

SECURITIES NOTE

ISSUE OF SUBORDINATED NOTES OF

MAPFRE, S.A.

€700,000,000

July 2007

This Securities Note has been prepared pursuant to the provisions of Appendix XIII of Commission Regulation EC/809/2004 of 29th April and published in the official registers of the Spanish Securities and Exchange Commission (CNMV) in July 2007. It is supplemented by MAPFRE, S.A.'s Share Registration Document, which has been prepared pursuant to Appendix XI of Commission Regulation (EC) No. 809/2004, of 29th April 2004, and duly published in the official registers of the Spanish Securities and Exchange Commission on 27 July 2007, as incorporated by reference herein.

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I. RISK FACTORS

Risk factors relating to the securities

Market risk

Once admitted to trading in the AIAF Fixed-Income Market, it is possible that the securities herein may be traded below the initial issue price as this market price is linked to several factors, such as variations in interest rates, the market environment for similar securities and general economic conditions.

Likewise, the market price of the subordinated securities may decrease in the event that, during the life of this issue, the credit rating of the issue or of MAPFRE, S.A. (hereafter, "MAPFRE" or "The Issuer") is downgraded.

Credit risk

Credit risk is defined as the loss that may be generated by a payment default of the counterparty in a financial transaction.

The securities included in this Securities Note have been assigned an "A-" rating by the credit rating agency Standard & Poor's, as set out in section 7.5 herein.

The A- rating assigned by Standard & Poor's reflects a medium-high credit quality and strong capacity to timely meet financial commitments.

This credit rating does not constitute a recommendation to sell, buy or hold securities. Credit ratings might be revised, suspended or withdrawn at any moment by rating agencies.

The aforementioned rating is only an estimate, which is not intended to prevent potential investors from conducting their own analysis on the Company or on the securities to be acquired.

Liquidity risk

The securities issued under this Securities Note are newly-issued securities for which there might not be a very active trading market. Although MAPFRE will make an application for the securities to be admitted to trading in the AIAF Fixed-Income Market, no assurance can be given that they will be actively traded in the said market.

No liquidity agreement is expected to be entered into with any counterparty entity with regard to this issue.

Early redemption

The Issuer may redeem the Subordinated Notes in advance, in full but not in part, as from the tenth anniversary of the Issue Date, inclusive, and from that moment on any Interest Payment Date, once the relevant administrative authorisations have been granted and provided that this does not affect the Company's solvency. Moreover, the Issuer may redeem in advance the Subordinated Notes, in full but not in part, once the relevant administrative authorisations have been granted: (i) in the event of a reform or amendment of tax regulations or a change in the interpretation of the said regulations by the relevant authority, by virtue of which the interests paid by the Issuer to Noteholders are no longer deductible for Corporate Income Tax purposes in Spain; (ii) in the event of a legislative reform or amendment or a change in the interpretation of current or future regulations by the relevant authority or in the event that the Issuer is no longer included in a consolidatable group of insurance companies, and consequently the Subordinated Notes are no longer considered uncommitted equity of the Issuer or of the consolidatable Group of insurance companies to which it belongs or may belong, in order to meet its commitment to maintain the required consolidated solvency margin and (iii) once the Issuer receives confirmation by any of the rating agencies that have assigned a credit rating on the Issue that the Subordinated Notes are not entitled to equity treatment, or higher, in line with the treatment defined and published by the said rating agencies on the Payment Date.

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Risk arising from the subordinated nature of the issue

In the event of receivership of the Issuer, all the subordinated notes issued by MAPFRE, including those corresponding to this issue, shall be ranked according to the priority order for credits after all MAPFRE's ordinary and preferred creditors, and shall rank *pari passu* without any preference among themselves, as detailed in section 4.6. below.

Risk of deferred interests

The Issuer shall not be obliged to pay any interests on the Interest Payment Date due in the event that it cannot be concluded from the Issuer's last audited annual individual income statement approved by the General Shareholders' Meeting that there are Distributable Profits (as defined below), and provided that the Issuer has made no payment or redemption or repurchased any class of capital or securities issued by any Group member with the same or a lower status than the Notes.

The Issuer, in this case, may decide to defer the payment of interests or pay the interests due. Under these circumstances, the deferred payment shall not constitute a default event. In such case, investors may not receive interests until the Interest Payment Date following the approval, at the Issuer's General Meeting, of an audited individual income statement from the Issuer that confirms the existence of Distributable Profits.

The Issuer shall pay no interest on late payment for deferred interests in accordance with the previous paragraph.

If the Issuer obtains no Distributable Profits during several years, it may decide to defer the payment of interests until the first Deferred Interest Payment Date (as defined below). Pursuant to this section, Distributable Profits are defined as the Issuer's net profits after taxes and extraordinary items in the year, as stated in MAPFRE's last audited annual individual income statement approved by the General Shareholders' Meeting of the Company.

In section 4.8.3. below, those cases in which deferred interests are due as well as other aspects referring to this risk factor are set out in detail.

II. SECURITIES NOTE

1. PERSONS RESPONSIBLE

Mr. Domingo Sugranyes Bickel, in his capacity as Attorney-in-fact and acting on behalf of MAPFRE, S.A., with registered address in Madrid, Paseo de Recoletos, 25 and company tax code A08055741, by virtue of the power conferred by the Board of Directors of the said Company on 4th July 2007, assumes the responsibility for the content of this Securities Note.

The person who assumes the responsibility for this Note declares that all reasonable care has been taken to ensure that the information herein is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its content.

2. RISK FACTORS

See preceding section "RISK FACTORS".

3. KEY INFORMATION

3.1. Interest of natural and legal persons involved in the Issue

The Company is not aware of the existence of any relation or economic interest between MAPFRE and the natural and legal persons who have participated in the Issue, except for the professional relation resulting from their advising in relation to the issue. Notwithstanding the above, Caja de Ahorros y Monte de Piedad de Madrid, Underwriting Agent, Paying Agent and Calculation Agent, holds a stake in several subsidiaries of MAPFRE, S.A. In turn, MAPFRE, S. A. holds shares in several subsidiaries of Caja de Ahorros y Monte de Piedad de Madrid.

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

4.1. Total amount of the securities to be admitted to trading

The total nominal amount of the securities for which admission to trading will be sought is €700,000,000, represented by 14,000 securities, each with a unit par value of €50,000, with an effective unit price of €50,000 (100%).

4.2. Description of the type and the class of the securities

The purpose of this Securities Note is to seek admission to trading of the Subordinated Notes issue denominated FIRST ISSUE OF SUBORDINATED NOTES OF MAPFRE, S.A.

The Subordinated Notes are securities that represent debt of their Issuer, bear interest and are reimbursable at early redemption or maturity, except perpetual debt instruments.

The ISIN code of the securities subject to this issue is ES0224244063.

4.3. Legislation under which the securities have been created

The securities have been issued under the Spanish law applicable to the Issuer and to the securities. In particular, they have been issued in accordance with Act 24/1988, of 28th July, on the Securities Market; with Royal Decree 1310/2005, which partly amends Act 24/1998, of 28th July, on the Securities Market governing the admission of securities to trading in official secondary markets, public sale or subscription offerings and the prospectus required for such purpose; with Legislative Royal Decree 1564/1989, of 22nd December, which approves the consolidated text of the Spanish Companies Act (*Ley de Sociedades Anónimas*), with Legislative Royal Decree 6/2004, of 29th October, which approves the consolidated text of the Act on the regulation and supervision of private insurance (LOSSP) and with the Rules on the regulation and

supervision of private insurance (ROSSP), endorsed by Royal Decree 2486/1998, of 20th November. This Securities Note has been drawn up according to the forms set out in Commission Regulation (EC) no. 809/2004, of 29th April 2004, which implements Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference, publication of such prospectuses and dissemination of advertisements.

4.4. Representation of the securities

The securities are represented by book-entries managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), with registered office at Plaza de la Lealtad, number 1 in Madrid.

4.5. Currency of the securities issue

The securities are denominated in Euros.

4.6. Ranking of the securities

The Notes under this issue shall be considered subordinate to MAPFRE's ordinary credits.

In the event that the rules for ranking credits laid down in the Insolvency Act as well as in the Civil Code are applied, the rights and credits of the Noteholders with respect to MAPFRE shall be ranked, unless otherwise stated in applicable law: (i) after all other rights and credits of all other ordinary creditors of the Company, holders of credit obligations or rights with a security interest, holders of ordinary obligations, and all other ordinary creditors, (ii) before the ordinary shares and any other resources comparable to capital and (iii) *pari passu* with all other subordinated notes, without any priority among themselves for collection purposes, and in the event of insufficient funds, insolvency or winding-up of the Issuer, these subordinated notes shall receive the proportional part of the remaining capital corresponding in proportion to the principal amount invested and the interests accrued and not paid.

As long as the Notes remain outstanding, the Issuer shall not issue or assume any loan, debt, guarantee or any other obligation, which is or is intended to be a subordinated debenture, unless the said debenture is ranked, for priority purposes, *pari passu* or in a lower status than the Notes.

4.7. Description of the rights attached to the securities and procedure for the exercise of those rights

Under the applicable law, the securities herein shall not entitle the investor who acquires them to any present and/or future voting rights in MAPFRE.

The economic and financial rights for the investor which are associated with the acquisition and holding of the securities shall be those derived from the interest rate, yield and repayment conditions according to which they are issued and which are detailed in sections 4.8 and 4.9 below.

The holders of the Subordinated Notes included in this Securities Note shall be entitled to vote in the General Assembly of the Syndicate of Noteholders in accordance with the provisions in section 4.10 below.

4.8. Nominal interest rate and provisions relating to interests payable

4.8.1. Fixed Interest Rate:

The Notes will accrue, from 24th July 2007, inclusive, ("Issue Date") to 24th July 2017 (hereafter, "Step-Up Date"), not inclusive, fixed interest at a rate of 5.921% per annum, that is, €2,960.50 per Note (the day count convention for calculating the Fixed Interest Rate will be Actual / Actual ICMA –International Capital Market Association-), payable yearly in arrears on 24th July each year (each such date, a "(Fixed) Interest Payment Date"), together with (Variable) Interest Payment Dates, as laid down below, an "Interest Payment Date".

If a (Fixed) Interest Payment Date falls on a non-business day on the TARGET calendar, the (Fixed) Interest Payment Date will be the next business day.

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The period that starts on the Issue Date, inclusive, and ends on the first (Fixed) Interest Payment Date, not included, and each successive period that starts on a (Fixed) Interest Payment Date, inclusive, and ends on the following (Fixed) Interest Payment Date, not included, will be a "(Fixed) Interest Period". Nevertheless, if according to the preceding paragraph a Fixed Interest Payment Date must be modified, the (Fixed) Interest Period will continue to be calculated as if that (Fixed) Interest Payment Date had not been moved.

In the event of early redemption, the interest shall be calculated from the (Fixed) Interest Payment Date of the (Fixed) Interest Period applicable, inclusive, to the redemption date, not included.

The formula for calculating interests will be as follows:

$$C = (N * I) * [D / (BASE)]$$

Where:

C = Gross amount of the periodic coupon

N = Nominal value of the security

I = Fixed nominal interest rate per annum

D = Days elapsed in the (Fixed) Interest Period of reference

Base = Actual / Actual (ICMA)

4.8.2. Variable Interest Rate:

From the Step-Up Date, inclusive, to the Final Redemption Date, or to the early redemption date, where applicable, the Notes will accrue a variable interest payable quarterly in arrears on 24th January, 24th April, 24th July and 24th October each year (each such date, a "(Variable) Interest Payment Date").

Each period commencing on the Step-Up Date, inclusive, and ending on the next (Variable) Interest Payment Date, not included, as well as each successive period commencing on a (Variable) Interest Payment Date, inclusive, and ending on the next (Variable) Interest Payment Date, not included, shall be a "(Variable) Interest Period".

The interest rate applicable to each (Variable) Interest Period (the "(Variable) Interest Rate") will be the 3-month Euribor interest rate increased by a margin of 205 basis points ("the Margin").

The aforementioned 3-month Euribor rate (i) will be published on the Reuters page "Euribor01", or in any other page which may replace it in the future, at 11.00 CET of the two business days immediately preceding the start of the (Variable) Interest Period.

In the event that the 3-month Euribor rate is not available or cannot be obtained, it shall be replaced by the reference interest rate resulting from the simple arithmetic average (rounded, where necessary, to the nearest one hundred-thousandth of a percentage point, being 0.000005 rounded upwards) of the interbank interest rates for non-transferable deposit transactions, in Euros, with a 3-month maturity, offered on the two business days immediately preceding the start of each (Variable) Interest Period, at or around 11.00 CET, which are published by the following banks, or those institutions, if any, which may replace or succeed them as appropriate, provided they are included in the Eurozone interbank market:

- Banco Santander Central Hispano, S. A.
- Societe Generale
- Banco Bilbao Vizcaya Argentaria, S. A.
- Sanpaolo IMI SpA
- Rabobank Nederland

If it is not possible to apply an alternative reference interest rate, since any of the aforementioned entities does not regularly disclose quotations, the interest rate resulting from applying the simple arithmetic average of the interest rates disclosed, at least, by two of the above-mentioned entities shall be applicable during the corresponding (Variable) Interest Period.

If the rates established in the preceding paragraphs are not available or cannot be obtained, the reference rate to be applied to each successive (Variable) Interest Period shall be the same benchmark interest rate,

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either principal or substitute, applied during the immediately preceding (Variable) Interest Period. To the first (Variable) Interest Period the last 3-month Euribor rate published shall be applied (as laid down above).

The formula for calculating interests will be as follows:

$$C = (N * I) * [D / (\text{BASE})]$$

Where:

C = Gross amount of the periodic coupon

N = Nominal value of the security

I = Nominal interest rate per annum

D = Days elapsed between the initial date of the (Variable) Interest Period and the Payment Date of the corresponding coupon, counting these days according to the established Base.

Base = Actual / 360 (ICMA)

4.8.3. Deferred interests:

(i) The Issuer shall not be obliged to pay any interests on the Interest Payment Date due in the event that it cannot be concluded from the Issuer's last audited annual individual income statement approved by the General Shareholders' Meeting that there are Distributable Profits (as defined below), and provided that the Issuer has made no payment or redemption or repurchased any class of capital or securities issued by any Group member with the same or a lower status than the Notes.

The Issuer, in this case, may decide to defer the payment of interests or pay the interests due. Under these circumstances, the deferred payment shall not constitute a default event. In such case, investors may not receive interests until the Interest Payment Date following the approval, at the Issuer's General Meeting, of an audited individual income statement from the Issuer that confirms the existence of Distributable Profits.

The Issuer shall pay no interest on late payment for deferred interests in accordance with the previous paragraph.

If the Issuer obtains no Distributable Profits during several years, it may decide to defer the payment of interests until the first Deferred Interest Payment Date (as defined below):

(ii) Deferred Interests shall become due and payable and shall be paid on the first of the following dates, as applicable (each of them a "Deferred Interest Payment Date"):

(A) On the Interest Payment Date following the approval, at the Issuer's General Meeting, of an audited individual income statement from the Issuer that confirms the existence of Distributable Profits;

(B) On the early redemption date of the Notes or other financial instruments issued or secured by the Issuer which are ranked, for priority purposes, *pari passu* or behind the Notes.

(C) On the Interest Payment Date following the date of payment of any remuneration by the Issuer on any class of shares of the Issuer or financial instruments issued or secured by the Issuer which are ranked, for priority purposes, in a lower status than the Notes, other than remuneration that consists in the delivery of shares, preferred stock or any other securities ranked, for priority purposes, behind the Notes;

(D) On the date agreed to repurchase any class of shares of the Issuer or other financial instruments issued or secured by the Issuer which are ranked, for priority purposes, *pari passu* or behind the Notes;

(E) On the date of liquidation of the Issuer, according to the priority order set out in Act 22/2003, of 9th July, on Insolvency and sharing out the payment of Deferred Interests pro rata in the event that there are not enough resources available to pay them in full; and

(F) On the Interest Payment Date on which the Issuer, regardless of the non-existence of Distributable Profits, resolves to resume the payment of the interests accrued and unpaid during the corresponding Interest Period.

The Issuer shall be obliged to share out Deferred Interests pro rata (in percentage terms), where applicable, on the business day immediately following the payment by the Issuer (based on any guarantee, or otherwise) of deferred interests corresponding to securities placed *pari passu* with respect to the Notes for priority purposes. Any of these pro-rata payments shall be calculated taking as reference the total amount of Deferred Interests on the deferred interest payment date corresponding to the securities placed *pari passu* with respect to the Notes for priority purposes.

Exclusively for the purposes of section (A) above:

(a) The total amount of Deferred Interests payable with respect to the Notes shall be limited. Thus, in order to pay interests, all the amounts due by the Issuer and its consolidated subsidiaries shall be aggregated based on the Issuer's Distributable Profits with respect to the interests accrued in the current periods over all the securities and debentures with the same priority order than the Notes ("Amount Allocated to Remuneration"), without the Amount Allocated to Remuneration exceeding the Distributable Profits.

(b) If the Distributable Profits resulting from the corresponding annual accounts are not enough to cover the Amount Allocated to Remuneration, they shall be shared out from the nominal amounts of the securities or debentures which have the same priority as the Issuer's Notes.

In order to share out the payment as laid down in this section, the Deferred Interests shall be considered as the highest nominal value of the corresponding securities.

The nominal amount calculated in accordance with the foregoing shall be the outstanding nominal amount on the Interest Payment Date immediately preceding the approval, at the General Shareholders' Meeting, of an audited individual income statement from the Issuer that confirms the existence of Distributable Profits.

(c) If pursuant to sub-sections (a) and (b) above, the total Deferred Interests are not paid in full, the outstanding Interests shall be paid against the Distributable Profits from the following years.

(iii) Where applicable, the partial payment of Deferred Interests shall be made as follows:

(A) Deferred Interests from previous years shall be paid in the first place.

(B) The amounts to be paid to the Noteholders shall be shared out from the Deferred Interests with respect to any period.

Pursuant to this section, Distributable Profits are defined as the Issuer's net profit after taxes and extraordinary items in the year indicated in MAPFRE's last audited annual individual income statement approved by the General Shareholders' Meeting of the Company.

4.8.4. The time limit on the validity of claims to interest and repayment of principal

The payment of interests can be claimed for a period of 5 years from the date of maturity, pursuant to article 1,966 of the Civil Code.

The payment of the principal can be claimed for a period of 15 years from its maturity, pursuant to section 1,964 of the Civil Code.

4.8.5. Name of the Calculation Agent

The name of the Calculation Agent is Caja de Ahorros y Monte de Piedad de Madrid; with registered address at Plaza de Celenque, no. 2, Madrid.

4.9. Redemption price and provisions relating to the maturity of the securities

4.9.1. Redemption price

The securities will be redeemed at par at maturity.

4.9.2. Redemption date and forms of redemption

At par at maturity, free of charges for the holder by way of payment, in cash, to the Noteholders of the nominal amount and the interests accrued and unpaid, including the deferred interests. Partial redemptions shall not be applicable. However, the Issuer may redeem in advance the Notes, in the cases indicated below, provided that this does not affect the solvency of the Company and once the relevant administrative authorisations have been granted.

I. Early redemption:

The Issuer may redeem the Notes, in full but not in part, as from the Step-Up Date, inclusive, and from that moment on any (Variable) Interest Payment Date until the Final Redemption Date, once the relevant administrative authorisations have been granted, as required. The price of the early redemption (the "Early Redemption Price") shall be equal to the nominal value of the Notes plus the interests accrued and unpaid to the early redemption date, including, if any, the Deferred Interests.

II. Redemption as a result of a reform or amendment of tax regulations:

In the event of a reform or amendment of tax regulations or a change in the interpretation of the said regulations by the relevant authority, by virtue of which the interests paid by the Issuer to Noteholders are no longer deductible for Corporate Income Tax purposes in Spain, the Issuer may redeem the Notes, in full but not in part, on any Interest Payment Date, once the relevant administrative authorisations have been granted, as required. In the event of redemption prior to the Step-Up Date, the redemption price shall be the highest between the Early Redemption Price and the Adjusted Early Redemption Price (as defined below). If as a result of the aforementioned reform or amendment and due to tax reasons, the early redemption takes place as from the Step-Up Date, inclusive, the redemption price shall be equal to the Early Redemption Price.

Noteholders shall be duly informed of the early redemption provided for in this section by means of the publication of the corresponding announcement in the official news board of the Spanish Registrar of Companies (BORME) as well as in a widely circulated newspaper in Madrid, at least, 60 days before the Interest Payment Date on which the early redemption is expected to take place.

III. Other reasons for early redemption:

Redemption due to failure to qualify as shareholders' equity of the the Issuer

In the event of a legislative reform or amendment or a change in the interpretation of current or future regulations by the relevant authority or in the event that the Issuer is no longer included in a consolidatable group of insurance companies, and consequently the Notes are no longer considered uncommitted equity of the Issuer or of the consolidatable Group of insurance companies to which it belongs or may belong, in order to meet its commitment to maintain the required consolidated solvency margin, the Issuer may redeem the Notes, in full but not in part, on any Interest Payment Date, once the relevant administrative authorisations have been granted, as required. In the event of redemption before the Step-Up Date, the repayment price shall be the highest between the Early Redemption Price and the Adjusted Early Redemption Price, as indicated below. If as a result of the aforementioned reform or amendment the early redemption takes places as from the Step-Up Date, inclusive, the redemption price shall be equal to the Early Redemption Price.

Noteholders shall be duly informed of the early redemption by means of the publication of the corresponding announcement in the official news board of the Spanish Registrar of Companies (BORME) as well as in a widely circulated newspaper in Madrid, at least, 60 days before the Interest Payment Date on which the early redemption is expected to take place.

Redemption due to change in the treatment assigned by Credit Rating Agencies

The Issuer may redeem the Notes, in full but not in part, subject to prior authorisation, as applicable, from the relevant administrative authority on any Interest Payment Date, once the Issuer receives confirmation by any of the rating agencies that have assigned a credit rating on the Issue that the Notes are not entitled to equity

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treatment, or higher, in line with the treatment defined and published by the said rating agencies on the Payment Date. The said rating agencies shall maintain a contractual relationship with the Issuer, according to which the provision of credit ratings on the Issue as well as the treatment as equity of the Notes shall be governed. If the Issue is redeemed before the tenth anniversary of the Payment Date, the redemption price shall be the highest between the Early Redemption Price and the Adjusted Early Redemption Price (as indicated below). If as a result of the aforementioned change in criteria, the early redemption takes place as from the tenth anniversary of the Payment Date, inclusive, the redemption price shall be equal to the Early Redemption Price.

Noteholders shall be duly informed of the early redemption by means of the publication of the corresponding announcement in the official news board of the Spanish Registrar of Companies (BORME) as well as in a widely circulated newspaper in Madrid, at least, 60 days before the Interest Payment Date on which the early redemption is expected to take place.

For the purposes of sections II and III above, the Adjusted Early Redemption Price shall be an amount equal to the Present Value (as defined below) of the Notes calculated on the corresponding redemption date. The Present Value of the Notes shall be calculated by adding (i) the interests accrued and unpaid to the redemption date, (ii) the interests accrued from the corresponding redemption date to the tenth anniversary of the Payment Date if an early redemption has not been effected, by applying a discount rate equivalent to the Adjusted Benchmark Yield (as indicated below) and (iii) the nominal amount of the Notes to which a discount rate equivalent to the Adjusted Benchmark Yield (as indicated below) shall be applied. The Present Value shall be calculated by the Calculation Agent by applying a discount rate equivalent to the Adjusted Benchmark Yield to the amounts detailed in sections (ii) and (iii) above, taking as time basis for the discount, a year of 365 or 366 days, as applicable, for full years and the days effectively elapsed since the redemption date, not included, and the date of the next anniversary of the Payment Date, inclusive.

The Adjusted Benchmark Yield shall be the addition of the yield of the European reference value chosen by the Calculation Agent with a maturity comparable to the period left to the maturity of the Notes to the Step-Up Date used, at the moment of said selection, to determine the price required to issue new corporate bonds with a comparable maturity at the Step-Up Date, plus a margin of 137.9 basis points. The European reference value shall be understood as the DBR at 4.25% (German government bond) maturing on 4th July 2017.

4.10. Indication of yield for the investor and method of calculation

The effective interest projected for a subscriber who acquires the securities covered by this Securities Note at the time they are issued and holds them to maturity, if the assumptions indicated below are fulfilled, could be 6.19%.

This yield has been calculated on the basis of the following assumptions:

- Cash disbursement of 100% is taken into account.
- The fixed interest rate is 5.921%.
- The initial variable interest rate is 4.228% (corresponding to the 3-month Euribor rate from 20th July 2007) plus an applicable spread of 205 basis points.
- The said Euribor shall be maintained during the whole life of the issue.

The internal rate of return for the subscriber has been calculated using the following formula:

$$P_0 = \sum^n \frac{F_j}{\left(1 + \frac{r}{100}\right)^{\left(\frac{d}{Base}\right)}}$$

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Where:

P_0 = Issue Price of the security

F_j = Gross flows of collections and payments over the life of the security

r = Effective annual yield or IRR

d = Number of days between the date on which the coupon began to accrue and its payment date

n = Number of flows of the Issue

Base = Day count convention for calculating interest Actual / Actual (ICMA) for the first 10 years of the issue and actual / 360 (ICMA) for the time left to the Redemption Date.

4.11. Representation of security holders

A Syndicate of Noteholders has been set up for this issue in accordance with Royal Legislative Decree 1564/1989, of 22nd December, which approves the consolidated text of the Spanish Companies Act.

Mr. Alvaro Anguita Alegret has been appointed as Provisional Commissioner of the Syndicate of Noteholders. He has accepted the appointment by signing the relevant private placement document dated 12th July 2007.

The Regulations of the Syndicate of Noteholders approved by MAPFRE's Board of Directors on 4th July 2007 are reproduced below.

"REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS OF SUBORDINATED NOTES GOVERNING THE FIRST ISSUE OF SUBORDINATED NOTES OF MAPFRE, S.A.

TITLE I

FORMATION, PURPOSE, REGISTERED OFFICE AND DURATION OF THE SYNDICATE

Article 1

Subject to the provisions of Title X of the Spanish Companies Act, a Syndicate of Noteholders is formed of all holders of notes issued by MAPFRE, S.A. in the 2007 issue, which will be governed by these Regulations, by the Spanish Companies Act and other applicable provisions.

Article 2

The purpose of the Syndicate is to defend the rights and interests of the Noteholders.

Article 3

The Syndicate will remain in existence until all the notes in the issue that gave rise to its formation have been redeemed and duly repaid.

Article 4

The registered office of the Syndicate is established in Madrid, Paseo de Recoletos no. 25.

TITLE II

GOVERNANCE AND ADMINISTRATION

Chapter 1 - General Assembly

Article 5

It is the body responsible for expressing the will of the Syndicate. The resolutions adopted in accordance with these Regulations shall be binding on all the Noteholders, including those not attending or dissenting thereat.

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Article 6

Meetings may be called by the Board of Directors of the Company or by the Commissioner. The latter must call them when so requested by a number of Noteholders that represents, at least, one-twentieth of the outstanding notes.

Article 7

The General Assembly shall be called by means of an announcement published in the official news board of the Spanish Registrar of Companies (BORME) as well as in a widely circulated newspaper in Madrid, at least one month before the date set for the meeting. The agenda, date, time and place of the meeting as well as the place and procedure to collect the attendance cards shall be duly indicated in the announcement.

Article 8

Holders of one or more notes which, at least five days before the scheduled meeting date, are on record in the book-entry system shall have the right to attend. The Directors of MAPFRE, S.A. shall be entitled to attend the Assembly, even if they are not summoned.

Article 9

Every Noteholder entitled to attend the Assembly may appoint another noteholder as proxy. Proxy appointments must be set out in writing specifically for each Assembly.

Article 10

The Assembly shall be quorate at first call if there attend Noteholders who own, at least, two-thirds of the outstanding notes. If a sufficient number of notes is not in attendance, the Assembly may be called again and held one month after the first meeting, regardless of the number of attendees, and adopt resolutions by absolute majority of those in attendance. The notices for the two calls may be issued simultaneously, provided the one-month period between the two meeting calls is observed.

Notwithstanding the provisions of this article, the Assembly shall be considered validly called and quorate to transact on any matter if all of the outstanding notes are present and those in attendance unanimously agree to hold the Assembly.

Article 11

Resolutions shall be adopted by absolute majority of the votes of the Noteholders in attendance, with each note being entitled to one vote.

Article 12

The General Assembly shall be chaired by the Commissioner, or in default thereof by the noteholder designated by the Assembly and, in the last instance, by the noteholder present at the meeting with the largest number of notes. The Chair will direct the discussions, declare deliberations to have concluded when he or she deems fit and put matters to a vote. The Chair may appoint a Secretary, who does not necessarily have to be a noteholder.

Article 13

The Commissioner shall draw up, before taking up the matters on the agenda, the attendance list, indicating the status or representation of each attendee and the number of notes each attendee holds or represents, summing up the total number of notes present or represented at the meeting and the total notes in circulation.

Article 14

The General Assembly represents all Noteholders and may take decisions, as necessary, for the best defence of the legitimate interests of the Noteholders vis-à-vis the Issuer; amend, in agreement with the issuer, the terms of

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the issue; remove and appoint Commissioners; exercise, where applicable, the relevant court actions and approve the expenses incurred in the defence of common interests.

Article 15

Assembly resolutions may be challenged by Noteholders in the same events as provided for in the Spanish Companies Act for challenging company resolutions adopted by the General Shareholders' Meeting.

Article 16

The minutes of the meeting shall be approved by the Assembly itself immediately after the session ends or, in default thereof, within fifteen days by the Commissioner and two Noteholders appointed for such purpose by the Assembly.

Article 17

The certificates of the minutes book shall be issued by the Commissioner.

Article 18

Noteholders may only, individually or separately, pursue the court and out-of-court remedies to which they may be entitled provided they do not contradict Syndicate resolutions that have been approved within its competence and are compatible with the powers of the Syndicate.

Chapter 2 - The Commissioner

Article 19

The Commissioner is the legal representative of the Syndicate and acts as the body charged with the relation between the latter and the Company.

Article 20

The Commissioner shall be appointed by the General Assembly, which may also ratify the appointment as Commissioner of the person so designated in the issue resolution. The Commissioner will discharge his or her office until he or she is removed by the Assembly.

Article 21

The Commissioner shall have the following powers:

- a) Exercise the full legal representation of the Syndicate.*
- b) Safeguard the common interests of the Noteholders.*
- c) Act as body responsible for relations between the Syndicate and the Company.*
- d) Exercise all actions that rest with the Syndicate.*
- e) Call and chair the General Assemblies.*
- f) Report the resolutions of the Syndicate to the Issuer.*
- g) Request from the Issuer the reports that at his/her discretion, or that of the Assembly of Noteholders, are deemed to be of interest to the latter.*
- h) Oversee the payment of interest on the notes and the principal, as well as redemption operations.*
- i) Execute General Assembly resolutions.*

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- j) Attend and address, without vote, General Meetings of the Issuer.
- k) And, in general, exercise all such powers as have been conferred by the General Assembly of Noteholders.

These same powers shall rest with the person who serves as substitute Commissioner.

TITLE III SPECIAL PROVISIONS

Article 22

The ordinary expenses incurred to maintain the Syndicate shall be borne by the Company, and may in no event exceed 2% of the annual interest accrued by the notes issued.

Article 23

The Commissioner shall keep the Syndicate's accounts and submit them to the General Assembly of Noteholders and to the Board of Directors of the Company for approval.

Article 24

After the Syndicate has been dissolved upon the redemption and repayment of the notes issued, the Commissioner in office at that time will continue exercising his or her functions in connection with the liquidation of the Association, rendering the final accounts to the last Assembly and to the Board of Directors of the Company.

Article 25

For all the questions that arise or may arise from these Regulations or from the placement document, the Noteholders, by mere fact of their status as such, shall submit to the jurisdiction of the Courts and Tribunals of Madrid with express waiver of their own forum.

Article 26

All matters not expressly provided for in these Regulations shall be governed by the applicable legal provisions.”

4.12. Resolutions, authorisations and approvals by virtue of which the securities have been issued.

The resolutions and agreements under which this issue of Notes has been carried out, the continued validity of which is evidenced in the certificate submitted to the CNMV, are those set out below:

Resolution of the General Shareholders' Meeting held on 4th July 2007.

Resolution of the Board of Directors held on 4th July 2007.

Private placement document referred to in article 6 of the Securities Market Act dated 13th July 2007.

4.13. Issue Date

The securities have been issued, subscribed and paid up on 24th July 2007, with an issue price of 100% over the unit nominal value.

4.14. Restrictions on the free transferability of the securities

Under the applicable law, there are not specific or general restrictions on the free transferability of the securities issued.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1. Indication of the market where the securities will be traded

MAPFRE, S.A. has applied to have this issue admitted to trading in the AIAF Fixed-Income Market, in order for the securities to be quoted no later than one month after the payment date.

In the event that this time limit is not met, the Issuer will disclose the reasons for such failure to the CNMV and to the public by inserting an advertisement in a newspaper with nationwide circulation or in the Daily Quotation Gazette (*Boletín Diario de Operaciones*) of the AIAF Fixed-Income Market, without prejudice to the contractual liabilities, if any, incurred due to the delay.

MAPFRE, S.A. has requested to have this issue included in the accounting records managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), so that the clearing and settlement of the securities will be done in accordance with the operating rules that have been, or may in the future be, established by Iberclear for securities admitted to trading in the AIAF Fixed-Income Market.

The Issuer places on record that it knows the requirements and conditions for listing, trading and delisting the securities in the AIAF Fixed-Income Market, pursuant to the legislation in force and the requirements of its Governing Bodies, and undertakes to observe them.

5.2. Paying Agent and Depository Institutions

The payment of coupons and principal of the issue under this Securities Note will be carried out by Caja de Ahorros y Monte de Piedad de Madrid, with registered office in Madrid, Plaza de Celenque no. 2, which has capacity to perform said functions.

In the event that the Interest Payment Date coincides with a non-business day according to the TARGET calendar, the (Fixed) Interest Payment Date shall be the following business day.

5.3. Calculation Agent

The Calculation Agent is Caja de Ahorros y Monte de Piedad de Madrid (CAJAMADRID), with registered address in Madrid, Plaza de Celenque no. 2, which has capacity to perform said functions.

6. EXPENSE OF THE ADMISSION TO TRADING

The estimated expenses of issuing the securities and having them admitted to trading are:

<u>Item</u>	<u>Amount in Euros</u>
Registration of the prospectus with the CNMV	9,180
Supervision of admission to trading by the CNMV	9,180
Registration with Iberclear	500
Admission to trading in AIAF	35,000
Commissions	1,400,000
TOTAL	1,453,860

With the above projection of expenses, the Issuer will obtain proceeds of €698,546,140.00 at an effective annual cost of 6.205%, taking into account the assumptions set out in section 4.10 above, excluding the impact of possible hedging transactions.

7. ADDITIONAL INFORMATION

7.1. Persons and entities acting as advisors in the issue

Not applicable.

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7.2. Information in the Securities Note that has been reviewed by the statutory auditors

Not applicable.

7.3. Other information sourced from third parties

Not applicable.

7.4. Validity of information sourced from third parties

Not applicable.

7.5. Ratings

The securities included in this Securities Note have been assigned an "A-" rating by the credit risk rating agency Standard & Poor's.

The long-term debt ratings scale employed by the agency is shown below:

	Standard & Poor's	Meaning
Investment grade	AAA	Optimum quality
	AA	High quality
	A	Medium-high quality
	BBB	Medium quality
Speculative grade	BB	Moderate security; speculative elements
	B	Low security; lacks the characteristics of a desirable investment
	CCC	Low quality
	CC	Highly speculative
	C	Minimum quality, very few prospects of achieving investment grade status
	D	

Standard & Poor's applies a plus (+) or minus (-) sign between the [(AA) (aa)] and [(CCC) (ccc)] categories to show relative standing within each category. Standard & Poor's A- rating reflects a medium-high credit quality and strong capacity to timely meet financial commitments.

This credit rating is not a recommendation to buy, sell or hold securities. The credit rating may be revised, suspended or withdrawn at any time by the rating agency.

The aforementioned rating is only an estimate, which is not intended to prevent potential investors from conducting their own analysis on the Company or on the securities to be acquired.

Although the rating assigned to this issue by Standard&Poor's is A-, MAPFRE is rated by the said rating agency as A+.

This Securities Note has been approved on all pages and signed in Madrid on 24th July 2007.

MAPFRE, S.A.
p.p.

Domingo Sugranyes Bickel