



## PRESS RELEASE

### **MAPFRE AND CAJA MADRID DEEPEN AND STRENGTHEN THEIR ALLIANCE**

The Boards of Directors of MAPFRE and CAJA MADRID have approved today the basic terms of the reorganisation of the strategic alliance signed in the year 2000, in order to strengthen and adapt it to MAPFRE's new structure, thus simplifying and facilitating the relationship between both groups. The terms that have been agreed essentially cover the following aspects:

- The close commercial and institutional cooperation between both groups will be strengthened: CAJA MADRID's network will continue to sell exclusively MAPFRE insurance products and MAPFRE's network will continue to sell CAJA MADRID banking products under the same conditions.
- MAPFRE-CAJA MADRID Holding de Entidades Aseguradoras – in whose share capital CAJA MADRID has a 49% stake – will be integrated into MAPFRE S.A. As a result, the subsidiaries of such holding company (MAPFRE VIDA, MAPFRE SEGUROS GENERALES, MAPFRE EMPRESAS and MAPFRE CAJA SALUD) will become direct subsidiaries of MAPFRE S.A.
- CAJA MADRID will receive through a capital increase 15% of MAPFRE's shares, as well as a 12.5% shareholding in MAPFRE INTERNACIONAL and the 30% stakes that MAPFRE owns in GESMADRID, CAJA MADRID BOLSA and CAJA MADRID PENSIONES.
- A new entity will be created to distribute Life assurance through CAJA MADRID's network, which will be managed by MAPFRE and 49%-owned by the Bank.
- CAJA MADRID will maintain its current stakes in MAPFRE AMÉRICA (10%) and MAPFRE AMÉRICA VIDA (12.4%). Likewise, MAPFRE will retain its stake in BANCO DE SERVICIOS FINANCIEROS CAJA MADRID – MAPFRE (49%).



#### **PRESS RELEASE**

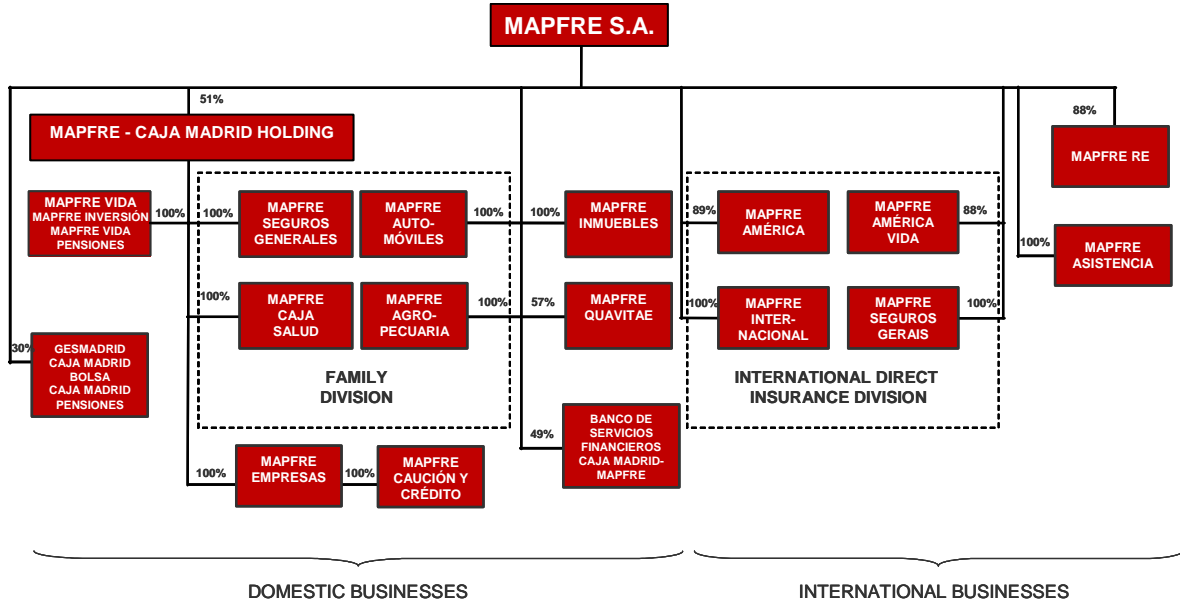
- After the planned capital increase, CAJA MADRID will have two representatives on MAPFRE's Board of Directors and will have a presence in the boards of the main subsidiaries of said entity.

CAJA MADRID will be free to maintain at any moment the percentage of ownership it deems appropriate, without any detriment to the validity of the commercial cooperation between both groups. Nevertheless, the agreement of both groups will be required to exceed 15%.

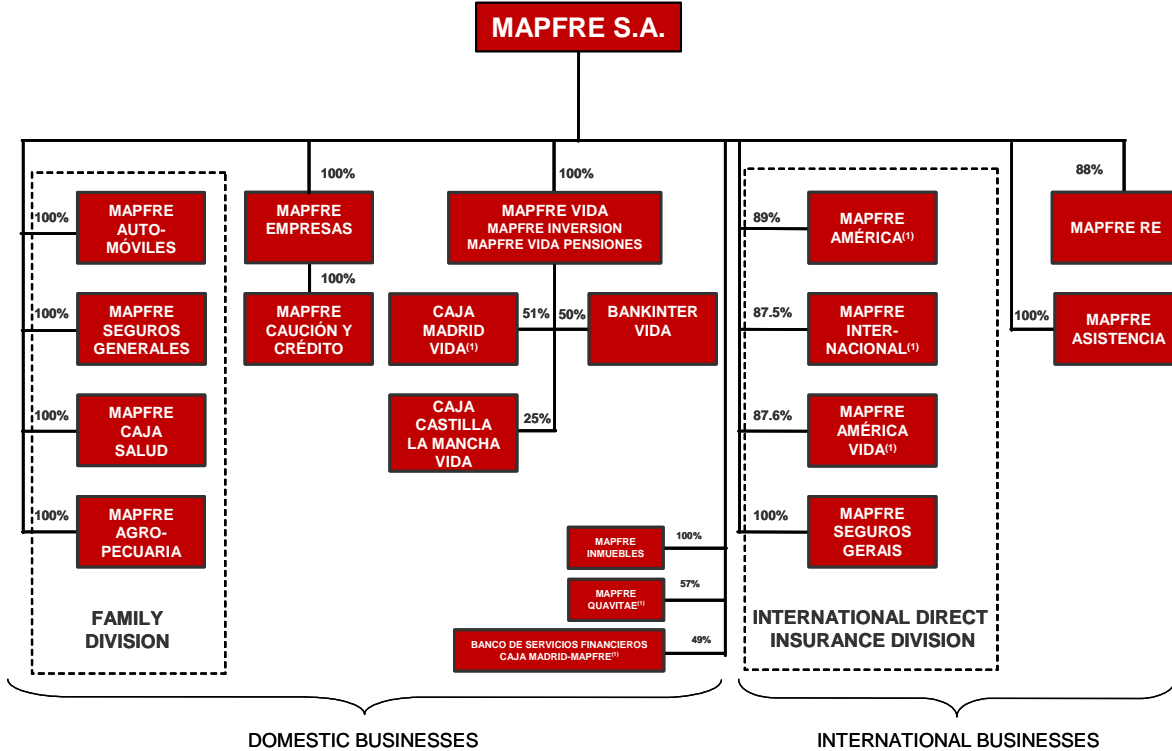
- The agreement, which the Chairmen of CAJA MADRID, Miguel Blesa, and MAPFRE, José Manuel Martínez have considered as "excellent and highly satisfactory for both groups due to the future development perspectives it offers", reflects in the opinion of both institutions a balanced exchange ratio based on an objective valuation of MAPFRE S.A. and of the assets that CAJA MADRID will contribute.
- With this transaction CAJA MADRID consolidates its position as strategic partner in MAPFRE's foreign business, whose international expansion will be boosted and reinforced by this agreement; and MAPFRE will increase its dimension.



## PRESS RELEASE



## PLANNED ORGANISATIONAL CHART



(1) Subsidiaries in which CAJA MADRID has a stake

Madrid, 17<sup>th</sup> December, 2007

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# Reorganisation of the MAPFRE- CAJA MADRID alliance

## Presentation for investors and analysts

17 December 2007



## Overview of the transaction

Milestones

Appendix



## Executive summary

- MAPFRE and CAJA MADRID have announced the reorganisation of the strategic alliance signed in 2000:
  - The commercial cooperation between both groups will be continued and strengthened; current exclusivity agreements will remain in place.
  - MAPFRE-CAJA MADRID HOLDING will be incorporated into MAPFRE S.A., which will thus become the owner of all the assets and stakes currently held by such holding company.
  - CAJA MADRID' position as MAPFRE's strategic partner will be reaffirmed through a 15% stake in MAPFRE S.A. and significant stakes in MAPFRE INTERNACIONAL and CAJA MADRID's life bancassurance business.
  - CAJA MADRID will nominate two representatives to MAPFRE S.A.'s Board of Directors.
- The new structure will have the following benefits:
  - Increased transparency
  - Enhanced management effectiveness
  - Improved shareholders' position
  - Increased financial flexibility
- The agreed transaction will be EPS accretive from the outset.



## CAJA MADRID and MAPFRE will reorganise their strategic alliance

**Integration of  
MAPFRE-CAJA  
MADRID  
HOLDING into  
MAPFRE S.A.**

**CAJA MADRID's  
stake in MAPFRE**

- The distribution agreement between both groups will continue: MAPFRE's insurance products will carry on being sold through CAJA MADRID's network, while CAJA MADRID's banking products will continue being sold through MAPFRE's network
- Under the alliance's new structure, MAPFRE-CAJA MADRID HOLDING will be incorporated into MAPFRE S.A., which will thus become the owner of all the assets and stakes currently held by such holding company.
- As a result, CAJA MADRID will receive:
  - a 15% stake in MAPFRE S.A.;
  - a 49% stake in a new company managed by MAPFRE that will be created to distribute Life assurance through CAJA MADRID's network;
  - a 12.5% stake in MAPFRE INTERNACIONAL;
  - the 30% stakes that MAPFRE currently has in GESMADRID, CAJA MADRID PENSIONES and CAJA MADRID BOLSA.
- CAJA MADRID will keep its stakes in MAPFRE AMERICA and MAPFRE AMERICA VIDA, while MAPFRE will maintain its stake in BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE.



## CAJA MADRID will remain as MAPFRE S.A.'s strategic partner

- The exchange ratio reflects a balanced valuation of the assets to be exchanged. Shareholdings will be contributed under the following parameters:
  - A 15% stake in MAPFRE S.A., through the delivery of 401.5 million new shares, which MAPFRE S.A. will issue in an ad hoc capital increase.
  - A 12.5% stake in MAPFRE INTERNACIONAL, subject to the prior contribution to such company of the shareholding in GENEL SIGORTA and of MAPFRE's entire stake in CATTOLICA, by means of an ad hoc capital increase.
- CAJA MADRID will retain its position as a strategic partner of MAPFRE, with the rights and responsibilities derived from its status as a shareholder, except for the following commitments that will be included in the Framework Agreement and will also translate into a Shareholders' Agreement:
  - CAJA MADRID will be able to hold at any moment the level of shareholding it deems appropriate, without any detriment to the validity of the alliance, nor the distribution agreements between both groups; this notwithstanding, the express consent of both groups will be required to exceed 15%.
  - As long as CAJA MADRID remains as a shareholder in MAPFRE S.A., it will have the right to nominate two representatives to MAPFRE S.A.'s Board of Directors, and two/three representatives to the Boards of MAPFRE GROUP's main subsidiaries.



## Commercial implications of the new agreement

### Exclusive distribution as a strategic asset of the alliance

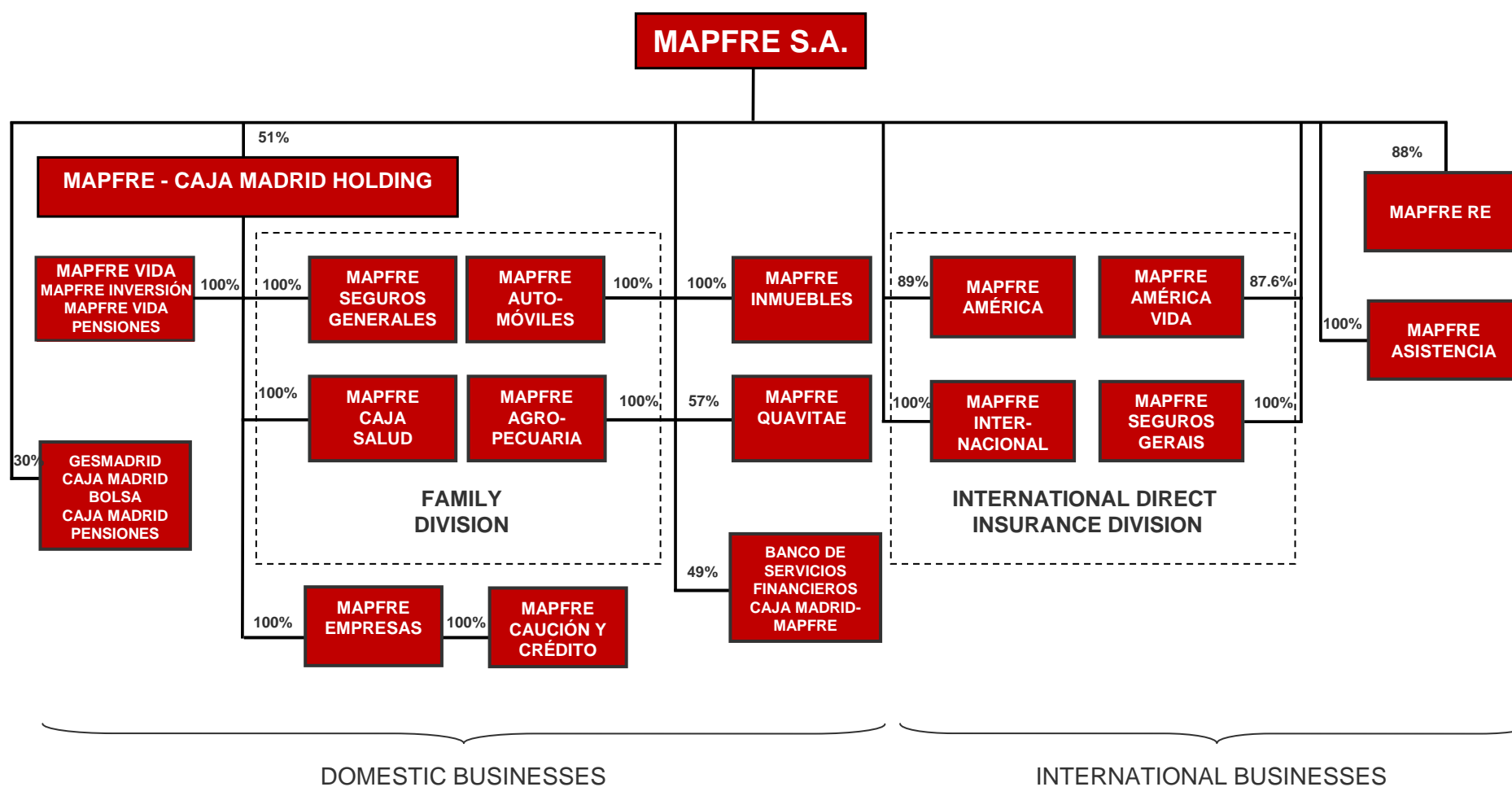
- The exclusive right of MAPFRE to distribute insurance products through CAJA MADRID's network, and of CAJA MADRID to distribute banking products through MAPFRE's network will remain in force.

### Support to MAPFRE's international expansion

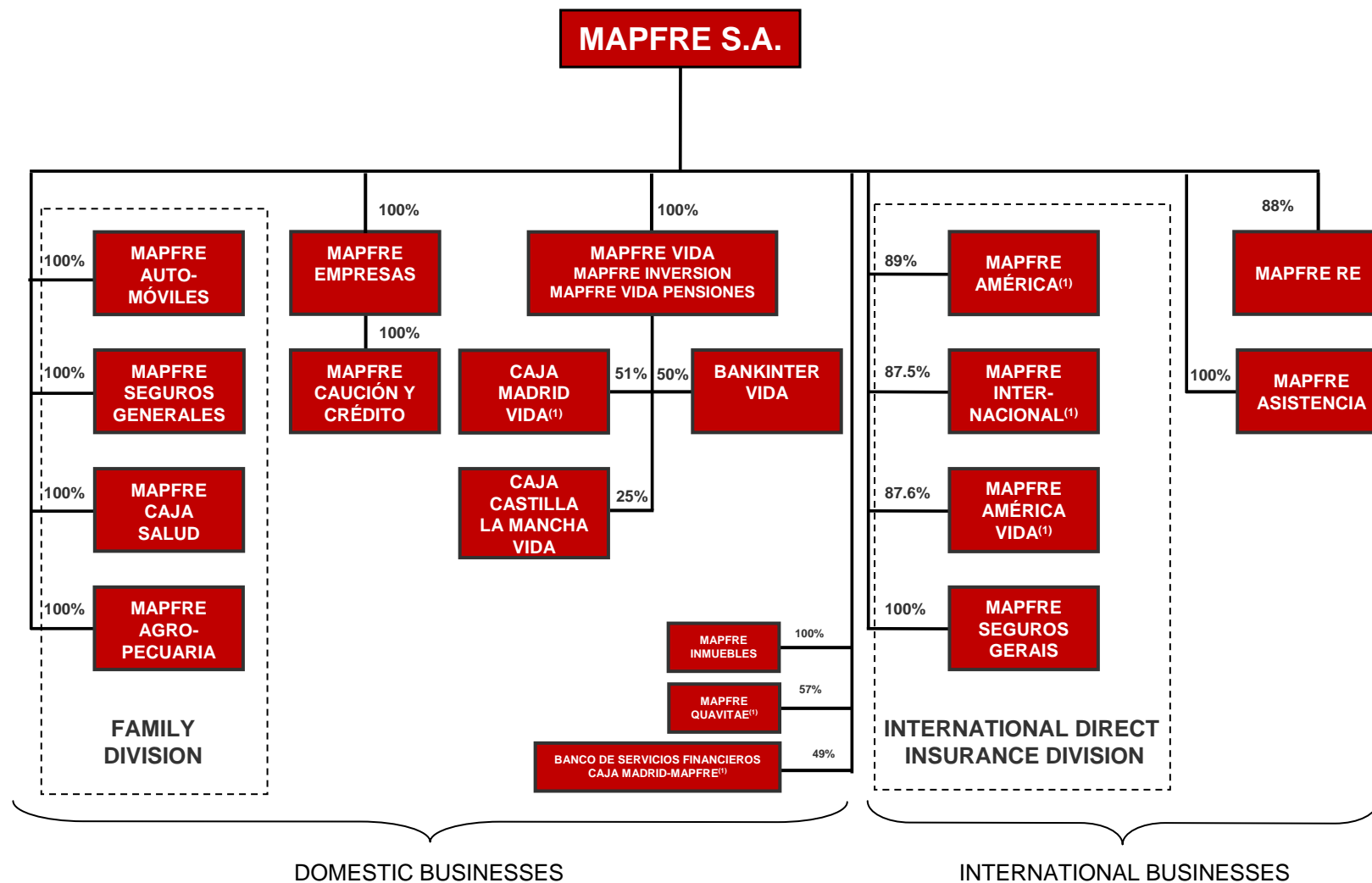
- CAJA MADRID strengthens its status as a strategic partner in MAPFRE's international business, by means of the acquisition of a 12.5% stake in MAPFRE INTERNACIONAL, which will complement its current stakes in MAPFRE AMERICA and MAPFRE AMERICA VIDA.



# Current organisational chart



# Expected new organisational chart



1) Subsidiaries in which CAJA MADRID has a stake

## Overview of the transaction



## Benefits of the new structure

### ✓ Increased transparency:

- Simpler organisational setup.
- Reinforcement of the bancassurance and assurfinance model successfully applied to date.
- CAJA MADRID's stake in MAPFRE will align its interests with MAPFRE's other shareholders.
- After the capital increase, FUNDACIÓN MAPFRE's stake in MAPFRE S.A. will slightly exceed 63%.

### ✓ Enhanced management effectiveness:

- MAPFRE will be able to extract larger synergies from its FAMILY DIVISION.
- Single reporting line for the management teams of MAPFRE's subsidiaries.
- CAJA MADRID will focus on Life bancassurance products.

### ✓ Improved shareholders' position:

- Instant EPS accretion.
- Access to 100% of the results of the Spanish subsidiaries.

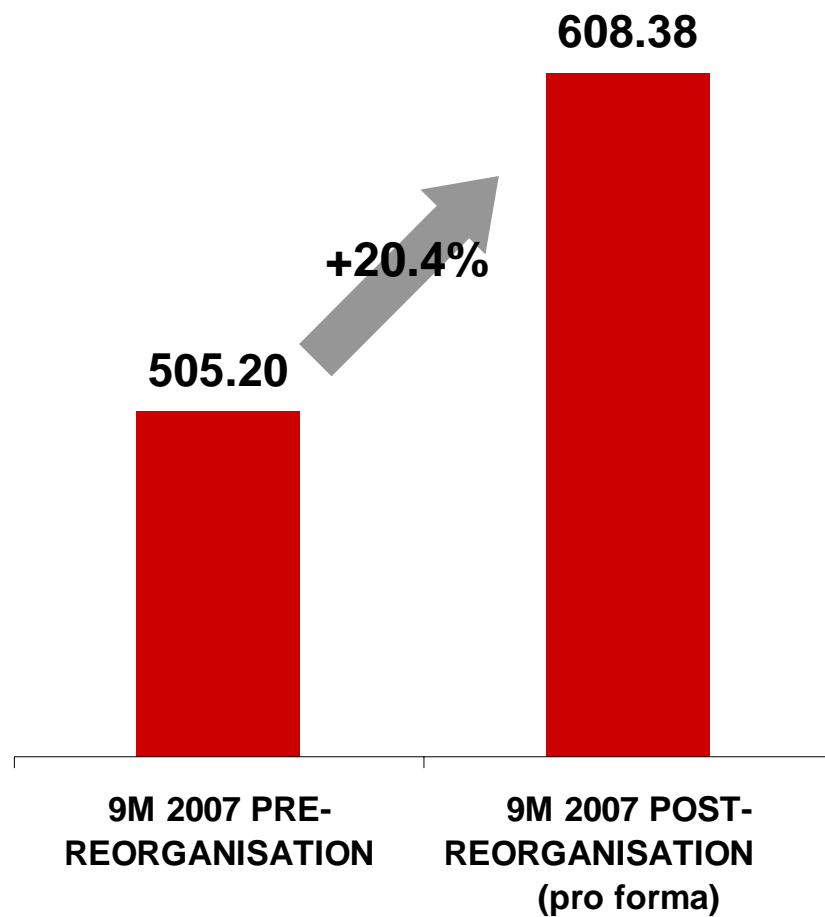
### ✓ Increased financial flexibility:

- Stronger weight in the net result of activities with recurring profits and strong cash flow generation.
- Lower gearing.



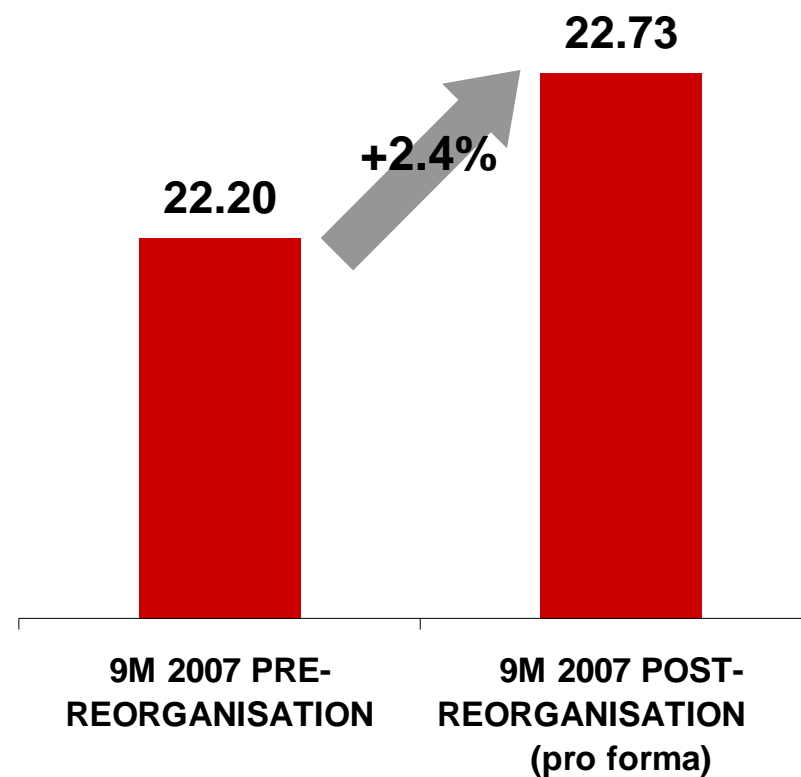
## Positive impact on profits

### Net profits<sup>(1)</sup>



Figures in million euros

### EPS



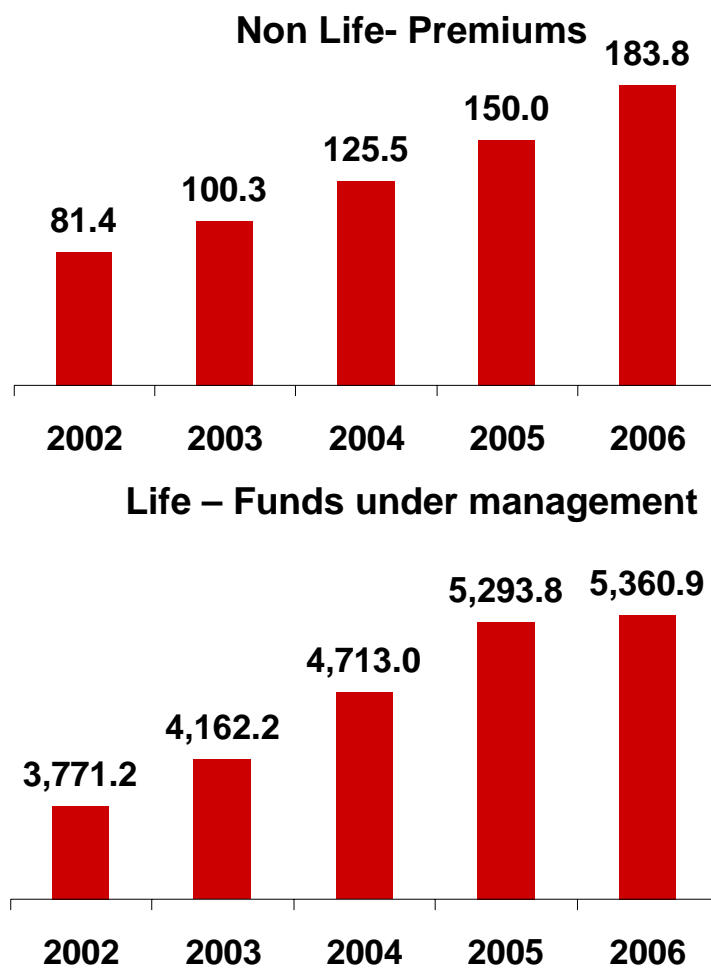
Figures in euro cents

1) Result after tax and minority interests

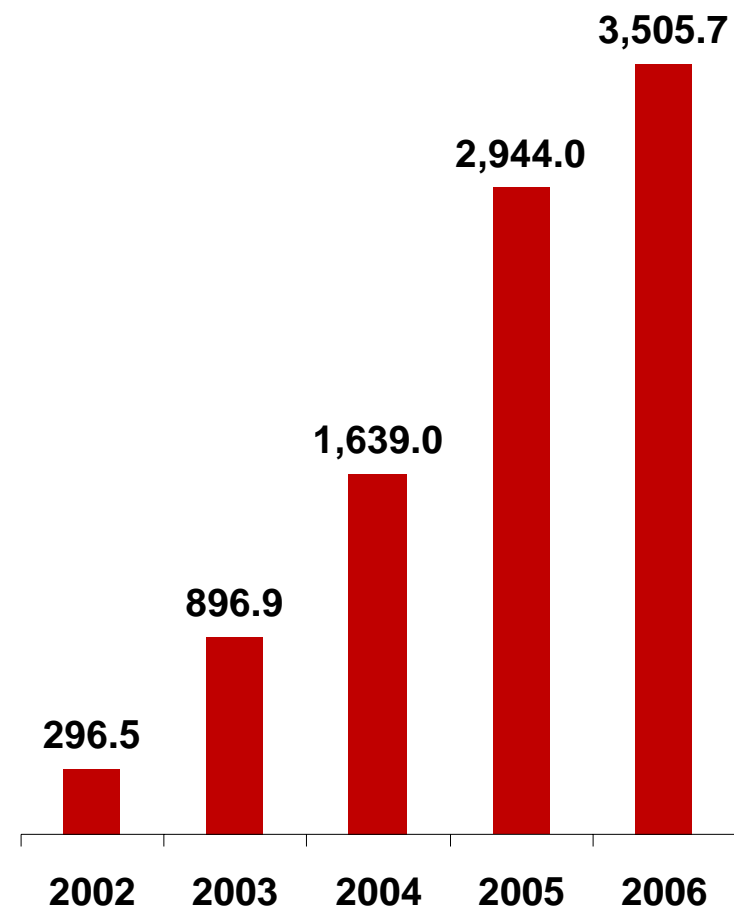


## Historical evolution of the alliance

### MAPFRE products sold through the CAJA MADRID network



### CAJA MADRID's products originated by MAPFRE's network

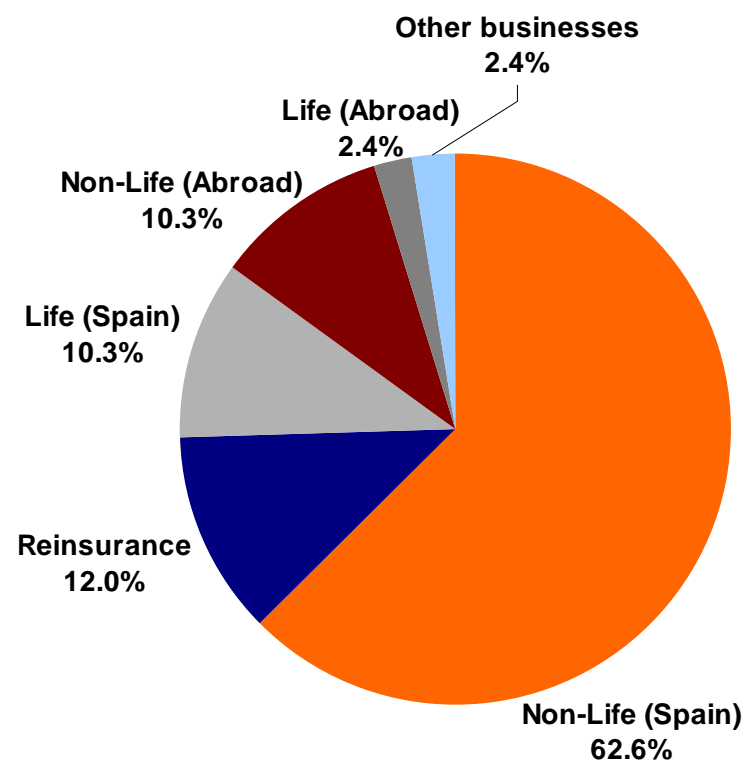


Figures in million euros



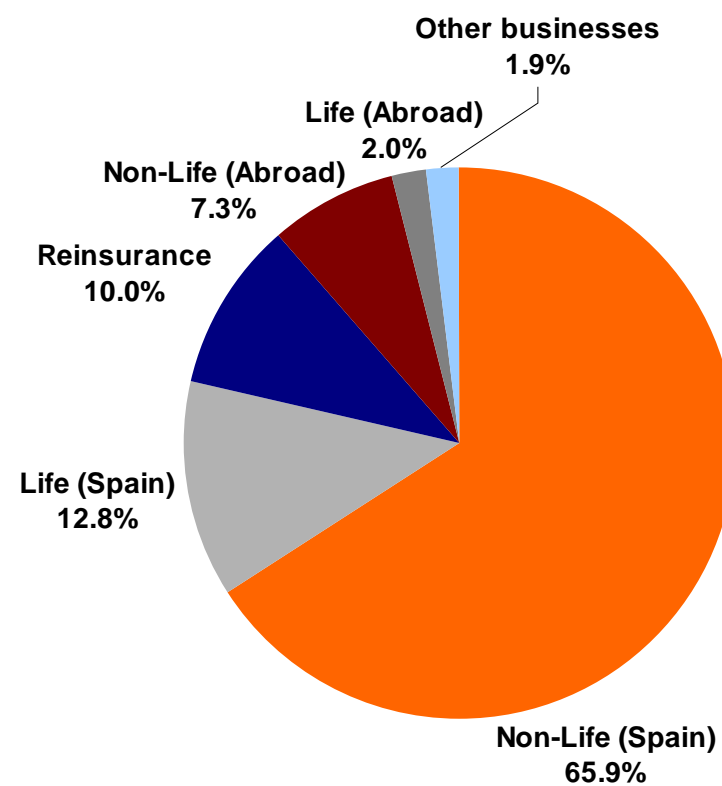
# Breakdown of the net attributable profit<sup>(1)</sup>

## Current



**€505.2 million**

## Pro forma



**€608.4 million**

1) Result after tax and minority interests. As at September 2007



## Overview of the transaction

### **Milestones**

## Appendix



## Milestones needed to complete the transaction

1. Approval by MAPFRE's and CAJA MADRID's Boards of Directors of:
  - New Framework Agreement (January 2008);
  - Legal structure of the proposed transactions (January 2008).
2. Approval by MAPFRE's and MAPFRE-CAJA MADRID HOLDING's AGMs (March 2008).
3. Relevant regulatory authorisations.
4. Closing.



Overview of the transaction

Milestones

**Appendix**



## Details on the EPS accretion analysis

	9M 2007	12M 2006 <sup>(1)</sup>
<b>RESULT AFER TAX AND MINORITY INTERESTS, CURRENT</b>	<b>505.2</b>	<b>610.2</b>
49% OF MAPFRE-CAJA MADRID HOLDING TO BE CONSOLIDATED		
From MAPFRE SEGUROS GENERALES	42.9	51.9
From MAPFRE CAJA SALUD	7.4	8.1
From MAPFRE EMPRESAS	35.0	38.6
From MAPFRE VIDA - agents network	25.9	32.4
<b>TOTAL</b>	<b>111.1</b>	<b>131.0</b>
Minority stakes in CAJA MADRID's subsidiaries <sup>(2)</sup>	-7.7	-9.4
12.5% stake in MAPFRE INTERNACIONAL	-0.2	-0.4
<b>RESULT AFER TAX AND MINORITY INTERESTS, PRO FORMA</b>	<b>608.4</b>	<b>731.4</b>

*Figures in million euros*

SHARES, PRE CAPITAL INCREASE	2,275,324,163	2,275,324,163
CAPITAL INCREASE, %	15.0%	15.0%
SHARES, POST CAPITAL INCREASE	2,676,851,956	2,676,851,956

<b>CURRENT EPS</b>	<b>22.203</b>	<b>26.818</b>
<b>PRO FORMA EPS</b>	<b>22.727</b>	<b>27.324</b>

*Figures in euro cents*

<b>EPS IMPACT, euro cents</b>	<b>0.524</b>	<b>0.505</b>
<b>EPS IMPACT, %</b>	<b>2.4%</b>	<b>1.9%</b>

- 1) The figures for 2006 have been calculated on the basis of the pro forma financial statements of MAPFRE S.A., which have been prepared purely for comparative purposes using the information included in the consolidated financial statements of the Company for 2006 and the financial statements of those companies which were included in its scope of consolidation in January 2007.
- 2) GESMADRID, CAJA MADRID PENSIONES and CAJA MADRID BOLSA.



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