



**PRESS RELEASE**

**MAPFRE WILL CHANGE ITS CORPORATE STRUCTURE TO BECOME ONE OF THE LEADING INSURANCE COMPANIES WORLDWIDE.**

**ALL BUSINESS ACTIVITIES AND SUBSIDIARIES OF THE GROUP WILL BE DRAWN TOGETHER UNDER CORPORACIÓN MAPFRE (FUTURE MAPFRE S.A.), WHICH WILL REMAIN LISTED.**

**FUNDACIÓN MAPFRE WILL HAVE MAJORITY CONTROL OF THE GROUP AND WILL MULTIPLY ITS CHARITABLE ACTIVITIES.**

**THE CORPORATE REORGANISATION WILL EXCLUDE ANY GAIN FOR EMPLOYEES, MANAGERS AND DIRECTORS, AND THE CURRENT MUTUAL MEMBERS WILL BE GIVEN THE OPPORTUNITY TO BECOME SHAREHOLDERS AT NO COST.**

The Board of Directors of MAPFRE unanimously approved yesterday the submission for the attention of the General Members' Assembly of MAPFRE MUTUALIDAD – which has been called for 15 June – of the resolutions that are detailed in the enclosed report so as to give MAPFRE with a new corporate structure that will allow it to continue expanding its activities and its international presence, with the aim of becoming one of the leading insurance companies in Europe and in the world.

The approved operation foresees the integration of all Group activities under listed holding company CORPORACIÓN MAPFRE (which will be renamed as MAPFRE S.A.) and the conferral of the majority control of said listed holding company on FUNDACIÓN MAPFRE, with no special gain for any person employed by MAPFRE (Directors, Managers and Employees), as has been established in the corporate by-laws for the past fifty years.



By grouping all of MAPFRE's activities and subsidiaries under CORPORACIÓN MAPFRE (future MAPFRE S.A.), the financial flexibility of the Group will be significantly increased, opening new opportunities for business expansion, accelerating its growth and allowing it to pursue new projects and acquisitions so as to increase its size in Spain and in other markets where it operates and to acquire a significant presence in Europe, the U.S. and the Far East. The terms of the contribution in kind will be set on the basis of independent valuations by leading international firms, fully respecting the interests of minority shareholders.

Moreover, the new structure will provide additional advantages for the future development of MAPFRE:

- Its future independence – being controlled by FUNDACIÓN MAPFRE –, its Spanish roots and its institutional stability will be preserved, thus protecting the employment and rights of policyholders, employees, agents and delegates of the Group.
- All of MAPFRE's business activities will be valued by the market – and shall be submitted to the rules and scrutiny thereof –, thus laying the grounds for a large multinational group managed in accordance with MAPFRE's distinctive principles and management culture.
- The size and market capitalisation of MAPFRE, as well as its ability to raise new funds, will increase significantly, which represents a key factor for its future growth.
- The management of the Group as a whole, which will be scrutinised entirely by the market, will become more efficient and transparent, by eliminating the complexity of its present structure, in which a listed company and a mutual insurance company coexist.
- The requirements of the corporate by-laws of MAPFRE MUTUALIDAD will be fulfilled with respect to the final use of its net assets, most of which will revert back to Society through FUNDACIÓN MAPFRE, which will become a large foundation with much more substantial means to ensure the continuity its charitable activities and to multiply them according to its current foundational aims or to others that may be established at any future point in time to meet social needs.



The main beneficiaries of this reorganisation will be, on the one hand, Society in general, to which most of MAPFRE's results will revert through the general interest activities of a larger FUNDACIÓN MAPFRE and, on the other hand, the benefits which the Spanish Insurance Sector will doubtlessly derive from having a large multinational company capable of competing with the largest insurance companies worldwide.

Mutual members will continue to be insured under the present terms by the new MAPFRE S.A. and will be given the opportunity to continue sharing in the business project by receiving shares of CORPORACIÓN MAPFRE at no cost. Moreover, they will benefit, together with the other policyholders, employees, delegates, agents and collaborators of MAPFRE, from the larger size and greater management efficiency made possible by the new structure

#### Future Structure and Corporate Governance of MAPFRE

It will comply with the following guidelines, which are described in further detail in the enclosed document:

- a) FUNDACIÓN MAPFRE, through CARTERA MAPFRE, will have the majority ownership and control of the listed company MAPFRE S.A. (presently CORPORACIÓN MAPFRE), under which all of the Group's business activities and subsidiaries will be drawn together, including the new MAPFRE AUTOMÓVILES S.A., to which MAPFRE MUTUALIDAD will transfer its motor insurance portfolio.
- b) The Board of Trustees of FUNDACIÓN MAPFRE will maintain its current composition and will supervise the correct compliance with MAPFRE's institutional principles.
- c) The Chairman of MAPFRE will hold the same office at FUNDACIÓN MAPFRE so as to ensure an adequate degree of coordination of all the Group's activities.

As a consequence, José Manuel Martínez Martínez, the present Chairman of MAPFRE MUTUALIDAD and FUNDACIÓN MAPFRE, was also elected yesterday Chairman of CORPORACIÓN MAPFRE (future MAPFRE S.A.) by the Board of Directors.

- d) Listed company MAPFRE S.A. (presently CORPORACIÓN MAPFRE) will be managed by its Board of Directors, that will be appointed by its General Shareholders' Meeting. Steps



will be taken to ensure that one third of its members be independent directors or minority shareholders' representatives, and that executive members do not exceed a third of the total number of directors

- e) The management and governance of all Group entities shall abide by the Code of Good Governance of SISTEMA MAPFRE and, where applicable, by the recommendations of the Unified Code drafted by the CNMV.

#### Advisers to the Board on these operations

The Board has been advised in the design and development of the operations that are being submitted for the prior approval of the relevant bodies by the following firms, which will ensure the fairness and transparency of the operation:

- CITIGROUP, which is acting as financial adviser for the whole operation and will issue a fairness opinion on the financial terms (exchange ratio) of the capital increase at CORPORACIÓN MAPFRE S.A.
- MORGAN STANLEY, which will produce a report in its role as independent valuator of the assets to be contributed in the aforementioned capital increase.
- ATLAS CAPITAL, which advises on financial and strategic aspects of the operation.
- TOWERS PERRIN TILLINGHAST, which will certify the technical reserves of the Non-life business to be contributed to CORPORACIÓN MAPFRE.
- WATSON WYATT, which will advise on the valuation of the Life business to be contributed.
- GARRIGUES ABOGADOS, which advises MAPFRE on legal aspects of the operation.

#### OBJECTIVES FOR THE NEXT FIVE YEARS

With this new corporate structure, MAPFRE intends to achieve within the next five years the following objectives:

- To rank among the ten largest Spanish companies by market capitalisation, increasing substantially the liquidity of its shares.
- To become one of the five largest European Non-life insurance companies.



- To consolidate its leading position in Spain and Latin America across all insurance business lines, and achieve a significant presence in other EU countries.
- To expand its management model, particularly in Motor insurance, outwards and become a high-quality service provider, increasing its market share in Life, Savings and Pensions products.
- To accelerate MAPFRE's projects of expansion into the USA and the Far East, especially China.
- To promote the growth of: the reinsurance business, with the aim of positioning MAPFRE among the ten largest reinsurers globally; of the Commercial Insurance business, to offer customers a comprehensive cover of their risks in the various countries in which they operate; and of the Assistance business, which should aim for global leadership.
- FUNDACIÓN MAPFRE, heir and guarantor of MAPFRE's principles and culture, will develop and strengthen the Group's social action, and will become a reference institution for its educational and cultural initiatives.

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