

## 2007 PLAN FOR INCENTIVES LINKED TO THE VALUE OF SHARES IN MAPFRE S.A.

### **1. BACKGROUND**

The Plan for Incentives Linked to the Value of the Shares which is submitted before the General Meeting consists in a remuneration formula for the management staff with the following characteristics which are considered desirable for MAPFRE and its subsidiaries:

- Applicable to a small group of Senior Managers whose task is deemed to be crucial to the future development of MAPFRE.
- Moderate in its amount, in accordance with MAPFRE's remuneration policy, both in absolute terms and as a proportion of the fixed remuneration and of the incentives linked to profits, such that they constitute one item out of those that make up a balanced remuneration, and not the main source of income for the beneficiaries.
- A sufficiently broad term in order to achieve the aim of obtaining the mid and long-term loyalty of those Senior Managers considered as being "key players" for MAPFRE and to encourage the creation of value in the long term, such that it does not become or may not be interpreted as being a speculative instrument.
- Complete transparency, both internally and as regards official bodies, investors, and the public in general.
- The use, in all cases, of MAPFRE, S.A. shares as a reference. This will contribute to the aim of its being in the interests of all Senior Managers of Group entities to comply with the targets for profitability and creation of value at MAPFRE, S.A., which is the parent company of the Group and which represents the said group in the markets.

### **2. AIMS OF THE PLAN**

The introduction of the Plan for Incentives Linked to the Value of Shares as a remuneration formula seeks to attain the following objectives:

- To support the planning and the long-term strategy of the MAPFRE Group.

- To achieve greater motivation among key employees within the Senior Management of the Group, and their involvement in MAPFRE's strategies and global objectives.
- To generate the maximum commitment of the Senior Managers to the success of the Group, by way of formulas that allow the value created for the said Group to be shared through its parent company, MAPFRE, S.A..
- To improve the remuneration of the management team by way of a formula that does not entail an increase in fixed costs for the Group, but instead links the cost of the remuneration to the creation of value for shareholders.

### 3. **CHARACTERISTICS OF THE PLAN**

#### a) **Formula**

The Plan is implemented as follows: the Group entity on which payroll the participant appears grants said participant the right to receive, in cash, the amount resulting from multiplying the number of MAPFRE, S.A. shares he/she is theoretically assigned by the difference between the simple arithmetic mean of the closing price during the market sessions corresponding to the 30 business days immediately prior to the date of communication of the exercise of the right, and the simple arithmetic mean of the closing price during the market sessions corresponding to the 30 business days immediately prior to the date of inclusion in the Plan (in the case of the initial group of participants, this last reference shall be replaced by the closing price as at 31 December 2006, which was €3.42 per share).

The right shall be conditional on the participant continuing to provide his/her services at the company on the dates set for the exercise thereof. However, in the event of incapacity, retirement, or death prior to the said dates, the participant – or his/her heirs, as the case may be – shall be entitled to exercise them, in the proportion that has already accrued.

#### b) **Participants**

The participants in the Plan shall be those Senior Managers of Group entities, both in Spain and abroad, who are deemed to be key players in the future development of the Group, and who have a maximum age of fifty-five on the date of their inclusion in the Plan (01.01.07 for initial group), and who have not been beneficiaries of similar schemes set up previously at MAPFRE.

The Board of Directors has approved the list of Senior Managers who it is considered ought to form part of the initial group of participants in the Plan, as well as the number of theoretical shares assigned to each one, without prejudice to new participants being added at a later

date, should this be deemed appropriate in the opinion of the MAPFRE S.A. Appointments and Remuneration Committee.

**c) Exercise of the right**

The said right may be exercised, in blocks of 30%, 30%, and 40%, respectively, as from the first day of January of the fourth, seventh, and tenth years after the inclusion of each participant in the Plan.

**4. COVERAGE**

The moderation of the total cost that the Plan is expected to entail for the MAPFRE Group, together with its duration over the ten years it is expected to last, and the complexities involved in the coverage mechanisms and the accounting thereof in accordance with the IFRS, signify that it is not convenient to implement these initially, without prejudice to the suitability of taking out external coverage by way of the appropriate financial instruments being examined at a later date.

**5. QUANTITATIVE DATA**

Initially the Plan covers a total of 37 persons, for the whole of MAPFRE and its subsidiaries, who shall be assigned a total of 8,333,334 theoretical shares, equivalent to 0.37% of MAPFRE's issued capital.

**6. SENIOR MANAGEMENT AND BOARD MEMBERS**

On account of their status as such, the members of the Board of Directors are not included within the group of beneficiaries under the Plan described above. However, some of them, in addition to their status as Directors, are also senior managers at MAPFRE, S.A. or its subsidiaries, for which reason, provided that they comply with all other requirements in order to be participants, they may form part of the group of beneficiaries under the Plan. Specifically, these circumstances arise for Mr. Andrés Jiménez Herradón, Mr. Antonio Huertas Mejías, and Mr. José Manuel González Porro, whose percentage participation in the Plan amounts to 14.04%.

Likewise, it should be understood that five participants in the Plan are required to obtain approval from the Shareholders General Meeting, as provided for in the 4th Additional Provision of the Companies Act, and whose percentage participation in the Plan amounts to 15.79%.

A proposal is made to the General Meeting for it to expressly approve the application of the remuneration formula contained in the Plan for incentives relating to the value of shares set forth above, for all the said senior managers, within the same terms and conditions as laid down for the remaining managers in this document.

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