

## ANNOTATIONS TO THE BALANCE SHEET OF THE MAHLE GROUP //

<b>Accounts receivable and other assets</b>	Carrying value Dec. 31, 2008	Thereof with a remaining period of more than 1 year
in EUR '000		
Accounts receivable		
Trade receivables	643,205	1,530
Receivables from affiliated enterprises	963	–
Receivables from enterprises in which investments are held	3,905	–
Other assets	172,860	25,386
Deferred tax assets	145,667	82,709
<b>Total</b>	<b>966,600</b>	<b>109,625</b>

In the previous year, trade receivables (EUR 725k), other assets (EUR 24,040k) and deferred tax assets (EUR 58,162k) had a remaining term of more than one year.

The **deferred tax assets** were formed as a result of deductible timing differences. A valuation allowance of EUR 64,617k was made for deferred tax assets in the business year for which the probability of recognition was considered insufficient, as of December 31, 2008.

**Prepaid expenses comprise** the differences between net loan proceeds and the amount repayable to banks (debt discounts) amounting to EUR 75k (previous year EUR 1,018k).

The **unappropriated retained earnings** equal that of the parent company and contain the amount carried forward from the previous year of EUR 81k.

**Other accruals** are comprised mainly of potential losses from pending transactions, obligations with regard to personnel matters, warranty-related risks, and expenditure arising in the years to come.

<b>Liabilities</b>	Carrying value Dec. 31, 2008	Thereof with a remaining period of up to 1 year	Thereof with a remaining period of more than 5 years
in EUR '000			
Liabilities to banks	687,264	454,124	6,769
Advance payments received on account of orders	15,449	15,312	27
Trade payables	438,497	436,982	117
Trade notes payable	1,725	1,725	–
Payables			
To affiliated enterprises	402	402	–
To enterprises in which investments are held	4,775	4,775	–
Other liabilities	136,795	131,613	189
<b>Total</b>	<b>1,284,907</b>	<b>1,044,933</b>	<b>7,102</b>

In the previous year, liabilities to banks (EUR 271,444k), advance payments received on account of orders (EUR 5,814k), trade payables (EUR 490,608k), liabilities on bills accepted and drawn (EUR 3,216k), payables to affiliated enterprises (EUR 445k), payables to enterprises in which investments are held (EUR 3,883k), and other liabilities (EUR 112,289k) had a remaining term of less than one year.

Of the liabilities to banks, EUR 14,394k is secured by property liens and EUR 6,766k by similar rights.

<b>Contingent liabilities</b>	
in EUR '000	
Contingents from notes	9,560
Bonds and guarantees	98
Collateral for third-party liabilities	4
Warranties	96

<b>Other financial obligations</b>	
in EUR '000	
Purchase commitments	72,551
Financial obligations resulting from rent and lease agreements	75,733
Others	16,793

## ANNOTATIONS TO THE INCOME STATEMENT OF THE MAHLE GROUP //

The income statement of the MAHLE Group is grouped in accordance with the cost of sales method. The sales are set against the expenditure incurred in their realization, which is allocated in principle to the functional divisions production, sales, general administration, and research and development.

The cost of sales includes the material and production costs incurred in the realization of the sales and the landed costs of the trade business. The costs of the allocation to accruals for warranties are also included in this item.

The marketing costs include, in particular, personnel and equipment costs, depreciation allocated to the sales division, logistics, market research, sales promotion, shipping and handling, and advertising costs.

The general administration costs include personnel and equipment costs as well as depreciation allocated to the administration division.

The personnel and equipment costs and depreciation allocated to the research and development division are of considerable importance to the MAHLE Group. In order to present the economic status of the Company more clearly, they have been included as separate items in the breakdown.

<b>Sales by business unit</b>	
in EUR '000	
Product line Piston Systems	1,210,436
Product line Cylinder Components	765,775
Product line Valve Train Systems	618,310
Product line Air Management Systems	799,036
Product line Liquid Management Systems	504,505
Profit center Aftermarket	665,134
Profit center Small Engine Components	119,188
Profit center Large Engine Components	108,958
Profit center Motorsports	55,047
Profit center Engineering Services and others	123,928
Profit center Industrial Filtration	43,351
<b>Total</b>	<b>5,013,668</b>

<b>Sales by geographically defined market (country of manufacture)</b>	
in EUR '000	
Europe	2,696,370
America	1,539,160
Asia, Africa, Australia	778,138
<b>Total</b>	<b>5,013,668</b>

<b>Sales by geographically defined market (target area)</b>	
in EUR '000	
Europe	2,504,479
America	1,568,366
Asia, Africa, Australia	940,823
<b>Total</b>	<b>5,013,668</b>

<b>Personnel expenses</b>	
in EUR '000	
<b>Total</b>	<b>1,483,707</b>

<b>Depreciation on property, plant and equipment</b>	
in EUR '000	
<b>Total</b>	<b>259,754</b>
Thereof extraordinary on account of limited use	932

### **Interest and similar expenses**

The interest expense from the appropriation to accruals for pensions and similar obligations, amounting to EUR 32,580k, is shown here.

### **Taxes on income**

The taxes on income include deferred tax expenses of EUR 7,911k.

## OTHER ANNOTATIONS //

### Average headcount (without apprentices) over the year

Direct employees	27,934
Indirect employees	20,913
<b>Total</b>	<b>48,847</b>

### Derivatives as at December 31, 2008

Derivatives not yet settled at the balance sheet date in accordance with Secs. 285, 314 HGB can be broken down as follows:

in EUR '000

	Nominal amounts	Current value to be attributed*
Transactions relating to interest	44,020	70
Transactions relating to currency	749,935	- 94,667
Transactions relating to commodity	77,048	- 43,416
Transactions relating to credit default	0	0

\* The current value attributed to the currency-related transactions corresponds to the market value of the derivatives at the balance sheet date which is identified in accordance with the mark-to-market method. All interest-related transactions are based on recognized financial/mathematical models.

The derivative contracts as at December 31, 2008 are placed exclusively with banks. For all hedges having effective relations with the underlying transaction, valuation units have been established. Accruals of EUR 45,619k were formed for all other transactions on which potential losses have arisen.

### Remuneration paid to the members of the Supervisory Board and the Management Board of MAHLE GmbH (parent company)

in EUR '000

Supervisory Board	154
Management Board	2,942

The total remuneration paid to the Management Board comprises fixed and variable components. The fixed portions for 2008 came to EUR 1,715k, and the variable compensation for 2008 to EUR 1,163k. The remuneration shown also includes a partial amount for the 2007 business year. The fixed portions include benefits in kind, which consist primarily of the non-cash benefits of having company cars.

Apart from the aforementioned remuneration, members of the board of directors have not obtained any further compensation or benefits for individual services, including consulting and intermediation activities.


Remunerations paid to former executive directors and their descendants amounted to EUR 1,229k.

An amount of EUR 10,784k is set aside for this group of persons in the pension accruals as at December 31, 2008.

Stuttgart, Germany, March 18, 2009

The Executive Directors of MAHLE GmbH

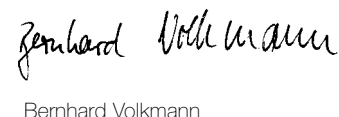
  
 Heinz K. Junker

  
 Hans Peter Coenen

  
 Michael Glowatzki

  
 Peter Grunow

  
 Rudolf Paulik

  
 Bernhard Volkmann