

Board of Directors
7 February 2006

REPORT TO THE GENERAL MEETING ON THE AMENDMENT OF THE
REGULATIONS OF THE BOARD OF DIRECTORS
OF CORPORACIÓN MAPFRE APPROVED ON 20.7.05

By way of Law 26/2003 (The Transparency Act), an amendment was introduced into the Securities Market Act requiring listed companies to draw up, together with the report to the General Meeting, a set of Regulations of the Board of Directors, and so on 17 February 2004, the Board of Directors of CORPORACIÓN MAPFRE approved the Regulations of the Board of Directors, which faithfully reflected, with such adjustments as necessary, the provisions in this regard contained in the SISTEMA MAPFRE Code of Good Governance.

Following formal approval of the new version of the said SISTEMA MAPFRE Code of Good Governance by the Corporación, the Board of Directors of the company, at its meeting held on 20 July 2005, approved, in order to adapt where pertinent to the changes introduced by the said Code, the new Regulations of the Board of Directors of CORPORACIÓN MAPFRE, S.A., which as from 20 July 2005 replaces the one approved on 17 February 2004.

Since its approval, the said text has been posted on the company's website (mapfre.com), it has been available at the registry of the Spanish National Securities Market Commission, and it is recorded at the Commercial Registry of Madrid.

There follows below the new text of the Regulations of the Board of Directors of CORPORACION MAPFRE, S.A..

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**REGULATIONS OF THE BOARD OF DIRECTORS OF CORPORACIÓN
MAPFRE, S.A.**

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INTRODUCTION

The present Regulations are drawn up in compliance with Article 115 of the Security Markets Act 24/1988 of 28 July, following the amendment enacted by Law 26/2003 of 17 July and have the purpose of developing the rules for the internal governance and functioning of the Board of Directors of CORPORACIÓN MAPFRE, S.A. (hereinafter “CORPORACIÓN MAPFRE” or “the Company”) in accordance with the provisions of both the law and the company by-laws, with the aim of ensuring the optimum management of the company.

These Regulations form a part of the framework defined in the Code of Good Governance of SISTEMA MAPFRE. Therefore, those persons who fall within the scope of applicability of the present Regulations are furthermore bound to comply, in addition to what is contained herein, in the Company By-laws and in the applicable legal provisions, with the rules contained in the Code of Good Governance of SISTEMA MAPFRE.

For the purposes of the present Regulations, “SISTEMA MAPFRE” means the Spanish business group comprised of CORPORACIÓN MAPFRE, its parent company MAPFRE MUTUALIDAD and all subsidiary and dependent companies pursuant to the provisions of Article 42 of the Commercial Code, as well as the private foundations set up or promoted by the entities of SISTEMA MAPFRE or those subject to the supervision of its highest governing bodies.

CHAPTER I. THE BOARD OF DIRECTORS. FUNCTIONS, POWERS AND MAKE-UP.

Article 1. Basic functions

In accordance with the provisions laid down by law and in the company by-laws, the Board of Directors is the representative, governing and management body of CORPORACIÓN MAPFRE.

As such, it holds all representative, governing and management powers that are not reserved by law or by the company by-laws for the General Assembly or other corporate bodies.

It acts as the main supervisory and decision-making body of CORPORACIÓN MAPFRE and as the main supervisory body of its subsidiary companies whilst ordinary management is carried out by the management and executive bodies of CORPORACIÓN MAPFRE and by the relevant corporate bodies of the said subsidiary companies.

It may delegate such powers as it considers appropriate, save for those that may not be delegated pursuant to the law or the company by-laws and those necessary for the responsible exercise of its general supervisory role.

In order to better perform its functions, it may set up Delegated Committees and it may delegate some or all of its powers to its members and grant powers in favour of those persons it may choose to appoint, with the exceptions and limits established in the law. As a general rule, the Board shall delegate the ordinary

management of the entity to the Delegated Committees and to the management team and shall concentrate its activities on its general supervisory function.

The Board of Directors defines the rules that govern the activities of the Executive Committee and of the Committees referred to in the preceding paragraph, determines their powers and freely appoints and removes their members, except for those whose membership is automatic by reason of their positions.

Article 2. Powers

In order to exercise the powers referred to above and notwithstanding its general powers and those that it may delegate, the Board of Directors shall exercise the following powers directly, amongst others:

1. With regard to General Management

- To authorise, with regard to CORPORACIÓN MAPFRE itself, the Overall Business Objectives and the Strategic Plans for the attainment of the said objectives and to establish the amendments that ought to be introduced into them, as well as to be informed of those of its subsidiary companies.
- To receive regular and periodic information on the General Management of CORPORACIÓN MAPFRE and of its subsidiary companies.
- To draw up on an annual basis the Management Report and Annual Accounts of CORPORACIÓN MAPFRE and the Management Report and Consolidated Annual Accounts of CORPORACIÓN MAPFRE and of its subsidiaries.
- To lay down the rules that are to oversee the good governance of CORPORACIÓN MAPFRE.
- To be informed of the main items dealt with by the Committees and Delegated Committees of the Board itself and as the case may be, to authorise the resolutions approved by the said bodies.
- To authorise, with regard to CORPORACIÓN MAPFRE itself, the policy with regard to own shares, as well as to be informed of that of its subsidiary companies, all of which within the limits and with such requirements as provided for by law.

2. With regard to Acts of Disposal

- To authorise the acts of disposal carried out by CORPORACIÓN MAPFRE (and to be informed of those that may be carried out by subsidiary companies) with regard to *in rem* rights whose unit value is in excess of 5% of the total assets of the Company in question, in accordance with the last approved balance sheet, as well as with regard to the provision of sureties or bank guarantees not related with the Company's operating activity in a cumulative amount in excess of 1% of the said assets. This power may not be delegated.

3. With regard to the General Meeting

- To call the General Meetings of Shareholders.

- To submit to the General Meeting of Shareholders the corresponding proposals with regard to the various matters within the remit of the said Meeting.
4. With regard to the Board itself
- To appoint and remove the Chairman, Vice-Chairmen, Managing Director and Secretary.
 - To draw up a list of candidates for the election of the members of the Board of Directors by the General Meeting and to cover, on a temporary basis, the vacancies occurring therein.
 - To authorise the remunerations of the members of the Board, within the limits provided for by the company by-laws and in the resolutions of the General Meeting.
5. With regard to other High-Level Representative Bodies
- To authorise the general rules governing the activities of the Committees and Delegated Committees of the Board of Directors of CORPORACIÓN MAPFRE.
 - To authorise the appointment or removal of the Senior Representative and Management Officers of CORPORACIÓN MAPFRE.
6. With regard to the shareholders, the markets and public opinion
- To establish the information and communication policies which ought to be pursued, taking into account the indications made in this regard by the Executive Committee and the Audit Committee of CORPORACIÓN MAPFRE itself, as well as the Executive Committee and the Institutional Audit and Control Committee of SISTEMA MAPFRE.
7. With regard to the company by-laws of CORPORACIÓN MAPFRE
- To propose the amendment of the company by-laws of CORPORACIÓN MAPFRE where this is required for legal reasons or where this is deemed to be appropriate.
 - To resolve any doubts with regard to the interpretation of the by-laws.

Article 3. Make-up

The Board of Directors shall be made up of the number of members as determined by the General Meeting, within the limits laid down in the Company By-laws, pursuant to which the said number shall not be less than five or more than twenty.

The members of the Board, in accordance with the personal circumstances in each particular case, may be:

- **Internal or executive**: These persons have an employment relationship with the Company or its subsidiaries or hold remunerated management positions there.

- **External:** These persons do not perform management positions and do not have an employment relationship with CORPORACIÓN MAPFRE or its subsidiaries. There are three kinds of external directors:
 - In representation of majority shareholders: Those persons who are members of the governing body of the Company on account of their position as senior officers of another entity that is the majority shareholder of the Company.
 - In representation of minority shareholders: Those persons who are appointed as members of the governing body of the Company on account of their position as minority shareholders in the Company or in representation of a minority shareholder.
 - Independents: Those persons who, whilst not having any special employment, professional, business or shareholding relationship with the Company, are appointed on account of their personal qualities, prestige or professional experience.

Chapter II. REQUIREMENTS IN ORDER TO BE APPOINTED AS A DIRECTOR

Article 4. Legal and company by-laws requirements

1. Professional qualification

- A university degree or five years' experience in senior administration, management, control or advisory functions with financial institutions subject to solvency regulation and supervision by the Public Authorities or functions with similar responsibilities at other public or private institutions of a similar size and requirements to those of the Company.

2. Personal and professional integrity

- No previous convictions for crimes involving dishonesty, breach of confidence, disclosure and leaking of secrets against the Public Tax Authorities or the Social Security, misappropriation of public funds or any other crimes whatsoever against property.
- Personal career showing respect for business legislation and all other laws regulating economic and business activities, as well as for proper commercial, financial and insurance practice.
- Not to be disqualified from holding public office or administrative or managerial positions at financial, insurance or insurance-brokerage institutions.
- Not to be an un-discharged bankrupt, except where, subject to a judicially-approved agreement, such person is permitted to conduct business.

3. Capacity and compatibility

- Not to be subject to any disqualification, prohibition or incompatibility provided for by law.

4. Age

- Not to have reached the age of 70.

Article 5. Requirements laid down in the Code of Good Governance of SISTEMA MAPFRE

1. For all board members

- To be of renowned solvency, propriety, competence and experience.
- Not to have incurred in circumstances which may give rise to their participation on the Board amounting to a risk for the interests of the company.
- To have made a prior truthful and complete statement of their personal, family, professional or business circumstances and in particular regarding anything which may give rise to incompatibility in accordance with the law, the company by-laws and the provisions of the Code of Good Governance or any conflict of interest.
- Not to have a significant interest in insurance institutions or institutions belonging to financial groups other than SISTEMA MAPFRE or to be a board member, manager or employee of any such institution or to act at their service or on their behalf, except where the appointment as board member is in representation of financial institutions which have a shareholding which entitle them to such appointment.

Notwithstanding, board members may be excused from this requirement in the event that their candidature have been proposed by the Board itself; however, the number of board members to which this circumstance applies may not exceed 15% of the Board of Directors as a whole.

- To accept the Code of Good Governance of SISTEMA MAPFRE and to undertake to abide by its rules in the performance of his/her position.

2. For independent board members

- Not to hold or to have held within the last two years, any managerial position within SISTEMA MAPFRE.
- Not to be related by kin or affinity up to the fourth degree with board members or managers of SISTEMA MAPFRE.
- Not to have made or received any significant payments to or from the company which could directly or indirectly affect their independence.

- Not to have other contractual, professional or business relations with the Company which, by reason of their significance, may restrict their independence to act as board members.

For the purposes of the two preceding sections, payments or relationships which involve the receipt of amounts which represent more than 5% of the person's – or legal entity's – total income, as the case may be, shall be deemed to be significant.

Chapter III. POSITIONS ON THE BOARD OF DIRECTORS

Article 6. The Chairman

The Chairman of the Board of Directors is responsible for representing the Company, calling and chairing the meetings of the Board of Directors and overseeing compliance with its resolutions.

Article 7. The Vice-Chairmen

The Vice-Chairmen, in the order established in their appointment or, in default of this, in the order of their seniority in the post, stand in for the Chairman in the event he/she is absent, ill or expressly delegates his/her position. In default of this, they shall be replaced by the Managing Director or, in default of this, by the oldest Board Member. The Vice-Chairman appointed from amongst the external directors shall at the same time be:

- Vice-Chairman of the Committees and Delegated Committees.
- Chairman of the Compliance Committee.

Article 8. Secretary of the Board of Directors

The Secretary of the Board of Directors signs calls for the General Assembly and for the Board meetings on behalf of the Chairman, draws up the minutes of the meetings, has custody of minutes books at the registered address and issues certificates as necessary. In his/her absence, the Vice-Secretary shall act in his/her place or in default of this, the youngest Director in attendance.

The Secretary shall assist the Chairman in his/her tasks and shall strive to ensure the proper functioning of the Board of Directors and its Committees and delegated Committees, taking care to provide the members of the said bodies with the advice and information they need, to look after the company's documents, to properly reflect the course of the meetings in the minutes books and to certify the resolutions.

Under all circumstances, he/she shall oversee the formal and material legality of the activities of the aforementioned governing bodies and shall ensure that their procedures and operating rules are followed and reviewed on a regular basis.

The Vice-secretary, where such a position exists, shall assist the Secretary and shall replace him/her in the event of absence. Except where the Board of Directors should decide otherwise, he/she may attend the meetings of the said Board in order to assist the Secretary in drawing up the minutes.

Article 9. Managing Director

The Board of Directors may appoint a Managing Director from amongst its members who shall be responsible for the high-level supervision of the Company's business and represent on an going basis the Board of Directors before the General Management.

In the very resolution by which he/she is appointed – which may be subsequently amended as many times as is considered appropriate – the Board shall lay down his/her sphere of activity and powers he/she shall hold by way of delegation from the Board, which shall be set forth in a public deed. The Managing Director shall be a full member of the Executive Committee.

Chapter IV. APPOINTMENT AND RETIREMENT OF DIRECTORS

Article 10. Appointment

Those persons to whom the position of director of CORPORACIÓN MAPFRE or of a subsidiary thereof is offered shall make a truthful and complete Prior Declaration of their relevant personal, family, professional or business circumstances, with particular mention of those that could give rise to a situation of incompatibility pursuant to the laws, the company by-laws and the provisions of this Code or a situation of conflict of interest. The said declaration shall be made in the form established for this purpose by SISTEMA MAPFRE and shall include an express acceptance of the rules with regard to the rights and duties of directors laid down in Chapter III of the Code of Good Governance of SISTEMA MAPFRE.

Article 11. Retirement

In accordance with the provisions of the company by-laws, all members of the Boards of Directors shall retire at the age of 70. The Executive Vice-Chairman, the Managing Director and the Secretary of Board shall retire from the said positions at the age of 65 or on the previous date provided for in their respective contracts, but they may continue to be members of the Board as such without executive powers.

Board members shall place all their positions, both their membership and any positions they may hold on the Committees and delegated Committees of the Board, at the disposal of the Board of Directors and where appropriate in the opinion of the said Board, submit their resignation, under the following circumstances:

- a) Where they cease to hold the executive position to which their appointment as a board member is linked.
- b) Where they should incur in any of the situations of incompatibility or prohibition provided for by law.
- c) Where they are charged with an alleged criminal offence or are the subject of disciplinary proceedings for a serious or very serious offence commenced by the supervisory authorities.
- d) Where they are severely reprimanded by the Compliance Committee for having breached their duties as board members.
- e) Where the continued membership of the Board may put the interests of the Company at risk.
- f) Where the reasons for which they were appointed – where these expressly existed – cease to exist.

Article 12. Formulation of candidatures by the Board of Directors.

The formulation by the Board of Directors of candidatures to be submitted to the General Meeting and the decisions of the General Meeting with regard to the appointment of directors shall be preceded by the proposal from the Appointments and Remuneration Committee of the Company.

Proposals for re-election shall be subject to a process, which shall necessarily include a report, which may be verbal, issued by the Appointments and Remuneration Committee, which shall assess the quality of the work carried out and the dedication to the position that the members whose re-election is proposed have had during their previous tenure.

In the event of the re-election of a board member who holds a position on the Board, the said report shall include an assessment of his/her performance in the said position so that the Board may give its opinion with regard to his/her remaining in the said position.

Should the Board of Directors diverge from the proposals of the Committee, it shall give reasons for its decision and record this in the corresponding minutes.

Chapter V. FUNCTIONING OF THE BOARD OF DIRECTORS

Article 13. Meetings

In general terms and notwithstanding the minimum number of meetings provided for by law or in the company by-laws, the Board shall meet as many times as is necessary for the proper performance of its supervisory function. In any event, it shall hold a minimum of four ordinary sessions in order to monitor management activities and the results of each calendar quarter and, where

appropriate, one or two single-item meetings in order to draw up the Reports and Annual Accounts and to approve the Strategic Plans of the Company.

The frequency of the meetings of the remaining governing bodies shall be in accordance with their respective internal rules. In total, at least eight meetings a year should be held, including those of the Board and the Executive Committee.

Unless there are special reasons to justify it, the meetings of the Board of Directors and of the Executive Committee should not be held on the same day, in order to ensure that each one of these bodies pays proper attention separately to discussing those matters within their respective remits, even where there are matters which ought to be examined by both bodies.

The call for the meeting shall always include the agenda, which shall be set by the Chairman and shall include, in accordance with the provisions of the by-laws of the Company, the matters referred for the discussion of the Board by any director; and shall be accompanied by the relevant information concerning the matters to be discussed, duly prepared.

The Board shall prepare an annual schedule for ordinary meetings. It shall set aside a meeting on a regular basis to assess its own functioning and the quality of its work, in addition, as the case may be, to assessing the performance of the Chairman – in his/her absence – should this be proposed by the Compliance Committee.

The Chairman shall organise the debates, ensuring and encouraging the participation of all directors in the deliberations.

Article 14. Resolutions subject to special procedures

Directors shall refrain from attending and participating in the deliberations and votes in those cases where there is a conflict of interest as provided for in the Code of Good Governance of SISTEMA MAPFRE.

The approval of proposals concerning the election, re-election or retirement of directors should be carried out in the manner set forth at Article 12 of these Regulations and the ballot shall be carried out in secret where this is requested by a majority of the directors or where the Chairman considers that there is not a sufficient consensus within the Board.

Article 15. Relations with shareholders

The Board of Directors shall ensure that appropriate communication channels are in place in order to be aware of the proposals that shareholders may formulate with regard to the management of the Company.

The Board, by way of some of its directors and with the co-operation of such senior management officers as it should deem fit, may hold informative meetings concerning the progress of the Company and its Group for the benefit

of shareholders with residence in the most important Spanish and foreign financial centres.

Public applications for voting by proxy carried out by the Board of Directors or by any of its members shall set forth in detailed manner which way the proxy shall vote in the event that the shareholder does not provide instructions and, where appropriate, shall reveal the existence of a conflict of interests.

The Board of Directors shall ensure that shareholders have access to the information needed to participate effectively in the General Meetings and shall adopt such measures as may be necessary in order to ensure that the said Meetings actually fulfil their purposes in accordance with the law and the company by-laws. In particular:

- * It shall make available to shareholders, prior to the Meeting all information that is legally required or that, whilst not legally required, may be of interest and may be reasonably supplied.
- * It shall attend with maximum diligence to the requests for information made by shareholders prior to the Meeting.
- * It shall attend with like diligence to the relevant questions posed by shareholders at the Meeting with regard to the various points set forth on the agenda.

The Board of Directors shall likewise set up appropriate mechanisms for the regular exchange of information with institutional investors forming a part of the shareholding of the Company, but without this under any circumstances resulting in the supply to the aforementioned of any information which could place them in a privileged or advantageous situation with respect to the remaining shareholders.

Article 16. Relations with the markets

The Board of Directors shall inform the general public immediately of:

- * Those significant events that may have a notable effect on the establishment of prices on the stock market.
- * Changes in the ownership structure of the Company, such as variations in significant holdings, shareholders agreements and other forms of alliance that it might have become aware of.
- * Substantial amendments to the rules governing the Company.
- * The policies concerning the portfolio of own shares that the Company proposes to pursue in accordance with the powers conferred to it by the General Meeting.

- * Any other facts or circumstances that are subject to compulsory disclosure pursuant to the rules in force at any given time.

The Board of Directors shall adopt the necessary measures in order to ensure that the half-yearly, quarterly and any other financial information that prudence would require it to disclose to the markets is drawn up in accordance with the same principles, criteria and professional practices as are used for drawing up the annual accounts and that it is as reliable as these. To this effect, the said information shall be reviewed by the Audit Committee.

The Annual Accounts submitted to the Board of Directors in order to be drawn up shall be previously certified with regard to their accuracy and integrity by the highest executive of the company or as the case may be, of the consolidated group, the corresponding Internal Audit Director and the director responsible for the preparation of the said Accounts.

The Board of Directors shall draw up and publish a corporate governance report every year, the contents of which shall be in accordance, as the case may be, with the applicable legal or regulatory provisions.

Article 17. Corporate website

In order to ensure proper compliance with the provisions of Articles 15 and 16 above and without prejudice to other suitable methods for these purposes, CORPORACIÓN MAPFRE shall have a website in order to enable shareholders to exercise their right to information and to disseminate, as the case may be, relevant information in accordance with the provisions of the Securities Market Act.

The said website shall include the information specified by the applicable rules, as well as any other information that may be considered appropriate for the further information of shareholders.

Article 18. Relations with the auditors

The relationship between the Board of Directors and the Company's External Auditors shall be conducted through the Audit Committee.

The Board of Directors shall refrain from contracting such auditing firms as receive or are going to receive annually from SISTEMA MAPFRE fees which amount to, for all items, more than 5% of their total annual revenues.

The Board of Directors shall provide information in the annual public documents of the total fees that the Company and its consolidated Group have paid to the auditing firm for the various services provided.

The Board of Directors shall seek to draw up the accounts definitively in such a way that there is no occasion for reservations on the part of the External Auditors. However, where the Board considers that its opinion ought to prevail, it shall explain the content and the scope of the discrepancy publicly.

Chapter VI. DELEGATED BODIES OF THE BOARD OF DIRECTORS

Article 19. Delegated Bodies

The Board of Directors shall set up the following delegated bodies:

- Executive Committee
- Audit Committee
- Appointments and Remuneration Committee
- Compliance Committee

Article 20. Executive Committee

This body, which reports to the Board of Directors, shall be responsible for the high-level co-ordination and supervision of the activities of the company and its subsidiaries in operational and management matters, the drawing-up and execution of the plans needed for the proper development of the company and the taking or authorisation of decisions within the powers as determined by the Board of Directors.

The Executive Committee shall be composed of a maximum of twelve members, all of whom shall be members of the Board of Directors. The Second Vice-Chairman and Secretary shall be *ipso facto* those of the said Board.

Article 21. Audit Committee

The Audit Committee shall be composed of a minimum of three and a maximum of seven members, in the main non-executive directors. The Chairman of the Committee shall be appointed from among the non-executive directors. The term of office shall be for a maximum of four years but he/she may be re-elected after one year has elapsed following the expiry of his/her term of appointment. The Secretary shall be Secretary of the Board of Directors.

The Committee shall have the following powers:

1. To verify that the Annual Accounts and the half-year and quarterly financial statements and other economic information that must be submitted to the regulatory or supervisory authorities are true, complete and sufficient; that they have been prepared in accordance with the applicable accounting standards and internal guidelines laid down by the Office of the General Secretary of SISTEMA MAPFRE; and that they are provided in a timely manner with the correct content.
2. To propose the appointment of the External Auditor of the Company to the Board of Directors, for submission to the General Meeting of Shareholders and to be informed of its performance and of any fact or circumstance that might compromise its independence.

3. To supervise the activities of the Internal Audit Department, for which purpose it shall have full access to its action plans, the results of its work and the follow-up of any recommendations and suggestions from the internal and external auditors.
4. To be informed of the Company's accounting and internal control process and to formulate such observations or recommendations as it may consider pertinent in order to improve it.
5. To inform the General Meeting of Shareholders with regard to questions raised about any matter within its competence.

Article 22. Appointments and Remuneration Committee

This is the delegated body of the Board of Directors for the co-ordinated development of the appointments and remuneration policy that should be applied to Senior Representative Officers and Senior Management Officers of CORPORACIÓN MAPFRE.

These functions are exercised without prejudice to the powers that correspond, whether legally or pursuant to the by-laws, to the representative and management bodies of CORPORACIÓN MAPFRE itself.

In order to exercise the basic functions referred to above, this Committee has the following powers:

1. To propose candidates to be put forward for appointment as Senior Representative Officers and to be heard with regard to proposals for the appointment of Senior Management Officers of CORPORACIÓN MAPFRE.
2. To propose the criteria that ought to be followed for the remuneration and any other monetary benefits that may be paid to said senior officers.
3. To safeguard, in general terms, the transparency of the criteria laid down in order to set the said remuneration.

The Appointments and Remuneration Committee shall be composed of a maximum of seven members, the majority of whom shall be non-executive members.

Article 23. Compliance Committee

This is the delegated body of the Board of Directors for supervising the proper application of the rules of good governance which the company ought to abide by.

These powers shall be exercised without prejudice to the powers conferred by law and by the company by-laws on the representative and management bodies of CORPORACIÓN MAPFRE itself.

It shall monitor the application of the rules of good governance as laid down at any given time and shall propose, as the case may be, such improvement measures as may be appropriate and the updating of the said rules, where this becomes necessary.

The Compliance Committee shall be composed of a maximum of five members, all of whom shall be non-executive directors. The Chairman shall be *ipso facto* the second Vice-Chairman of the Board of Directors.

The Committee may appoint a Minutes Secretary, elected from amongst the members of the Directorate-General of Legal Affairs of SISTEMA MAPFRE.

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