.58
		67,504,480.82	**14,977,066.45**	**1,948,676.90**	**0.00**	**80,532,870.37**
III.	Financial assets					
	1. Shares in associated companies	2,078,112.51	410,962.29	10,223.67	0.00	2,478,851.13
	2. Investments held as fixed assets	4,211,806.26	18,990,500.00	521,109.73	0.00	22,681,196.53
	3. Other loans	483,127.71	0.00	122,942.60	0.00	360,185.11
		6,773,046.48	**19,401,462.29**	**654,276.00**	**0.00**	**25,520,232.77**
IV.	Investmets of investment stocks of unit-linked life assurance	**212,927,258.73**	**878,932,610.36**	**740,839,851.10**	**0.00**	**351,020,017.99**
		301,829,492.54	**921,649,925.74**	**745,038,600.36**	**0.30**	**478,440,818.22**
	Total	**303,209,980.62**	**921,649,925.74**	**745,652.150.62**	**0.30**	**479,207,756.04**

	Dipriciation/appreciations				Book values	
1.1.1999	Additions	Disposals	write-ups	31.12.1999	31.12.1999	31.12.1998
Euro	Euro	Euro	Euro	Euro	Euro	Euro
153,387.57	651,897.54	613,550.29	0.00	191,734.82	575.203,00	1.227.100,51
9,294,495.09	2,189,129.23	1,595,793.55	0.00	9,887,830.77	6,118,283.88	5,044,564.14
0.00	0.00	0.00	0.00	0.00	5,361,582.44	285,647.28
9,294,495.09	**2,189,129.23**	**1,595,793.55**	**0.00**	**9,887,830.77**	**11,479,866.32**	**5,330,211.42**
8,412,366.04	1,892,708.07	39,459.18	31,291.27	10,234,323.66	24,432,226.68	24,275,366.86
20,590,292.06	5,154,755.89	1,647,372.63	45,108.00	24,052,567.32	15,362,480.13	13,472,166.54
0.00	0.00	0.00	0.00	0.00	6,451,272.58	754,289.32
29,002,658.10	**7,047.463.96**	**1,686,831.81**	**76,399.27**	**34,286,890.98**	**46,245,979.39**	**38,501,822.72**
0.00	0.00	0.00	0.00	0.00	2,478,851.13	2,078,112.51
0.00	56,305.15	0.00	0.00	56,305.15	22,624,891.38	4,211,806.26
0.00	0.00	0.00	0.00	0.00	360,185.11	483,127.71
0.00	**56,305.15**	**0.00**	**0.00**	**56,305.15**	**25,463,927.62**	**6,773,046.48**
0.00	**1,107,684.42**	**0.00**	**88,264,629.28**	**–87,156,944.86**	**438,176,962.85**	**212,927,258.73**
38,297,153.19	**10,400,582.76**	**3,282,625.36**	**88,341,028.55**	**–42,925,917.96**	**521,366,736.18**	**263,532,339.35**
38,450,540.76	**11.,052,480.30**	**3,896,175.65**	**88,341,028.55**	**–42,734,183.14**	**521,941,939.18**	**264,759,439.86**

Schedule of liabilities as at December 31, 1999

	Euro	Due within 1 year Euro	Due 1 - 5 years Euro	Due more than 5 years Euro
Liabilities owed to banks [1]	8,979,491.35	901,027.89	939,878.21	7,138,585.25
Advances received	4,714,595.82	4,714,595.82	0.00	0.00
Trade accounts payable	105,926,998.76	105,143,341.69	102,258.38	681,398.69
Other liabilities	26,701,671.98	26,238,656.27	463,015.71	0.00
	146,322,757.91	**136,997,621.67**	**1,505,152.30**	**7,819,983.94**

1) With respect to the 5 million Euro loan the land register no. 7866 for the plot of land in Wiesloch contains a land charge entry credited to the Marschollek, Lautenschläger und Partner AG to the amount of 4,999,412.01 Euro.

Schedule of liabilities as as December 31, 1998

	Euro	Due within 1 year Euro	Due 1 - 5 years Euro	Due more than 5 years Euro
Amounts owed to credit institutions	1,499,181.01	1,499,181.01	0.00	0.00
Advance payments received	5,062,946.57	5,062,946.57	0.00	0.00
Trade accounts payable	54,225,760.76	54,225,760.76	0.00	0.00
Amounts owed to companies in which a participating interest is held	46,719.81	46,719.81	0.00	0.00
Other liabilities	11,100,391.03	10,757,620.97	343,310.06	0.00
	71,934,999.18	**71,592,229.12**	**343,310.06**	**0.00**

Auditors Report

„We have audited the Group annual accounts and Group annual report prepared by Marschollek, Lautenschläger und Partner Aktiengesellschaft for the business year January 1st, 1999 to December 31st, 1999. The directors of the company are responsible for the preparation of the Group annual accounts and the Group annual report in accordance with German commercial law and by statute. It is our responsibility to report our opinion concerning the Group annual accounts and the Group annual report based on the audit conducted.

We conducted our Group audit in accordance with section 317 of the German Commercial Code and the principles laid down by the Institut der Wirtschaftsprüfer (IDW; German Institute of Auditors) accounting standards. These require that audits be planned and performed in such a manner so as to provide sufficient evidence that the Group annual accounts, based on accepted accounting practices and the Group annual report are free from notable errors or irregularities which may influence the impression given with respect to financial status, profitability and assets of the Group. Decisions regarding the auditing protocol take into account the business operation, the economic and legal environment of the Group as well as the expectations of possible errors. The audit includes an assessment of the effectiveness of internal control mechanisms as well as documentary evidence for information contained in the consolidated annual accounts and Group accounts which are conducted mainly on a random check basis. The audit includes the assessment of the accounting and consolidation principles applied as well as an assessment of the significant estimates made by the directors and the overall presentation of information in the consolidated financial statements and annual report. We believe that our audit provides a reliable basis for our assessment.

No irregularities were found during the course of the audit.

In our opinion the Group financial statements give a fair and true view of the state of the Groups affairs with respect to the assets, financial status and profitability. The Group annual report gives an overall fair presentation of the state of the Group and its future development risks."

Düsseldorf , March 17th, 2000

Rölfs WP Partner
Wirtschaftsprüfungsgesellschaft AG

Georg van Hall
Wirtschaftsprüfer (German certified auditor)

Thomas Budde
Wirtschaftsprüfer (German certified auditor)

Balance sheet as at December 31st, 1999

Assets	31.12.1999 Euro	31.12.1998 Euro
A. Fixed Assets		
I. Intangible assets		
Concessions, trademarks, and similar rights and assets and licenses in such rights and assets	0.00	1.02
II. Tangible assets		
1. Land, leashhold rights and buildings, including buildings onnon-owned land	19,197,489.56	19,912,649.41
2. Other fixtures and fittings and office equipement	2,024,253.86	2,192,783.11
3. Advance payments and plant under construction	6,420,158.12	149,484.83
	27,641,901.54	**22.,254,917.35**
III. Financial assets		
1. Shares in related companies	19,522,986.03	16,017,829.38
2. Loans due from related companies	3,067,751.28	1,278,229.70
3. Investments held as fixed assets	13,500,000.00	0.00
4. Other loans	360,185.11	483,127.71
	36,450,922.42	**17,779,186.79**
	64,092,823.96	40,034,105.16
B. Current assets		
I. Accounts receivable and other assets		
1. Receivables from related companies	54,692,127.90	81,117,250.88
2. Other assets – of which over due by more than one year: Euro 2.045.167,52; previous year: Euro2.110.865,70	3,164,503.26	2,830,162.74
	57,856,631.16	**83,947,413.62**
II. Securities		
Other Securities	25,502,727.73	28,036,690.31
III. Cash in hand, cash in other banking accounts	50,803,732.23	12,543,892.91
	134,163,091.12	124,527,996.84
C. Prepaid expenses and deferred charges	197,500.00	0.00
	198,453,415.08	164,562,102.00

LIABILITIES AND SHAREHOLDERS EQUITY	31.12.1999 EURO	31.12.1998 EURO
A. SHAREHOLDERS EQUITY		
I. Subscribed capital		
Ordinary shares	9,900,000.00	8,436,316.04
Non-voting preference shares	9,900,000.00	8,436,316.04
	19,800,000.00	**16,872,632.08**
II. Capital reserves	65,648,633,06	68,576,000.98
III. Revenue reserves		
1. Legal reserves	337,462.36	337,462.36
2. Other revenue reserves	36,046,077.62	28,427,828.59
	36,383,539.98	**28,765,290.95**
IV. Net earnings	38,931,370.08	25,379,102.66
	160,763,543.12	**139,593,026.67**
B. PROVISIONS AND ACCRUED LIABILITIES		
1. Provisions for pensions	3,669,735.11	3,606,825.24
2. Accrued taxes	22,506,730.13	17,371,138.29
3. Other provisions and accrued liabilities	550,500.00	280,929.32
	26,726,965.24	**21,258,892.85**
C. LIABILITIES		
1. Trade accounts payable	1,229,924.79	281,090.04
2. Liabilities against related companies	5,381,032.57	0.00
3. Ohter liabilities – of which social security: Euro 3.430,28; previous year: Euro 4.155,07 – of which tax: Euro 435.428,57; previous year: Euro 25.047,30	4,351,949.36	3,429,092.44
	10,962,906.72	**3,710,182.48**
	198,453,415.08	**164,562,102.00**

Profit and loss account January 1st to December 31st, 1999

	1999 Euro	1998 Euro
1. Other operating income	6,009,393.68	2,745,389.07
2. Personnel expenses		
a) Salaries and wages	–3,939,431.81	–4,018,893.26
b) Social contributions and expenses for old age pensions and benefits – of which for pensions: Euro 205.832,54; previous year: Euro 301.555,99	-222,809.81	-318,714.13
3. Depreciation a) Depreciation on intangible and tangible fixed assets	–1,233,552.73	–1,189,008.69
4. Other operating expenses	–2,110,172.80	–1,161,449.03
5 Income from investments – of which from related companies: Euro 162.890,88; previous year: 87.098,06 Euro	162,890.88	87,098.06
6. Income from Profit and Loss transfer agreements	68,396,756.00	48,788,801.39
7. Income from other investments and long-term loans – of which from related companies: Euro 116.890,67; previous year: Euro 64.632,60	774,309.77	64,632.60
8. Other interest and similar income – of which from related companies: Euro 2.163.557,76; previous year: Euro 1.820.140,49	3,876,049.97	4,148,336.05
9. Wirte downs on financial assets and securities held as current assets	–25,564.60	0.00
10. Interest and similar expenses – of which to related companies: Euro 54.500,00; previous year: Euro 0,00	–560,383.48	–38,102.91
11. Profit from ordinary operations	71,127,485.07	49,108,089.15
12. Taxes on income and profit	–32,077,707.03	–23,727,681.83
13. Other taxes	–162,997.92	–32,902.10
14. Net income	38,886,780.12	25,347,505.22
15. Profit carried forward from previous year		
a) Net earnings from previous year	25,379,102.66	19,153,913.79
b) Dividend distribution	–17,716,263.67	–13,498,105.66
16. Transfer to other revenue reserves	–7,618,249.03	–5,624,210.69
17. Net earnings	**38,931,370.08**	**25,379,102.66**

Appendix for the 1999 business year

Accounting and valuation Methods

This annual financial statement was prepared in accordance with sections 242f. and 264f. of the German Commercial Code as well as the relevant AktG regulations. The company is a large corporation as defined by section 267 (3) of the German Commercial Code.

The accounts are prepared after the appropriation of the year end results.

On September 5th, 1992, Marschollek, Lautenschläger und Partner Aktiengesellschaft and MLP Finanzdienstleistungen Aktiengesellschaft concluded a control and profit transfer agreement pursuant to section 291 of the German Joint Stock Corporation Act (AktG). The annual shareholders' meetings of Marschollek, Lautenschläger und Partner Aktiengesellschaft and MLP Finanzdienstleistungen Aktiengesellschaft approved the agreement on June 17th, 1993. The agreement was entered in the Commercial Register responsible for MLP Finanzdienstleistungen Aktiengesellschaft on December 15,1993.

The profit and loss statement is prepared using the cost summary method in acceptance with section 275 (2) of the German Commercial Code (HGB).

Corporate income tax is computed on the basis of the proposal on the appropriation of the result.

For the first time ever both the annual financial statement and the annual report for the year ending December 31st, 1999 have been prepared in Euro. The conversion of items from German Marks to Euro is calculated using the official 1,95583 DM/EUR exchange rate set on January 1st, 1999. The previous year values are also shown in Euro.

Accounting and valuation Methods for the individual balance sheet items

Intangible and tangible fixed assets are stated at cost of acquisition less scheduled depreciation and amortisation.

The cost of acquisition contains the portion of the charged value added tax which is attributable to the additions and which cannot be deducted as input tax.

Scheduled depreciation is calculated on a straight-line basis in accordance with the following probable useful lives:

Concessions, trademarks and similiar rights and assets and licenses in such rights and assets	5 year
Administration buildings	25 year
External facilities	15-25 year
Fixtures and fittings	10 year
Computer hardware/cables	5–10 year
Office furniture and equipment	5–10 year
Cars	5 year

In the case of non-real estate fixed assets, the additions in the first half of the year are depreciated at the full annual rate, while additions in the second half of the year are depreciated at half the annual rate.

Low value assets with acquisition cost of up to Euro 409.03 are fully depreciated in the year of purchase and are recorded as disposals.

The shares in related companies, the loans due from related companies, and the investments held as fixed assets are valued at the cost of acquisition.

The other loans are stated at their nominal value less any required write-downs.

Receivables and other assets are stated at nominal value less any necessary individual value adjustment.

Other securities are valued at cost of acquisition unless in a specific case a lower value is required under section 253(3) sentence 1 of the German Commercial Code (HGB).

The current funds are reported at nominal value.

Use is made of the right to choose in accordance with section 250(3) of the German Commercial Code and the discount relating to the loan agreement with the MLP Bank AG to the value of Euro 197,500.00 is accounted for in the accruals and deferrals.

For the commitments arising from the company old age pension plan, pension provisions are made in accordance with the actuary determined value pursuant to section 6a EstG (German Income Tax Act) on the basis of an interest rate of 6% and the mortality tables of Dr. Klaus Heubeck. The new 1998 guidance tables were used for the first time in the 1999 business year. The provision adjustments are made in accordance with section 6a (4), sentence 2 EStG to the amount of one third of the difference.

Contingent liability provisions are made in accordance with sound commercial judgement.

The liabilities are stated at repayment value.

Notes to the balance sheet and profit and loss account.

The schedule shown on pages 94 sets out the development of fixed assets and depreciation in the 1999 business year.

The subscribed capital consists of 9,900,000 of ordinary shares and 9,990,000 preference shares.

The revenue reserves in the business year progressed as follows:

Legal reserves:

	31.12.1999 Euro	31.12.1998 Euro
	337,462.36	337,462.36

The stated legal reserves and the capital reserves as defined by section 272(2) Nr.1 of the German Commercial Code exceed one tenth of the capital stock. A further increase to the legal reserves is therefore not necessary (section 150(2) AktG.

Other Revenue Reserves:

	1999 Euro	1998 Euro
As at January 1	28,427,828.59	22,803,617.90
Allocation/Transfer	7,618,249.03	5,624,210.69
As at December 31	36,046,077.62	28,427,828.59

The provisions for other revenue reserves was passed at the annual general meeting of shareholders (disposal of retained earnings decision made in accordance with section 174 AktG).

The net earnings for the year based on the disposal of retained earnings proposal passed at the annual General Meeting of shareholders and the net profit for 1999 progressed as follows:

	1999 Euro	1998 Euro
Net earnings - previous year	25,379,102.66	19,153,913.79
Dividend payment	–17,716,263.67	–13,498,105.66
Allocation to revenue reserves	–7,618,249.03	5,624,210.69
Net earnings - current year	38,886,780.12	25,347,505.22
Net earnings	38,931,370.08	25,379,102.66

In accordance with the disposal of retained earnings proposal above, Euro 23,562,000.00 of net profit is allocated to distribution of dividends and a further Euro 15,300,000.00 is allocated to other revenue reserves. The remaining Euro 69,370.08 is to be carried over.

The other provisions contain mainly provisions for the IHK fees (thousand Euro 240), annual financial statement costs (thousand Euro 153.4) and auditing costs (thousandEuro 122.8).

The liabilities against related companies include a loan of Euro 5 million to the MLP Bank AG. This is related to items „amounts owed to banks".

NOTES TO THE PROFIT AND LOSS ACCOUNT.

Other operating revenues are mainly related to rent agreements for the letting of administration office space, Forum 7, in Heidelberg and to the revenue resulting from the sale of MLP Lebensversicherung AG shares to the sales force and the office based employees of the MLP group.

In view of the existing relevant fiscal unit status with the MLP Finanzdienstleistungen AG the corporation tax and trade tax issues for both companies are covered within the one declaration. A pro rata cost transfer to the MLP Finanzdienstleistungen AG did not take place due to the existing profit and loss transfer agreement.

A trade tax based fiscal unit status exists with the other Marschollek, Lautenschläger und Partner AG subsidiaries. Trade tax adjustments with the subsidiary companies is achieved by means of a fiscal unit re-charge.

Flow of funds analysis

	1999 thousand EURO	1998 thousand EURO
Change in net financial assets from current operations		
Net income	38,886.8	25,347.5
Plus (less) expenses (income) which do not reduce (increase) the net financial assets		
– Depreciation of intangible assets	0.0	1.0
– Depreciation of tangible assets	1,233.6	1,188.0
– Additions to tangible assets	-31.3	0.0
– Transfer to pension provisions, balanced	62.9	319.5
	1,265.2	**1,508.5**
Plus (less) reductions (increases) in short term asset items, except for liquid funds		
– Receivables from related companies	26,425.1	–24,819.3
– Other assets	–334.3	–2,003.3
– Prepaid expenses items and deferred charges	–197.5	5.2
	25,893.3	**–26,817.4**
Plus (less) increase (reductions) in short term liability items		
– Accrued taxes	5,135.6	4,789.7
– Other provisions	269.6	–21.3
– Trade accounts payable	948.8	–35.7
– Liabilities against related companies	381.0	0.0
– Other liabilities	922.9	–2,286.3
	7,657.9	**2,446.4**
Increase in net financial assets from current operations	**73,703.2**	**2,485.0**

	1999 THOUSAND EURO	1998 THOUSAND EURO
CHANGE IN NET FINANCIAL ASSETS FROM INVESTMENT ACTIVITY		
– Additions to tangible assets	–6,689.7	–4,600.1
– Additions to financial assets	–18,838.0	–2,051.3
– Disposals of tangible assets (net)	100.5	94.9
– Disposals of financial assets (net)	166.2	90.7
Decrease in net financial assets from investments	**–25,261.0**	**–6,465.8**
CHANGE IN NET FINANCIAL ASSETS FROM INVESTMENT ACTIVITY		
– Dividend distribution	–17,716.3	–13,498.1
– Payments from loans (MLP Bank AG)	5,000.0	0.0
Decrease in net financial assets from financing activities	**–12,716.3**	**–13,498.1**
Increase (decrease) in net financial assets	**35,725.,9**	**–17,478.9**
Liquid funds at year-end	50,803.8	12,543.9
Short-term securities at year-end	25,502.7	28,036.7
Liquid funds at beginning of year	12,543.9	30,022.8
Short-term securities at beginning of year	28,036.7	28,036.7
	35,725.9	**–17,478.9**

Other Notes

Other financial obligations not shown in the balance sheet

On the balance sheet date the open liabilities connected with the Wiesloch building project (phase 1) amounted to Euro 15,834,991.32.

In order to secure a favourable long-term interest rate in connection with the planned financing of the building project in Wiesloch two interest rate swaps were undertaken in August 1999. This concerned two Coupon swaps in which the Marschollek, Lautenschläger und Partner AG is a fixed rate-payer (payer swap).

	1st Contract	2nd Contract
Settlement date	August 12, 1999	August 12, 1999
Term beginn	January 15, 2001	July 16, 2001
Expiry date	January 17, 2011	January 17, 2011
Nominal value (Euro)	30,000,000.00	30,000,000.00
Fixed rate payer	Marschollek, Lautenschläger und Partner AG	Marschollek, Lautenschläger und Partner AG
Fixed interest rate	5.9 %	6.0 %
Variable rate	EURIBOR	EURIBOR
Invoicing/Clearing	half-yearly	half-yearly

For those contracts not based on corresponding deals Marschollek, Lautenschläger und Partner AG pay the appropriate fixed interest instalment to the bank. In return Marschollek, Lautenschläger und Partner AG receives interest at the corresponding EURIBOR rate .

If, in the coming years, money is required to finance the individual construction phases then a loan/note loan is to be issued to EURIBOR to the amount of interest rate swap. The interest relating to the loan/note loan can then be paid using the interest which Marschollek, Lautenschläger und Partner AG receives from the bank arising from the interest rate swap since both interest payments follow the EURIBOR system. These two payments balance each other out leaving only the fixed interest portion to be paid. Since rising fixed interest loan rates are expected, it was possible to secure the favourable long-term interest rate applicable in August 1999.

If financing of the planned building project cannot proceed in accordance with the proposed conditions this then results in corresponding financial obligations from the start date mentioned above so long as the fixed interest rate exceeds the EURIBOR interest rate.

Board, Supervisory Board
Board directors are:

Manfred Lautenschläger, Gaiberg
Chairman until May 19, 1999, the entry in the commercial register was made on July 5, 1999

Dr. Bernhard Termühlen, Gaiberg, Chairman since May 19, 1999, the entry in the commercial register was made on July 5, 1999

Eugen Bucher, Bammental
Finance division director appointed on May 19, 1999, the entry in the commercial register was made on July 5, 1999

Gerhard Frieg, Heidelberg
Life assurance and health insurance division director, appointed on May 19, 1999, the entry in the commercial register was made on July 5, 1999

Dirk Petersmann, Heidelberg
Investment division director, appointed on May 19, 1999, the entry in the commercial register was made on July 5, 1999

The members of the board are also members of the supervisory board for the following companies:

Dr. Bernhard Termühlen
Chairman of the MLP Bank AG Supervisory Board

Members of the Supervisory Board are:

Manfred Lautenschläger, Gaiberg
Chairman since May 19,1999

Gerd Schmitz-Morkramer, Munich
Chairman until May 19, 1999 thereafter deputy chairman, partly liable partner and management spokesman for Merck, Finck & Co, private bankers, Munich

Gerhard Struch, Schlangenbad, deputy chairman until May 19,1999, salesman for MLP Finanzdienstleistungen AG.

Norbert Kohler, Oftersheim, departmental head at MLP Finanzdienstleistungen AG, Heidelberg

The members of the supervisory board are also members of the following legally required Supervisory Boards:
Manfred Lautenschläger
MLP Finanzdienstleistungen AG, Heidelberg
Chairman of the Supervisory Board
MLP Lebensversicherung AG, Heidelberg
Chairman of the Supervisory Board
MLP Vermögensverwaltung AG, Heidelberg
Chairman of the Supervisory Board
Mannheimer Lebensversicherung AG, Mannheim
Member of the Supervisory Board

Gerhard Schmitz-Morkramer
Merck, Finck Private Equity Beteiligungs-AG
Chairman of the Supervisory Board
CM 99206 Vermögensverwaltung -AG
Chairman of the Supervisory Board
Merck, Finck Invest Kapitalanlagegesellschaft mbH,
Member of the Supervisory Board

The total remuneration of the members of the Board amounted to Euro 3,680,164.09 in the business year 1999.

The total remuneration of the members of the Supervisory Board amounted to Euro 39,788.10 in the business year 1999.

Average Head Count

The average number of employees during the business year 1999 was 4.

SHAREHOLDINGS

the shareholdings at 31.12.1999 were as follows:

Companies	Book-value of interests held	Additions	Disposals
Direct shareholdings	01.01.1999 Euro	Euro	Euro
MLP Finanzdienstleistungen AG Heidelberg	10,225,837.63	–.–	–.–
MLP Lebensversicherung AG Heidelberg	1,386,649.79	–.–	43,296.20
MLP Vermögensverwaltung AG Heidelberg	1,278,485.35	–.–	–.–
MLP Service GmbH Heidelberg	1,133,840.88	2,014,577.21	–.–
MLP Consult GmbH Heidelberg	1,799,747.41	1,533,875.64	–.–
MLP Assekuranzmakler GmbH Heidelberg	193,268.33	–.–	–.–

Indirect shareholdings	Location	Share %
MLP Bank AG (100% subsidiary of MLP Vermögensverwaltung AG)	Heidelberg	100.00
MLP DIGNOS EDV-GmbH (40 % subsidiary of MLP Consult GmbH)	Mörfelden- Walldorf	40.00
MLP Lebensversicherung Aktiengesellschaft (50% subsidiary of MLP Lebensversicherung AG , Heidelberg)	Vienna, Austria	50.00
MLP Media GmbH, Verlag und Werbeagentur (100% subsidiary of the MLP Finanzdienstleistungen AG)	Heidelberg	100.00

1) A profit transfer agreement is in existence.
2) Ordinary shares 50 % + 20 % shares; non-voting preferential shares 30.0939 %.
3) The 1999 company annual financial statement was not prepared in time to be included in the annual financial statement of Marschollek, Lautenschläger und Partner AG. The values relate to the year ending
4) A profit transfer agreement exists with MLP Finanzdienstleistungen AG

Book-value of interests held 31.12.1999 Euro	Shares %	Equity capital at 31.12.1999 Euro	Annual net income/ deficit Euro
10,225,837.62	100.00	10,225,837.62	–.–1)
1,343,353.59	42.04 2)	15,768,038.72	2,208,124.63
1,278,485.35	50.01	4,250,201.11	894,864.64
3,148,418.09	50.40	927,798.05	–903,303.78
3,333,623.05	100.00	3,177,231.97	112,798.69
193,268.33	50.40	404,387.27	508,418.44

Equity capital at 31.12.1999 Euro	Annual net income/ deficit Euro
4,824,268.24	–285,460.47
399,531.49 3)	–45,728.52 3)
4,700,729.80	804,846.84
25,564.59	–.–4)

Proposal on appropriation of profits

The board of directors proposes pursuant to section 170(2) of the joint stock corporation act, that the retained earnings of Euro 38,931,370.08 shown in the balance sheet at December 31, 1999, be appropriated as follows:

	31.12.1999 Euro
Distribution to shareholder	23,562,000.00
Transfer to other revenue reserves	15,300,000.00
Profit carried forward	69,370.08
Net earnings	38,931,370.08

Heidelberg, March 10th, 2000

Marschollek, Lautenschläger
und Partner Aktiengesellschaft

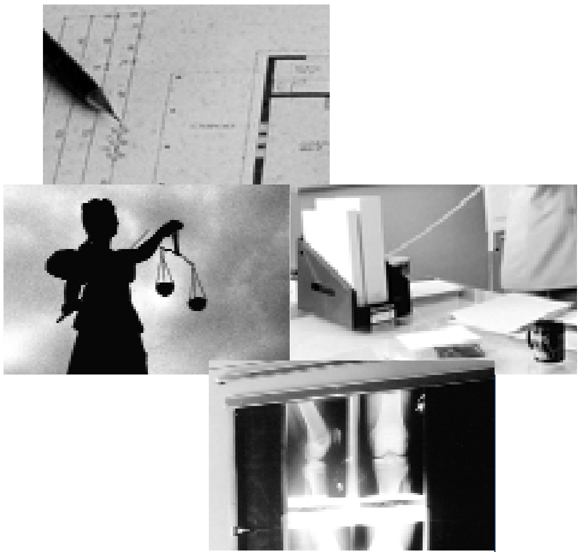
The board of directors

Dr. Bernhard Termühlen

Eugen Bucher

Gerhard Frieg

Dirk Petersmann



The schedule of fixed assets and depreciation for the business year 1999

	Aquisition costs				
Description	01.01.1999 EURO	Additions EURO	Disposals EURO	31.12.1999 EURO	01.01.1999 EURO
I. Intangible assets					
1. Concessions, trademarks and similar rights, assets and licenses in such rights and assets	21,967.14	0.00	0.00	21,967.14	21,966.12
	21,967.14	**0.00**	**0.00**	**21,967.14**	**21,966.12**
II. Tangible assets					
1. Land, leashold rights and buildings, including buildings on non-owned land	25,300,956.05	196,.739.92	24,687.87	25,473,008.10	5,388,306.64
2. Other fixtures an fittings and office equipment	3,545,731.08	222,318.95	174,366.68	3,593,683.35	1,352,947.97
3. Advance payments and plant under construction	149,484.83	6,270,673.29	0.00	6,420,158.12	0.00
	28,996,171.96	**6,689,732.16**	**1,99,054.55**	**35,486,849.57**	**6,741,254.61**
III. Financial assets					
1. Shares in related companies	16,017,829.38	3,548,452.85	43,296.20	19,522,986.03	0.00
2. Loans due from related companies	1,278,229.70	1,789,521.58	0.00	3,067,751.28	0.00
3. Investments held as fixed assets	0.00	13,500,000.00	0.00	13,500,000.00	0.00
4. Other loans	483,127.71	0.00	122,942.60	360,185.11	0.00
	17,779,186.79	**18,837,974.43**	**166,238.80**	**36,450,922.42**	**0.00**
Total	**46,797,325.89**	**25,527,706.59**	**365,293.35**	**71,959,739.13**	**6,763,220.73**

Depreciation/appreciations				Book values	
Additions EURO	Disposals EURO	Write-up EURO	31.12.1999 EURO	31.12.1999 EURO	31.12.1998 EURO
1.02	0.00	0.00	21,967.14	0.00	1.02
1.02	**0.00**	**0.00**	**21,967.14**	**0.00**	**1.02**
924,925.39	6,422.22	31,291.27	6,275,518.54	19,197,489.56	19,912,649.41
308,626.32	92,144.80	0.00	1,569,429.49	2,024,253.86	2,192,783.11
0.00	0.00	0.00	0.00	6,420,158.12	149,484.83
1,233,551.71	**98,567.02**	**31,291.27**	**7,844,948.03**	**27,641,901.54**	**22,254,917.35**
0.00	0.00	0.00	0.00	19,552,986.03	16,017,829.38
0.00	0.00	0.00	0.00	3,067,751.28	1,278,229.70
0.00	0.00	0.00	0.00	13.500.000,00	0.00
0.00	0.00	0.00	0.00	360,185.11	483,127.71
0.00	**0.00**	**0.00**	**0.00**	**36,450,922.42**	**17,779,186.79**
1,233,552.73	**98,567.02**	**31,291.27**	**7,866,915.17**	**64,092,823.96**	**40,034,105.16**

Schedule of liabilities as at December 31, 1999

	Euro	Due within 1 year Euro	Due 1 - 5 years Euro	more than 5 year Euro
Trade accounts payable [1]	1,229,924.79	1,229,924.79	0.00	0.00
Liabilities against related companies[2]	5,381,032.57	381,032.57	588,237.22	4,411,762.78
Other liabilities	4,351,949.36	4,351,949.36	0.00	0.00
	10,962,906.72	**5,962,906.72**	**588,237.22**	**4,411,762.78**

1) Normal right of ownership applies.
2) With respect to the 5 million Euro loan from the MLP Bank AG, the land register Nr. 7866 for the plot of land in Wiesloch contains a land charge entry credited to the MLP Bank AG to the amount of 4,999,412.01.

Schedule of liabilities as at December 31, 1998

	Euro	Due within 1 year Euro	Due 1 - 5 years Euro	more than 5 year Euro
Trade accounts payable[1]	281,090.04	281,090.04	0.00	0.00
Other liabilities	3,429,092.44	3,429,092.44	0.00	0.00
	3,710,182.48	**3,710,182.48**	**0.00**	**0.00**

1) Normal right of ownership applies

Auditor's Report

"The annual accounts have been audited using the accounting records and the annual report of the Marschollek, Lautenschläger und Partner Aktiengesellschaft for the business year January 1st, 1999 to December 31st, 1999. The directors of the company are responsible for the accounting records and the preparation of the annual accounts and the annual report in accordance with German commercial law and by statute. It is our responsibility to report our opinion concerning the annual accounts based on the audit conducted and with consideration to the accounting records and the annual report.

We conducted our audit in accordance with section 317 of the German Commercial Code and the principles laid down by the Institut der Wirtschaftsprüfer (IDW; German Institute of auditors) accounting standards. These require that audits be planned and performed in such a manner so as to provide sufficient evidence that the annual accounts, based on accepted accounting practices and the annual report are free from notable errors or irregularities which may influence the impression given with respect to financial status, profitability and assets of the company. Decisions regarding the auditing protocol take into account the business operation, the economic and legal environment of the company as well as the expectations of possible errors. The effectiveness of internal control mechanisms as well as documentary evidence for account entries, annual accounts and annual report were audited using mainly random checks. The audit includes an assessment of the accounting principles used and of the significant estimates made by the directors as well as an assessment of the overall presentation of information in the financial statements. We believe that our audit provides a reliable basis for our assessment.

No irregularities were found during the course of the audit.

In our opinion the financial statements give a fair and true view of the state of the company's affairs with respect to the assets, financial status and profitability. The annual report gives a fair presentation of the state of the company and its future development risks."

Düsseldorf, March 10th, 2000

Rölfs WP Partner
Wirtschaftsprüfungsgesellschaft AG

Georg van Hall
Wirtschaftsprüfer (German certified auditor)

Thomas Budde
Wirtschaftsprüfer (German certified auditor)

Supervisory Board Report

In four meetings April 12th, May 19th, September 28th and December 13th, 1999 and on the basis of verbal and written reports and in individual discussions with the Board of Directors, the Supervisory Board was kept regularly and fully informed of the business and financial position of the Marschollek, Lautenschläger und Partner AG. The Supervisory Board discussed general issues concerning the business policy of the Marschollek, Lautenschläger und Partner AG, as a strategic holding company jointly with the Board of Directors. Throughout the year the Board of Directors was able to obtain advice freely from the Supervisory Board. In addition, the Supervisory Board discussed issues of strategic corporate planning with particular regard to internationalisation and Internet strategy. When measures required the approval of the Supervisory Board, the Supervisory Board approved such measures after having reviewed and discussed them in detail.

The annual financial statements/consolidated financial statements were submitted by the Board of Directors and then audited, using the accounting records, by the Rölfs WP Partner Wirtschaftsprüfungsgesellschaft AG, who were able to express an unqualified auditor's opinion. The Supervisory Board had reviewed and approved the annual financial statements after raising no objections thereto. The proposal of the Board of Directors regarding the appropriation of profits was approved and thus established.

With effect from May 19th, 1999 Mr. Gerd Schmitz-Morkramer resigned as chairman of the Supervisory Board.

Mr Manfred Lautenschläger, Heidelberg, was appointed as the new chairman of the Supervisory Board and Mr. Gerd Schmitz-Morkramer as the deputy chairman.

Mr. Gerhard Struch resigned his membership of the Supervisory Board. The Supervisory Board expresses its thanks to Mr. Schmitz-Morkramer for his nine years of service as chairman of the Supervisory Board and to Mr. Gerhard Struch for his service on the Supervisory Board.

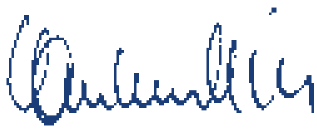
Mr. Eugen Bucher, Mr.Gerhard Frieg and Mr. Dirk Petersmann were unanimously voted onto the Board of Directors of the MLP Holding AG.

Dr. Bernhard Termühlen was also unanimously voted to the position of Chairman.

The Supervisory Board expresses its thanks to the Board of Directors and employees of the MLP Group and its companies for their committed and once again very successful work in 1999.

Heidelberg, April 2000

The Supervisory Board



Manfred Lautenschläger
Charman