



CORPORATE GOVERNANCE

In order to better understand the model and to subsequently complete it, it is necessary to read the completion instructions at the end of this report.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

DATE LAST MODIFIED	SHARE CAPITAL (€)	NUMBER OF SHARES	NUMBER OF VOTING RIGHTS
19-01-2007	227,532,416.30	2,275,324,163	2,275,324,163

State if there are any different classes of shares with different rights attaching thereto:

Yes No

CLASS	NUMBER OF SHARES	NOMINAL UNIT	UNITARY NUMBER OF VOTING RIGHTS	DIFFERENT RIGHTS

A.2 State the direct and indirect owners of substantial holdings, of their entity as at the close of the financial year, excluding directors:

NAME OR COMPANY NAME OF SHAREHOLDER	NUMBER OF DIRECT VOTING RIGHTS	NUMBER OF INDIRECT VOTING RIGHTS (*)	% OF THE TOTAL VOTING RIGHTS
FUNDACION MAPFRE	9,318,840	1,688,294,495	74.610

(*) Through:

NAME OR COMPANY NAME OF DIRECT HOLDER OF THE SHARES	NUMBER OF DIRECT VOTING RIGHTS	% OF THE TOTAL VOTING RIGHTS
CARTERA MAPFRE, S.L.	1,687,731,995	74.175

State any significant modifications in the shareholding structure during the financial year:

NAME OR COMPANY NAME OF SHAREHOLDER	TRANSACTION DATE	TRANSACTION DESCRIPTION
CARTERA MAPFRE, S.L.	19.01.2007	70% of the share capital has been exceeded

A.3 Complete the following table about the members of the Board of Directors of the company who have voting rights on company shares:

NAME OR COMPANY NAME OF SHAREHOLDER	NUMBER OF DIRECT VOTING RIGHTS	NUMBER OF INDIRECT VOTING RIGHTS (*)	% OF THE TOTAL VOTING RIGHTS
MR. JOSE MANUEL MARTINEZ MARTINEZ	65,000	0	0.003
MR. ALBERTO MANZANO MARTOS	16,000	0	0.001
MR. FRANCISCO RUIZ RISUEÑO	73	0	0.000
MR. FILOMENOMIRA CANDEL	35,000	0	0.002
MR. DOMINGO SUGRANYES BICKEL	50,032	0	0.002
MR. SANTIAGO GAYARRE BERMEJO	23	0	0.000
MR. RAFAEL BECA BORREGO	0	174,184	0.008
MR. RAFAEL FONTORIA SURIS	23	0	0.000
MR. LUIS HERNANDO DE LARRAMENDI MARTINEZ	523	23	0.000
MR. SEBASTIAN HOMET DUPRA	0	0	0.000
MR. ANTONIO HUERTAS MEJIAS	35,023	0	0.002
MR. LUIS ITURBE SANZ DE MADRID	30,000	0	0.001
MR. ANDRES JIMENEZ HERRADON	11,873	0	0.001
MR. MANUEL JESUS LAGARES CALVO	16,000	0	0.001
MR. RAFAEL MARQUEZ OSORIO	0	0	0.000
MS. FRANCISCA MARTIN TABERNERO	23	0	0.000
MR. ANTONIO MIGUELROMERO DE OLANO	0	1,908	0.000
MR. ALFONSO REBUELTA BADIAS	46	0	0.000
MR. AGUSTIN RODRIGUEZ GARCIA	2,023	0	0.000
MR. MATIAS SALVA BENNASAR	30,000	219,030	0.011
MR. FRANCISCO VALLEJO VALLEJO	35,023	0	0.002
MR. JOSE MANUEL GONZALEZ PORRO	100,000	0	0.004

(*) Through:

NAME OR COMPANY NAME OF DIRECT HOLDER OF THE SHARES	NUMBER OF DIRECT VOTING RIGHTS	% OF THE TOTAL VOTING RIGHTS
MS. MERCEDES VARELA VILLAFRANCA	23	0.000
MS. LUZ RUFAS MARQUEZ DE ACUÑA	1,980	0.000
MUFTI, S.L.	150,000	0.007
MS. MARGARITA ROSELLO BARBERA	49,320	0.002
MS. ISABEL SALVA ROSELLO	19,710	0.001
BEBORSIL, S.L.	174,000	0.008
LAGUNAS DEL PORTIL, S.A.	23	0.000
PROMOCIONES B.4, S.A.	23	0.000
BECA INMOBILIARIA, S.A.	23	0.000
CONSTRUCCIONES ALBORA, S.A.	23	0.000
NUEVO QUINTO, S.A.	23	0.000
GRUPOBEKINSA, S.L.	23	0.000
LAS CERRAJAS, S.L.	23	0.000
PROMOTORA SAN MIGUEL, S.L.	23	0.000

% TOTAL VOTES HELD BY THE BOARD OF DIRECTORS

0.036

Complete the following tables about the members of the Board of Directors of the company who hold rights over company shares:

NAME OR COMPANY NAME OF THE DIRECTOR	NUMBER OF DIRECT OPTION RIGHTS	NUMBER OF INDIRECT OPTION RIGHTS	NUMBER OF EQUIVALENT SHARES	% OF THE TOTAL VOTING RIGHTS

A.4 State, if pertinent, any family, commercial, contractual or corporate relationship between anyone with a substantial holding of shares, if known by the company, unless of little relevance or if same arises due to the ordinary trade or commercial business:

NAME OR COMPANY NAME OF RELATED PERSON	NATURE OF RELATIONSHIP	BRIEF DESCRIPTION

A.5 State, if pertinent, if there is any commercial, contractual or corporate relationship between anyone with a substantial holding of shares and the company and/or its group, unless same is of little importance or same arises due to the ordinary trade or commercial business:

NAME OR COMPANY NAME OF RELATED PERSON	NATURE OF RELATIONSHIP	BRIEF DESCRIPTION
CARTERA MAPFRE, S.L.	Corporate	CARTERA MAPFRE IS THE MAJORITY SHAREHOLDER OF THE COMPANY

A.6 State if any shareholder agreements outside the bylaws that affect the company have been entered into, according to the provisions of Article 112 of the Securities Market Act. If so, briefly describe the same and explain the relationship between the shareholders who are party to any said agreement:

Yes No

PARTIES TO THE EXTRA-BYLAWE AGREEMENT	% SHARE CAPITAL AFFECTED	BRIEF DESCRIPTION OF THE AGREEMENT

Yes No

PARTIES TO THE CONCERTED ACTION AGREEMENT	% SHARE CAPITAL AFFECTED	BRIEF DESCRIPTION OF THE AGREEMENT

If, during the financial year, any changes to or breaches of said agreements have occurred, expressly describe them:

A.7 State if any private individual or legal person has any authority over the control of the company in accordance with Article 4 of the Securities Market Act. If so, identify the same:

Yes No

NAME OR CORPORATE NAME
FUNDACIÓN MAPFRE

OBSERVATIONS

A.8 Complete the following tables about the company's treasury shares:

As at the closing date of the financial year:

NUMBER OF DIRECT SHARES	NUMBER OF INDIRECT SHARES (*)	% OF THE SHARE CAPITAL

(*) Through:

NAME OR CORPORATE NAME OF DIRECT HOLDER OF SHARES	NUMBER OF DIRECT SHARES
Total:	

State any substantial changes, in accordance with the provisions of Royal Decree 1362/2007, during the financial year:

NOTICE DATE	TOTAL OF DIRECT SHARES ACQUIRED	TOTAL OF INDIRECT SHARES ACQUIRED	% OF THE SHARE CAPITAL

GAIN / (LOSS) ON TREASURY SHARES TRANSFERRED DURING THE PERIOD

A.9 State the conditions and term of any authority in force given by the Shareholders in General Meeting to the Board of Directors to acquire or transfer treasury shares:

The company has no treasury shares and neither is there any existing authority from the Shareholders in General Meeting to the Board of Directors to undertake any treasury share transactions.

A.10 State, if pertinent, any legal and bylaw restrictions on the exercise of voting rights and any legal restrictions on the purchase or transfer of shares in the corporate capital:

State if there are any legal restrictions on voting rights:

Yes No

MAXIMUM PERCENTAGE OF VOTING RIGHTS THAT MAY BE HELD BY A SHAREHOLDER ACCORDING TO LEGAL RESTRICTION

State if there are any bylaw restrictions on the right to vote:

Yes No

MAXIMUM PERCENTAGE OF VOTING RIGHTS THAT MAY BE HELD BY A SHAREHOLDER ACCORDING TO BYLAW RESTRICTION

DESCRIPTION OF ANY LEGAL AND BYLAW RESTRICTIONS ON THE RIGHT TO VOTE

State if there are any legal restrictions on the acquisition or transfer of shares in the corporate capital:

Yes No

DESCRIPTION OF ANY LEGAL RESTRICTIONS ON THE ACQUISITION OR TRANSFER OF SHARES IN THE CORPORATE CAPITAL

A.11 State if the Shareholders in General Meeting have resolved to take any steps to neutralise any takeover bid under the provisions of Act 6/2007.

Yes No

In the affirmative, describe the approved measures and the terms on which any restrictions would not apply:

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1 Board of Directors

B.1.1 State the maximum and minimum number of directors allowed under the Bylaws:

MAXIMUM NUMBER OF DIRECTORS	24
MINIMUM NUMBER OF DIRECTORS	5

B.1.2 Complete the following table by stating the members of the Board:

NAME OR CORPORATE NAME OF DIRECTOR	REPRESENTATIVE	OFFICE ON THE BOARD	DATE FIRST APPOINTMENT	DATE LAST APPOINTMENT	ELECTION PROCEDURE
MR. JOSE MANUEL MARTINEZ MARTINEZ		CHAIRMAN	28-05-1987	26-03-2007	GENERAL MEETING
MR. ALBERTO MANZANO MARTOS		1st VICE-CHAIRMAN	28-05-1987	26-03-2007	GENERAL MEETING
MR. FRANCISCO RUIZ RISUEÑO		2nd VICE-CHAIRMAN	12-03-2003	26-03-2007	GENERAL MEETING
MR. FILOMENOMIRA CANDEL		3rd VICE-CHAIRMAN	27-06-1981	27-04-2006	GENERAL MEETING
MR. DOMINGO SUGRANYES BICKEL		4th VICE-CHAIRMAN	23-04-1988	06-03-2004	GENERAL MEETING
MR. SANTIAGO GAYARRE BERMEJO		5th VICE-CHAIRMAN	12-05-1989	26-02-2005	GENERAL MEETING
MR. RAFAEL BECA BORREGO		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. RAFAEL FONTORIA SURIS		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. LUIS HERNANDO DE LARRAMENDI MARTINEZ		DIRECTOR	17-04-1999	26-03-2007	GENERAL MEETING
MR. SEBASTIAN HOMET DUPRA		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. ANTONIO HUERTAS MEJIAS		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. LUIS ITURBE SANZ DE MADRID		DIRECTOR	06-03-2004	06-03-2004	GENERAL MEETING
MR. ANDRES JIMENEZ HERRADON		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. MANUEL JESUS LAGARES CALVO		DIRECTOR	17-04-1999	26-03-2007	GENERAL MEETING
MR. RAFAEL MARQUEZ OSORIO		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MS. FRANCISCA MARTIN TABERNERO		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. ANTONIO MIGUEL-ROMERO DE OLANO		DIRECTOR	17-04-1999	26-03-2007	GENERAL MEETING
MR. ALFONSO REBUELTA BADIAS		DIRECTOR	17-04-1999	26-03-2007	GENERAL MEETING
MR. AGUSTIN RODRIGUEZ GARCIA		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. MATIAS SALVA BENNASAR		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. FRANCISCO VALLEJO VALLEJO		DIRECTOR	29-12-2006	29-12-2006	GENERAL MEETING
MR. JOSE MANUEL GONZALEZ PORRO		DIRECTOR SECRETARY	17-04-1999	26-03-2007	GENERAL MEETING

TOTAL NUMBER OF DIRECTORS

22

State all resignations, dismissals, retirements that have occurred during the period, from the Board of Directors.

NAME OR CORPORATE NAME OF THE DIRECTOR	OFFICE HELD BY DIRECTOR ON CESSATION	DATE OF CESSATION

B.1.3 Complete the following tables about the members of the Board of Directors and their different offices:

Executive Directors

NAME OR CORPORATE NAME OF THE DIRECTOR	COMMITTEE THAT PROPOSED APPOINTMENT	OFFICE HELD IN CORPORATE ORGANISATION STRUCTURE
MR. JOSE MANUEL MARTINEZ MARTINEZ	APPOINTMENTS AND REMUNERATION	CHAIRMAN
MR. ALBERTO MANZANO MARTOS	APPOINTMENTS AND REMUNERATION	1st VICE-CHAIRMAN
MR. FILOMENOMIRA CANDEL	APPOINTMENTS AND REMUNERATION	3rd VICE-CHAIRMAN
MR. DOMINGO SUGRANYES BICKEL	APPOINTMENTS AND REMUNERATION	4th VICE-CHAIRMAN
MR. SANTIAGO GAYARRE BERMEJO	APPOINTMENTS AND REMUNERATION	5th VICE-CHAIRMAN
MR. ANTONIO HUERTAS MEJIAS	APPOINTMENTS AND REMUNERATION	DIRECTOR
MR. ANDRES JIMENEZ HERRADON	APPOINTMENTS AND REMUNERATION	DIRECTOR
MR. JOSE MANUEL GONZALEZ PORRO	APPOINTMENTS AND REMUNERATION	SECRETARY-DIRECTOR

TOTAL NUMBER OF EXECUTIVE DIRECTORS	8
% OF COMPLETE BOARD	36.36

External Directors in representation of Shareholder interests

NAME OR CORPORATE NAME OF THE DIRECTOR	COMMITTEE THAT PROPOSED APPOINTMENT	NAME OR CORPORATE NAME OF SUBSTANTIAL SHAREHOLDER REPRESENTED OR THAT PROPOSED APPOINTMENT
MR. FRANCISCO RUIZ RISUEÑO	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L.
MR. LUIS HERNANDO DE LARRAMENDI MARTINEZ	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L.
MR. SEBASTIAN HOMET DUPRA	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L.
MR. RAFAEL MARQUEZ OSORIO	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L.
MR. ANTONIO MIGUEL ROMERO DE OLANO	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L.
MR. ALFONSO REBUelta BADIAs	APPOINTMENTS AND REMUNERATION	CARTERA MAPFRE, S.L.

TOTAL NUMBER OF REPRESENTATIVE DIRECTORS	6
% OF COMPLETE BOARD	27.27

Independent external Directors

NAME OR CORPORATE NAME OF DIRECTOR	PROFILE
MR. RAFAEL BECA BORREGO	Mercantile expert, Chairman of Divers Real Estate and Agricultural Development Companies
MR. RAFAEL FONTORIA SURIS	Architect, Head Architect of Galicia Regional Government for 30 years, Member Historical-Artistic Heritage Board
MR. LUIS ITURBE SANZ DE MADRID	Bachelor of Laws, Director Madrid Stock Exchange until 2003, BBVA Executive to 2002
MR. MANUEL JESUS LAGARES CALVO	Doctor of Economic Science, Professor public treasury and State Government Tax Inspector (on leave)
MS. FRANCISCA MARTIN TABERNERO	Vice-Dean Pontifica University of Salamanca, Professor of Statistics, Doctor of Psychology and History Graduate
MR. AGUSTIN RODRIGUEZ GARCIA	Notary of Illustrious College of Madrid
MR. MATIAS SALVA BENNASAR	Lawyer, Head Legal dept. and Delegate of Mutua Balear. Legal Advisor of Prevencion Balear and of its Foundation
MR. FRANCISCO VALLEJO VALLEJO	Bachelor of Economic Science, Diploma in Corporate Organisation and Management. Chairman of Banco Urquijo. Director of BancSabadell Vida, BancSabadell Pensiones and BancSabadell Seguros Generales

TOTAL NUMBER OF INDEPENDENT DIRECTORS	8
% OF COMPLETE BOARD	36.36

Other external Directors

NAME OR CORPORATE NAME OF DIRECTOR	COMMITTEE THAT PROPOSED APPOINTMENT
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TOTAL NUMBER OF OTHER EXTERNAL DIRECTORS	
% OF COMPLETE BOARD	

State the reasons why they cannot be deemed representative or independent directors, and their relationships either with the company or its executives or its shareholders:

NAME OR CORPORATE NAME OF DIRECTOR	REASONS	COMPANY, EXECUTIVE OR SHAREHOLDER WITH WHICH THERE IS A RELATIONSHIP
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State any changes, if relevant, that have occurred during the period regarding the class of each director:

NAME OR CORPORATE NAME OF DIRECTOR	DATE OF CHANGE	PREVIOUS STATUS	PRESENT STATUS
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B.1.4 State, if pertinent, the reasons for any appointment as representative director at the instance of shareholders whose shareholding interests are less than 5% of the capital:

NAME OR CORPORATE NAME OF SHAREHOLDER	REASON
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State if there has been any non-compliance with formal requests to attend the Board made by shareholders whose shareholding is equal to or greater than any other interests held when these interests have appointed representative directors. In this case, state the reasons for not attending:

Yes No

NAME OR CORPORATE NAME OF SHAREHOLDER	REASON
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B.1.5 State if any director has ceased to occupy his/her office before the end of his/her term of office; if he/she has given any reason for this to the Board and if so what method of communication was used, and if written notice was given to all the Board, as follows, state at least the reasons given:

NAME OF DIRECTOR	REASON
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B.1.6 State, if any authority exists, the delegated powers given to the managing director/s:

NAME OR CORPORATE NAME OF THE DIRECTOR	BRIEF DESCRIPTION
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B.1.7 Identify, if pertinent, those members of the Board who hold office as administrators or managers in other companies that form part of the group of the listed company:

NAME OR CORPORATE NAME OF THE DIRECTOR	CORPORATE NAME OF THE GROUP COMPANY	OFFICE HELD
MR. ALBERTO MANZANO MARTOS	MAPFRE-CAJA MADRID HOLDING	CHAIRMAN
MR. ALBERTO MANZANO MARTOS	MAPFRE INMUEBLES	VICE-CHAIRMAN
MR. ALBERTO MANZANO MARTOS	MAPFRE VIDA	DIRECTOR
MR. FRANCISCO RUIZ RISUEÑO	MAPFRE AUTOMOVILES	VICE-CHAIRMAN
MR. FRANCISCO RUIZ RISUEÑO	MAPFRE RE	DIRECTOR
MR. FRANCISCO RUIZ RISUEÑO	MAPFRE VIDA	DIRECTOR
MR. FILOMENO MIRA CANDEL	MAPFRE EMPRESAS	CHAIRMAN
MR. FILOMENO MIRA CANDEL	MAPFRE CAJA MADRID HOLDING	DIRECTOR
MR. FILOMENO MIRA CANDEL	MAPFRE VIDA	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE AMERICA	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE AMERICA VIDA	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE ASISTENCIA	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE-CAJA MADRID HOLDING	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE CAJA SALUD	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE INMUEBLES	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE INTERNACIONAL	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	MAPFRE RE	DIRECTOR
MR. SANTIAGO GAYARRE BERMEJO	MAPFRE VIDA	DIRECTOR
MR. RAFAEL BECA BORREGO	MAPFRE AMERICA	VICE-CHAIRMAN
MR. RAFAEL BECA BORREGO	MAPFRE AMERICA VIDA	VICE-CHAIRMAN
MR. RAFAEL BECA BORREGO	MAPFRE SEGUROS GENERALES	DIRECTOR
MR. RAFAEL FONTORIA SURIS	MAPFRE VIDA	DIRECTOR
MR. RAFAEL FONTORIA SURIS	MAPFRE INMUEBLES	VICE-CHAIRMAN
MR. LUIS HERNANDO DE LARRAMENDI	MAPFRE INTERNACIONAL	DIRECTOR
MR. LUIS HERNANDO DE LARRAMENDI	MAPFRE VIDA	VICE-CHAIRMAN
MR. SEBASTIAN HOMET DUPRA	MAPFRE AMERICA	DIRECTOR
MR. SEBASTIAN HOMET DUPRA	MAPFRE AMERICA VIDA	DIRECTOR
MR. SEBASTIAN HOMET DUPRA	MAPFRE CAJA SALUD	DIRECTOR
MR. ANTONIO HUERTAS MEJIAS	MAPFRE AGROPECUARIA	VICE-CHAIRMAN
MR. ANTONIO HUERTAS MEJIAS	MAPFRE AUTOMOVILES	CHAIRMAN
MR. ANTONIO HUERTAS MEJIAS	MAPFRE CAJA MADRID HOLDING	DIRECTOR
MR. ANTONIO HUERTAS MEJIAS	MAPFRE CAJA SALUD	CHAIRMAN
MR. ANTONIO HUERTAS MEJIAS	MAPFRE INTERNACIONAL	DIRECTOR
MR. ANTONIO HUERTAS MEJIAS	MAPFRE SEGUROS GENERALES	CHAIRMAN
MR. ANTONIO HUERTAS MEJIAS	MAPFRE SEGUROS GERAIS	DIRECTOR
MR. ANTONIO HUERTAS MEJIAS	MAPFRE VIDA	DIRECTOR
MR. ANDRES JIMINEZ HERRADON	MAPFRE AUTOMOVILES	DIRECTOR
MR. ANDRES JIMINEZ HERRADON	MAPFRE RE	CHAIRMAN
MR. ANDRES JIMINEZ HERRADON	MAPFRE INTERNACIONAL	CHAIRMAN
MR. ANDRES JIMINEZ HERRADON	MAPFRE AMERICA	CHAIRMAN
MR. ANDRES JIMINEZ HERRADON	MAPFRE AMERICA VIDA	CHAIRMAN

NAME OR CORPORATE NAME OF THE DIRECTOR	CORPORATE NAME OF THE GROUP COMPANY	OFFICE HELD
MR. MANUEL JESUS LAGARES CALVO	MAPFRE VIDA	DIRECTOR
MR. RAFAEL MARQUEZ OSORIO	MAPFRE AMERICA	DIRECTOR
MR. RAFAEL MARQUEZ OSORIO	MAPFRE AMERICA VIDA	DIRECTOR
MS. MARIA FRANCISCA MARTIN TABERNERO	MAPFRE VIDA	DIRECTOR
MR. ANTONIO MIGUEL ROMERO DE OLANO	MAPFRE ASISTENCIA	VICE-CHAIRMAN
MR. ANTONIO MIGUEL ROMERO DE OLANO	MAPFRE CAJA MADRID HOLDING	DIRECTOR
MR. ANTONIO MIGUEL ROMERO DE OLANO	MAPFRE INMUEBLES	DIRECTOR
MR. ANTONIO MIGUEL ROMERO DE OLANO	MAPFRE VIDA	DIRECTOR
MR. ALFONSO REBUELTA BADIAS	MAPFRE AMERICA	DIRECTOR
MR. ALFONSO REBUELTA BADIAS	MAPFRE AMERICA VIDA	DIRECTOR
MR. ALFONSO REBUELTA BADIAS	MAPFRE EMPRESAS	VICE-CHAIRMAN
MR. ALFONSO REBUELTA BADIAS	MAPFRE INTERNACIONAL	DIRECTOR
MR. AGUSTIN RODRIGUEZ GARCIA	MAPFRE ASISTENCIA	DIRECTOR
MR. AGUSTIN RODRIGUEZ GARCIA	MAPFRE RE	DIRECTOR
MR. MATIAS SALVA BENNASAR	MAPFRE RE	VICE-CHAIRMAN
MR. MATIAS SALVA BENNASAR	MAPFRE SEGUROS GENERALES	VICE-CHAIRMAN
MR. MATIAS SALVA BENNASAR	MAPFRE EMPRESAS	DIRECTOR
MR. FRANCISCO VALLEJO VALLEJO	MAPFRE SEGUROS GENERALES	DIRECTOR
MR. JOSE MANUEL GONZALEZ PORRO	MAPFRE INMUEBLES	DIRECTOR

B.1.8 State, if pertinent, the directors of your company who are members of the Board of Directors of another company, other than your group, listed on an official securities market in Spain who have been notified to the company:

NAME OR CORPORATE NAME OF DIRECTOR	CORPORATE NAME OF THE LISTED COMPANY	OFFICE HELD

B.1.9 State and if pertinent explain if the company has laid down rules on the number of boards on which your directors may be member:

Yes No

DESCRIBE THE RULES

B.1.10 In regard to recommendation number 8 of the Unified Code, state the policies and general strategies of the company that the Board in full session has reserved for approval:

	YES	NO
Finance and investment policy	<input type="radio"/>	
Definition of the structure of the group of companies	<input type="radio"/>	
Corporate governance policy	<input type="radio"/>	
Corporate social responsibility policy	<input type="radio"/>	
Strategic business plan, plus management targets and annual budget	<input type="radio"/>	
Remuneration policy and evaluation of senior executives' effort	<input type="radio"/>	
Control and risk management policy, and periodic monitoring of internal IT and control systems	<input type="radio"/>	
Dividend, treasury shares policy, especially ceilings thereof	<input type="radio"/>	

B.1.11 Complete the following tables relating to aggregate remuneration of directors accrued during the financial year:

a) In the company that is the object of this report:

REMUNERATION ITEM	Data in thousands euros
Fixed remuneration	2,492
Variable remuneration	2,622
Allowances	581
Bylaw perks	0
Share options and/or other financial instruments	0
Other	921
TOTAL:	6,616

OTHER BENEFITS	Data in thousands euros
Advances	0
Loans granted	0
Pension plans and Funds: Contributions	32
Pension plans and Funds: Commitments	0
Life insurance premiums	3,433
Guarantees given by the company to directors	0

b) For the company directors belonging to other boards of directors and/or as senior executives of group companies:

REMUNERATION ITEM	Data in thousands euros
Fixed remuneration	636
Variable remuneration	379
Allowances	129
Bylaw perks	0
Share options and/or other financial instruments	0
Other	774
TOTAL:	1,918

OTHER BENEFITS	Data in thousands euros
Advances	0
Loans granted	0
Pension plans and Funds: Contributions	13
Pension plans and Funds: Commitments	0
Life insurance premiums	735
Guarantees given by the company to directors	0

c) Total remuneration by type of director:

DIRECTOR TYPE	BY COMPANY	BY GROUP
Executive	5,613	1,023
External in representation of shareholder interests	523	494
External Independent	480	401
Other External	0	0
TOTAL	6,616	1,918

d) Profit attributed to the controlling company:

TOTAL DIRECTORS REMUNERATION (in 000s euros)	8,534
TOTAL DIRECTORS REMUNERATION/PROFIT ATTRIBUTED TO CONTROLLING COMPANY (IN % TERMS)	1.167

B.1.12 Identify the senior managers who are not also executive directors, and state the total remuneration accrued in their favour during the financial year:

NAME OR CORPORATE NAME	OFFICE
MR. ESTEBAN TEJERA MONTALVO	GENERAL MANAGER MAPFRE, S.A.
MR. RICARDO BLANCO MARTINEZ	GENERAL MANAGER MAPFRE, S.A.
MR. JOSE MANUEL MURIES NAVARRO	GENERAL MANAGER INTERNAL AUDIT

TOTAL SENIOR MANAGEMENT REMUNERATION (in 000s euros)	1,030.67
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B.1.13 State in an aggregated manner if there are any guarantee or armour plate clauses for dismissals or changes in control in favour of members of senior management, including executive directors of the company or of its group. State whether these contracts must be notified and/or approved by the company's or its group bodies:

NUMBER OF BENEFICIARIES		11
	BOARD OF DIRECTORS	GENERAL MEETING
Body authorising clauses	<input checked="" type="radio"/>	<input type="radio"/>
	YES	NO
Is the General Meeting informed of the clauses	<input checked="" type="radio"/>	<input type="radio"/>

B.1.14 Describe the process for setting the remuneration of members of the Board of Directors and the relevant bylaw clauses in this regard:

PROCESS FOR SETTING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BYLAW CLAUSES

The basic remuneration of external directors is approved by the Shareholders in General Meeting on a proposal from the Board of Directors and on a prior report from the Appointments and Remuneration Committee. The salary of executive directors and attendance allowances for external members of Committees and Delegated Committees and the fixed stipend for holding the chair of Regional Boards are approved by the Board of Directors on a prior report from the said Committee.

In accordance with the provisions of Article 17 of the corporate bylaws, those Directors who do not have executive functions in the Company or in companies in its Group (External Directors), will be paid a basic remuneration in the form of a fixed stipend that may be higher for anyone who holds office on the Board or who is chairman of the Delegated Committee, the Executive Committee or any Delegated Committee of the Board. This remuneration may be supplemented with other non-monetary compensation (life or illness insurance, bonuses, etc.) laid down in general for the company's personnel. The members of the Board who form part of the Delegated Committee, the Executive Committee or any Delegated Committee shall in addition be paid an allowance for attending meetings.

The members of the Board of Directors who have executive functions in the Company or in any company in its Group (Executive Directors) shall be paid such remuneration as may be set for carrying out their executive functions (salary, incentives, referenced or not to the value of the Company's shares, additional bonuses, etc.) in accordance with the policy laid down for the remuneration of senior managers, according to the terms and conditions of their respective contracts, which may, furthermore, make provision for pertinent indemnities to cover the event of a cessation in said functions or the termination of the relationship with the Company. They shall not receive the remuneration paid to External Directors, unless they form part of the Delegated Committee, the Executive Committee or any Delegated Committee provided the Board of Directors so decides which, to date, has only resolved to pay same relating to being a member of the Delegated Committee.

Independently of the remuneration referred to in the two preceding paragraphs, all Directors will be reimbursed their travelling, transport and other expenses

in which they incur to attend meetings of the Company or to carry out their duties.

State if the Board in full session has reserved the authority to approve the following decisions:

	YES	NO
On a proposal made by the company's first officer, the appointment and dismissal of senior managers, and their indemnity clauses.	<input checked="" type="radio"/>	<input type="radio"/>
Director's remuneration and in the case of executive directors, additional remuneration for executive functions and other contractual conditions	<input checked="" type="radio"/>	<input type="radio"/>

B.1.15 State if the Board of Directors approves a detailed remuneration policy and specify the points in question:

Yes No

	YES	NO
Amount of fixed items, with breakdown, if pertinent, of attendance allowances for the Board and its Committees and an estimate of fixed annual remuneration which they give rise to.	<input checked="" type="radio"/>	<input type="radio"/>
Variable remuneration items	<input checked="" type="radio"/>	<input type="radio"/>
Main characteristics of welfare systems, with an estimate of their amount or equivalent annual cost.	<input checked="" type="radio"/>	<input type="radio"/>
Conditions that must be contained in contracts for whoever undertakes senior management functions as executive director	<input checked="" type="radio"/>	<input type="radio"/>

B.1.16 State if the Board submits for vote by the Shareholders in General Meeting, as a separate point on the Agenda, and for consultation purposes, a report on directors' remuneration policy. In the affirmative, describe those aspects of the report relating to remuneration policy approved by the Board for future years, the most significant changes in said policies compared to what has been applied during the financial year, and a global summary of how the remuneration policy was applied in the financial year. Describe the role played by the Remuneration Committee and if it had external assistance, the identity of the external consultants who provided the same:

Yes No

MATTERS REFERRED TO IN THE REPORT ON REMUNERATION POLICY

For 2008, increases of 5.5% are planned for remuneration items with some exceptions where a higher percentage has been applied relating to an increase in duties, and also further increases are possible if above target levels are reached and this will be submitted for study to the Appointments and Remuneration Committee.

During the 2008 financial year no significant changes are planned in the company's remuneration policy. In regard to remuneration policy applied in 2007, refer to sections B.1.11 and B.1.14 of this report.

For further information, refer to the report on Remuneration Policy issued by the Board of Directors.

ROLE OF THE REMUNERATION COMMITTEE

The Appointments and Remuneration Committee fully shares the remuneration policy described and proposes or reports, depending on the case, to the Board of Directors on all matters relating to such policy.

In particular, the Report on remuneration policy is submitted to it for consideration so it may approve or reject the content thereof.

	YES	NO
Has it had external advice?		<input checked="" type="radio"/>
Identity of external consultants		

B.1.17 If pertinent, state the identity of the members of the Board of Directors who are also members of the board of directors, managers or employees of companies that have a substantial interest in the listed company and/or in its group companies:

NAME OR CORPORATE NAME OF THE DIRECTOR	CORPORATE NAME OF THE SUBSTANTIAL SHAREHOLDER	OFFICE
MR. JOSE MANUEL MARTINEZ MARTINEZ	CARTERA MAPFRE, S.L.	CHAIRMAN
MR. FILOMENO MIRA CANDEL	CARTERA MAPFRE, S.L.	VICE-CHAIRMAN
MR. SANTIAGO GAYARRE BERMEJO	CARTERA MAPFRE, S.L.	DIRECTOR
MR. ALBERTO MANZANO MARTOS	CARTERA MAPFRE, S.L.	DIRECTOR
MR. DOMINGO SUGRANYES BICKEL	CARTERA MAPFRE, S.L.	DIRECTOR
MR. JOSE MANUEL GONZALEZ PORRO	CARTERA MAPFRE, S.L.	SECRETARY-DIRECTOR

If pertinent, state in detail all relevant relationships, other than as referred to in the previous paragraph, of the members of the Board of Directors that link them to the substantial shareholders and/or companies in its group:

NAME OR CORPORATE NAME OF THE RELATED DIRECTOR	NAME OR CORPORATE NAME OF THE SUBSTANTIAL RELATED SHAREHOLDER	DESCRIPTION OF THE RELATIONSHIP

B.1.18 State whether there have been any changes in the board's regulations during the financial year:

The Regulations of the Board of Directors presently in force were approved by the Board at its meeting held on 20 July 2005 following them being adapted to the new version of the MAPFRE Code of Good Governance formally introduced by it on the same date and which were submitted to the shareholders in general meeting on 27 April 2006. Both documents are available on the web site of the entity at www.mapfre.com and at the official registers of the Spanish Securities Market Commission. Further, the

Regulations of the Board of Directors are registered at the Madrid Companies Registry.

Yes No

DESCRIPTION OF CHANGES

B.1.19 Describe the appointments, re-election, evaluation and removal procedures for directors. State the competent bodies, the steps to be followed and the criteria for each procedure.

Anyone who is offered the post of director of MAPFRE, S.A. or of a subsidiary company must make a true and complete Prior Declaration relating to his/her/its pertinent personal, family, professional and business details, relating in particular to any matter that might give rise to any disqualification at law, the bylaws or the provisions of the Code of Good Governance or to any conflict of interest. This Declaration must be made in the form that is for this purpose laid down by MAPFRE which contains an express acceptance of the rules set out in the chapter of the said Code relating to the rights and duties of directors.

Anyone who holds office as director must be possessed of a renowned prestige in his/her professional and business area, and hold all necessary professional qualifications or experience as provided at law for financial institutions or insurance companies subject to supervision by Public Authorities.

In particular, anyone who has a substantial shareholding in an organisation belonging to a financial group other than that to which the Company or any of its subsidiaries belong cannot be a member of the Board of Directors and whoever is a director, manager or employee of such organisation or who renders services to or on behalf of the same cannot be a member of the Board of Directors either, unless they are appointed on a proposal made by the Board of Directors and provided that on the whole such directors do not represent more than twenty percent of the total number of directors.

The formulation of candidates by the Board of Directors to the General Meeting and any decision by the latter regarding the appointment of directors must be preceded by a proposal from the Appointments and Remuneration Committee of the Company.

Proposals for the re-election of director/s shall be subject to a process that will necessarily include a report issued by the Appointments and Remuneration Committee which report shall evaluate the quality of the

services provided and the dedication to office throughout the prior term of the director/s whose re-election is/are proposed.

In the case of the re-election of a director who holds office on the Board (Chairman, Vice-Chairman or Secretary), the said report will include an evaluation of how said office has been fulfilled to enable the Board to make a pronouncement concerning any continuance in office.

If the Board of Directors should not follow any proposal made by the Committee, it must give reasons for the same which must be set out in the pertinent Minutes.

B.1.20 State the cases in which a director must resign.

According to the provisions of the corporate Bylaws, all members of the Board of Directors must retire on reaching the age of 70. The Chairman, Vice-Chairmen, Managing Director and the Secretary to the Board, if they exercise executive functions, shall retire from such office on reaching 65 years of age or, on any earlier date according to the terms and conditions of their respective contract but they may continue as director and member without any executive authority.

All Directors must make their membership and any office held, such as on any Committee and Delegated Committee, available to the Board of Directors and to formalise their resignation should the Board deem the same to be pertinent, in the following cases:

- Whenever they cease to hold executive office associated with their appointment as member of said corporate governing body.
- Should they become subject to any disqualification or prohibition laid down at law.
- If they are accused of allegedly committing any crime or are involved in disciplinary proceedings involving a serious or very serious fault at the instance of the supervisory authorities.
- If they receive any serious warning from the Compliance Committee due to any infringement of their duties as director.
- If their remaining on any such management body might place the Company's interests at risk.
- If any reason for which they were expressly appointed ceases to be operative.

B.1.21 State if the office of CEO of the company rests with the Chairman of the Board. In this case, describe any measures laid down to reduce the risk of an accumulation of authority by one sole person:

Yes No

MEASURES TO REDUCE RISKS

It is considered that there is no measure of risk due to any excessive concentration of authority in view of the collegiate nature of decision-making that commences at Board Committee level; and the presence of senior executive officers on the Board of Directors.

State, and if necessary, explain, if any rules are in place that authorise any independent director to request a meeting of the Board to be called or the inclusion of any new point on the Agenda to coordinate and reflect any concerns held by external directors and to address the evaluation thereof by the Board of Directors.

Yes No

DESCRIPTION OF THE RULES

In accordance with Article 18 of the Bylaws, any director may request a new point/s to be included on the Agenda.

B.1.22 Are any reinforced majorities required, other than legally-required majorities, for any kind of resolution to be passed?

Yes No

State how Board of Directors resolutions are passed and indicate, at least, the minimum attendance quorum and the kind of majority required to pass resolutions:

PASSING RESOLUTIONS

DESCRIPTION OF RESOLUTION	QUORUM	KIND OF MAJORITY
The transfer of shares in subsidiary companies, if this involves the loss of status as majority shareholder or direct or indirect control over the same.		Favourable vote of three quarters of the members of the Board of Directors.

B.1.23 State if any special requirements exist, other than those relating to directors, to be appointed chairman:

Yes No

DESCRIPTION OF THE REQUIREMENTS

B.1.24 State if the chairman has a casting vote:

Yes No

CIRCUMSTANCES REQUIRING A CASTING VOTE

The Chairman has a casting vote in the event of a tie.

B.1.25 State if the Bylaws or the Board Regulations make provision for any age limit for directors:

Yes No

CHAIRMAN'S AGE LIMIT:	70 years of age
MANAGING DIRECTOR'S AGE LIMIT:	65 years of age
DIRECTOR'S AGE LIMIT:	70 years of age

B.1.26 State if the Bylaws or the Board Regulations lay down a fixed term of office for independent directors:

Yes No

MAXIMUM TERM IN NUMBERS OF YEARS

B.1.27 If there are few or no female directors, describe the reasons why and initiatives in place to remedy this situation:

DESCRIPTION OF THE REASONS AND INITIATIVES

In particular, state if the Appointments and Remuneration Committee has introduced any procedures so that selection processes do not contain any obstacles against selecting female directors, but for the direct selection of candidates who have the required profile:

Yes No

DESCRIBE THE MAIN PROCEDURES

B.1.28 State if there are any formal procedures in the Board of Directors to give a proxy to vote. If so, briefly describe them.

There are no formal procedures in the Board of Directors to give a proxy to vote.

B.1.29 State the number of meetings held by the Board of Directors during the financial year. Also, state, if pertinent, how many times the Board has met without the Chairman being present:

NUMBER OF BOARD MEETINGS	10
NUMBER OF BOARD MEETINGS WITHOUT THE CHAIRMAN	0

State the number of meetings held by the different Board Committees:

NUMBER OF EXECUTIVE OR DELEGATED COMMITTEE MEETINGS	12
NUMBER OF AUDIT COMMITTEE MEETINGS	5
NUMBER OF APPOINTMENTS & REMUNERATION COMMITTEE MEETINGS	7
NUMBER OF APPOINTMENTS COMMITTEE MEETINGS	
NUMBER OF REMUNERATION COMMITTEE MEETINGS	

B.1.30 State how many meetings the Board of Directors has held during the financial year without all of the members in attendance. In the calculation, the attendance of proxies without any specific instructions shall not be deemed to amount to an attendance:

NUMBER OF DIRECTORS FAILURES TO ATTEND DURING THE FINANCIAL YEAR	8
% OF FAILURES TO ATTEND OVER THE TOTAL VOTES DURING THE FINANCIAL YEAR	3.63

B.1.31 State whether the annual and consolidated accounts submitted for approval to the Board were previously certified:

Yes No

If pertinent, state who certified the individual and consolidated accounts of the company for formulation to the Board:

NAME	OFFICE
MR. ESTEBAN TEJERA MONTALVO	MANAGING DIRECTOR MAPFRE, SA
MR. JOSE MANUEL MURIES NAVARRO	INTERNAL AUDIT MANAGING DIRECTOR
MR. CARLOS BARAHONA TORRIJOS	ADMINISTRATION DIRECTOR

B.1.32 Describe the mechanisms, if any, laid down by the Board of Directors to prevent the individual and consolidated accounts from being submitted to the General Meeting with reservations in the audit report.

The company has never submitted accounts with reservations in the audit report.

The company has Internal Audit and Legal Affairs Managing Departments that supervise all aspects of the annual accounts, and the MAPFRE Audit Committee that is a delegated committee of the Board with supervisory authority since the financial year 2000.

According to the MAPFRE Code of Good Governance, the Board of Directors shall do everything possible to definitely formulate the accounts without reservations from the External Auditors. However, should the

Board deem it pertinent to uphold its opinion, it shall publicly explain the content and scope of any discrepancy.

B.1.33 Is the Secretary to the Board also a board member?

Yes No

B.1.34 Describe the procedure for the appointment and dismissal of the Board Secretary, and state if any appointment and dismissal has been reviewed by the Appointments Committee and approved at a full Board Meeting:

APPOINTMENT AND DISMISSAL PROCEDURE

According to Article 15 of the Bylaws, it rests with the Board of Directors to appoint a Secretary.

	YES	NO
Does the Appointments Committee notify an appointment?	<input checked="" type="radio"/>	<input type="radio"/>
Does the Appointments Committee notify a dismissal?	<input checked="" type="radio"/>	<input type="radio"/>
Does the Board in full session approve an appointment?	<input checked="" type="radio"/>	<input type="radio"/>
Does the Full Board approve a dismissal?	<input checked="" type="radio"/>	<input type="radio"/>

Does the Secretary to the Board have authority to specially oversee the application of the Good Governance Code?

Yes No

OBSERVATIONS

B.1.35 Describe any measures instated by the company to conserve the auditor's, financial analysts', investment banks' and classification agencies' independence.

In addition to what is laid down at law, the company has decided to voluntarily propose compliance with a number of general directives that clearly and precisely aim to achieve and uphold the necessary independence of the external auditors in such regard as is advocated by the MAPFRE Code of Good Governance that lays down the following criteria for the Boards of Directors in their relationship with external auditors:

- The relationship of the Board of Directors with the Company's External Auditors shall be channelled through the Audit Committee.
- The Board of Directors shall refrain from hiring any audit firms that are paid or will be paid annual fees by the MAPFRE Group that, for all items, exceed 5% of their total revenues.

- The Board of Directors shall, in the annual public information documents state the global fees paid by the Company and its consolidated Group to the audit firm for any services rendered other than audit services.

Without prejudice to the authority and functions of the Audit Committee as specified in the bylaws and the Board of Directors Regulations of the company, the latter shall be informed at least once every six months of all services rendered by the external auditor and their corresponding fees.

Further, the Audit Committee shall every year evaluate the Accounts Auditor, the scope of the audit, and the external auditor's independence and it shall consider whether the quality of all audit control measures are adequate and any services other than accounts audit services are compatible with the auditor's independence.

In accordance with the provisions contained in the Internal Code of Conduct regarding listed securities issued by the Company which sets out the procedures relating to the publication of relevant information, financial analysts shall not be provided with any information that is not available to the public at large.

B.1.36 State whether, during the financial year, the Company has changed the external auditor. If so, identify the outgoing and incoming auditor:

Yes No

OUTGOING AUDITOR

INCOMING AUDITOR

In the event of any disagreement with the outgoing auditor, explain the import thereof:

Yes No

DESCRIBE ANY DISAGREEMENT

B.1.37 State if the auditing firm provides any services for the company and/or its group other than audit services and if so state the amount of fees paid for such services and the percentage thereof over fees invoiced to the company and/or its group:

Si No

	COMPANY	GROUP	TOTAL
Value of services other than audit services (000s euros)	328	617	945
Value of services other than audit services / Total amount invoiced by audit firm (%)	76.266	13.658	19.107

B.1.38 State if the audit report regarding the Annual Accounts for the previous financial year is subject to any reservations or exceptions. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations and exceptions.

Yes No

STATE THE REASONS

B.1.39 State the number of years the present auditing firm has, on an uninterrupted basis, undertaken the audit of the annual accounts of the company and/or its group. Also, state the percentage the number of years audited by the present auditors represents over the total number of years the annual accounts have been audited:

	COMPANY	GROUP
Number of uninterrupted years	18	18

	COMPANY	GROUP
Number of uninterrupted years audited by the present auditors / No. years the company has been audited (%)	100.000	100.000

B.1.40 State the size of the shareholding held by the members of the Board of Directors of the company in the capital of companies that have the same, similar or complementary kind of business as referred to in the corporate objects both of the company and its group and that have been notified to the company. Also, state the offices or functions held or undertaken by the Directors in these companies:

NAME OR CORPORATE NAME OF THE DIRECTOR	NAME OF THE COMPANY	% SHAREHOLDING	OFFICE OR FUNCTION
MR. ALBERTO MANZANO MARTOS	ACS	0.000	-
MR. ALBERTO MANZANO MARTOS	ALLIANZ	0.000	-
MR. ALBERTO MANZANO MARTOS	BBVA	0.000	-
MR. ALBERTO MANZANO MARTOS	BNP PARIBAS	0.000	-
MR. ALBERTO MANZANO MARTOS	BANCO ESPAÑOL DE CREDITO	0.000	-
MR. ALBERTO MANZANO MARTOS	FOMENTO DE CONSTRUCCIONES Y COCNTRATAS	0.000	-
MR. ALBERTO MANZANO MARTOS	ING GROUP	0.000	-
MR. ALBERTO MANZANO MARTOS	BANCO POPULAR ESPAÑOL	0.000	-
MR. ALBERTO MANZANO MARTOS	BANCO SANTANDER	0.000	-
MR. DOMINGO SUGRANYES BICKEL	MÜNCHER RUCK	0.000	-
MR. DOMINGO SUGRANYES BICKEL	AEGON NV	0.000	-
MR. DOMINGO SUGRANYES BICKEL	AXA	0.000	-
MR. DOMINGO SUGRANYES BICKEL	FORTIS	0.000	-
MR. DOMINGO SUGRANYES BICKEL	ING	0.000	-
MR. DOMINGO SUGRANYES BICKEL	CATTOLICA ASSICURAZIONI	0.000	DIRECTOR (AUTHORISED BY MAPFRE, SA)
MR. DOMINGO SUGRANYES BICKEL	BBVA	0.000	-
MR. DOMINGO SUGRANYES BICKEL	BNP	0.000	-
MR. DOMINGO SUGRANYES BICKEL	BANCO POPULAR ESPAÑOL	0.000	-
MR. DOMINGO SUGRANYES BICKEL	BANCO SANTANDER	0.000	-
MR. DOMINGO SUGRANYES BICKEL	SOCIETE GENERALE	0.000	-
MR. DOMINGO SUGRANYES BICKEL	MIDDLESEA INSURANCE PLC MALTA	-	DIRECTOR (AUTHORISED BY MAPFRE, SA)
MR. ANTONIO MIGUEL-ROMERO OLANO	BANCO SANTANDER	0.000	-
MR. ANTONIO MIGUEL-ROMERO OLANO	BBVA	0.000	-
MR. FRANCISCO VALLEJO VALLEJO	BANCO URQUIJO SBP, SA	-	CHAIRMAN
MR. FRANCISCO VALLEJO VALLEJO	BANCSABADELL VIDA	-	DIRECTOR
MR. FRANCISCO VALLEJO VALLEJO	BANCSABADELL PENSIONES	-	DIRECTOR
MR. FRANCISCO VALLEJO VALLEJO	BANCSABADELL SEGUROS GENERALES	-	DIRECTOR
MR. ANTONIO HUERTAS MEJIAS	AUTOMOCION PENINSULAR INMUEBLES, SA	-	DIRECTOR (AUTHORISED BY MAPFRE AUTOMOVILES)
MR. ANTONIO HUERTAS MEJIAS	IBERICAR SOCIEDAD IBERICA DEL AUTOMOVIL, SA	-	DIRECTOR (AUTHORISED BY MAPFRE AUTOMOVILES)
MR. ANTONIO HUERTAS MEJIAS	LAYNA INVERSIONES, SL	-	DIRECTOR (AUTHORISED BY MAPFRE AUTOMOVILES)

B.1.41 State, and if pertinent, describe in detail, if there is any procedure that allows directors to have external advice:

Yes No

DESCRIBE THE PROCEDURE

According to the provisions contained in the MAPFRE Code of Good Governance, and for the purpose of assisting them in the exercise of their office, external directors may, at the cost of the company, request the hire of legal, accounting, finance consultants or other experts. Any such employment of experts must necessarily be related to specific problems of some import and complexity that arise during the exercise of the office as director.

A decision to hire an expert must be notified to the Chairman of the Company and it may be vetoed by the Board of Directors, provided such the following is shown:

- a) That it is not necessary for the reasonable exercise of the functions entrusted to the external directors.
- b) That the cost is unreasonable bearing in mind the importance of the problem and the company's assets and revenues.
- c) That the technical assistance sought may be adequately provided by experts and technicians already employed by the Company.

B.1.42 State if there is a procedure in place that enables directors to avail themselves of information necessary to prepare meetings of the management bodies sufficiently in advance and, if pertinent, describe it:

Yes No

DESCRIBE THE PROCEDURE

All documents must in general be sent three full days in advance, at least. In particular, when documents are sent for delivery on a Friday or on the eve of a bank holiday, it must be ensured that they are delivered in the morning of the said day no later than 12:00 noon.

This aspect is the object of specific analysis by the Board of Directors of the company in its annual self-evaluation session when a report from the Compliance Committee is provided which Committee is also entrusted with monitoring the effectiveness of the procedure organised.

B.1.43 State and, if pertinent, describe if the company has implemented rules to require directors to provide information and, if pertinent, to resign in circumstances that might harm the reputation and prestige of the company.

Yes No

DESCRIBE THE PROCEDURE

Directors must place their office/s at the disposal of the Board of Directors, both as director and any office they hold on any Committee thereof, and formalise any resignation should the Board deem it necessary, in the following cases:

- When they cease to hold executive office associated with their appointment as a member of said management bodies.
- When they are involved in any circumstances of incompatibility or prohibition at law.
- If they are accused of any crime or are the object of disciplinary dismissal due to a serious or very serious fault, filed by the supervisory authorities.

- If they are seriously warned by the Compliance Committee for having breached their duties as director.
- If their remaining on said management bodies might place the interests of the company at risk.
- If the reasons, if any, for which they were expressly appointed cease to apply.

B.1.44 State if any member of the Board of Directors has notified the company of any accusation made against him/her or any order has been made regarding the opening of any oral hearing relating to any of those crimes referred to in Article 124 of the Companies Act.

Yes No

DIRECTOR'S NAME	CRIMINAL PROCEEDINGS	OBSERVATIONS
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State if the Board of Directors has considered the case. In the affirmative, give a reasoned explanation for the decision taken concerning whether or not the director should remain in office.

Yes No

DECISION TAKEN	REASONED EXPLANATION
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May continue / may not continue

B.2. Board of Director's Committees

B.2.1 Set out all of the Board of Director's Committees and their members:

Executive or Delegated Committee		
NAME	OFFICE	CLASSIFICATION
MR. JOSE MANUEL MARTINEZ MARTINEZ	CHAIRMAN	EXECUTIVE
MR. ALBERTO MANZANO MARTOS	1st VICE-CHAIRMAN	EXECUTIVE
MR. FRANCISCO RUIZ RISUEÑO	2nd VICE-CHAIRMAN	REPRESENTATIVE
MR. FILOMENO MIRA CANDEL	3rd VICE-CHAIRMAN	EXECUTIVE
MR. DOMINGO SUGRANYES BICKEL	DIRECTOR	EXECUTIVE
MR. SANTIAGO GAYARRE BERMEJO	DIRECTOR	EXECUTIVE
MR. LUIS HERNANDO DE LARRAMENDI MARTINEZ	DIRECTOR	REPRESENTATIVE
MR. ANTONIO HUERTAS MEJIAS	DIRECTOR	EXECUTIVE
MR. ANDRES JIMENEZ HERRADON	DIRECTOR	EXECUTIVE
MR. JOSE MANUEL GONZALEZ PORRO	DIRECTOR-SECRETARY	EXECUTIVE

Audit Committee		
NAME	OFFICE	CLASSIFICATION
MR. LUIS ITURBE SANZ DE MADRID	CHAIRMAN	INDEPENDENT
MR. DOMINGO SUGRANYES BICKEL	1st VICE-CHAIRMAN	EXECUTIVE
MR. RAFAEL BECA BORREGO	DIRECTOR	INDEPENDENT
MR. SEBASTIAN HOMET DUPRA	DIRECTOR	REPRESENTATIVE
MR. MANUEL JESUS LAGARES CALVO	DIRECTOR	INDEPENDENT
MR. ANTONIO MIGUEL-ROMERO DE OLANO	DIRECTOR	REPRESENTATIVE
MR. JOSE MANUEL GONZALEZ PORRO	DIRECTOR-SECRETARY	EXECUTIVE

Appointments and Remuneration Committee		
NAME	OFFICE	CLASSIFICATION
MR. JOSE MANUEL MARTINEZ MARTINEZ	CHAIRMAN	EXECUTIVE
MR. ALBERTO MANZANO MARTOS	1st VICE-CHAIRMAN	EXECUTIVE
MR. FRANCISCO RUIZ RISUEÑO	2nd VICE-CHAIRMAN	REPRESENTATIVE
MR. LUIS HERNANDO DE LARRAMENDI MARTINEZ	DIRECTOR	REPRESENTATIVE
MR. ALFONSO REBUELTA BADIAS	DIRECTOR	REPRESENTATIVE
MR. MATIAS SALVA BENNASAR	DIRECTOR	INDEPENDENT
MR. FRANCISCO VALLEJO VALLEJO	DIRECTOR	INDEPENDENT
MR. JOSE MANUEL GONZALEZ PORRO	DIRECTOR-SECRETARY	EXECUTIVE

Appointments Committee		
NAME	OFFICE	CLASSIFICATION

Compliance Committee

NAME	OFFICE	CLASSIFICATION
MR. FRANCISCO RUIZ RISUEÑO	CHAIRMAN	REPRESENTATIVE
MR. RAFAEL FONTOIRA SURIS	DIRECTOR	INDEPENDENT
MR. RAFAEL MARQUEZ OSORIO	DIRECTOR	REPRESENTATIVE
MS. FRANCISCA MARTIN TABERNERO	DIRECTOR	INDEPENDENT
MR. AGUSTIN RODRIGUEZ GARCIA	DIRECTOR	INDEPENDENT

B.2.2 State if the following functions rest with the Audit Committee:

	YES	NO
Supervise the process of preparation and exactness of the financial information relating to the company and, if pertinent, the group. Revise compliance with regulations, proper consolidation perimeter and the correct application of accounting criteria.	<input type="radio"/>	
Periodically revise internal control and risk management systems so that main risks are identified, managed and are adequately known.	<input type="radio"/>	
Ensure the independence of the internal audit function; propose the selection, appointment, re-election and retirement of the internal audit department head; propose the budget for such department; obtain information periodically about its activities, and verify that senior management considers the conclusions and recommendations in its reports.	<input type="radio"/>	
Create and monitor a mechanism that allows employees to communicate confidentially and, if deemed appropriate, anonymously, concerning potentially significant irregularities, especially financial and accounting, that may be detected in the company.		<input type="radio"/>
Submit to the Board proposals regarding the selection, appointment, re-election and replacement of the external auditor, and the terms and conditions of the hiring thereof.	<input type="radio"/>	
To regularly be given information by the external auditor about the audit plan and the outcome of its operation, and to verify that senior management consider its recommendations.	<input type="radio"/>	
Ensure the independence of the external auditor	<input type="radio"/>	
In the case of a group, to ensure that the group auditor is responsible for the audits of the group companies.	<input type="radio"/>	

B.2.3 Provide a description of the organisational and functional rules, and the responsibilities regarding whoever is responsible for each one of the Board Committees.

- Delegated Committee

It is a body with delegated authority from the Board of Directors for the permanent high level coordination and supervision of the company and its subsidiaries in regard to strategic and operational affairs, and to take decisions as may be necessary for its adequate functioning, all of which is subject to the authority that the Board of Directors delegates thereto from time to time.

The Committee comprises a maximum of twelve members, all of whom are members of the Board of Directors. Its Chairman, First and Second Vice-Chairmen and Secretary will automatically be from the said Board that will appoint the members to complete the maximum number of

twelve members. It may also appoint a Vice-Secretary who shall have no right to vote.

- **Audit Committee**

The Audit Committee is composed of a minimum of three and a maximum number of seven members. The majority of the members, including the Chairman, will be non-executive directors. The Secretary of this Committee will be the Secretary to the Board of Directors. This Committee shall have the following powers:

a) To verify that the Annual Accounts, and the half-yearly and quarterly financial statements and other financial information that must be filed with regulatory or supervisory bodies is true, complete and sufficient; that it has been prepared according to the accounting rules and criteria in force internally as laid down by the MAPFRE General Secretary, and that it is provided on time and with the correct content.

b) To make proposals to the Board of Directors for submission to the Shareholders in General Meeting regarding the appointment of an External Auditor for the company, and to be given information on his conduct in office and about any matter or circumstance that might affect his/her independence.

c) To supervise the functioning of the Internal Audit Department, for which purpose it may have unrestricted access to its plans, work results and to follow-up recommendations and suggestions from external and internal auditors.

d) To obtain any data about the financial information and internal control processes of the company, and to formulate any observations or recommendations it may deem pertinent for the purposes of improving the same.

e) To inform the Shareholders in General Meeting about any matter that falls within its jurisdiction.

- **Appointments and Remuneration Committee**

It is a delegated body of the Board of Directors for the coordinated development of policy relating to the appointment and remuneration of Senior Representative and Management Officers of MAPFRE, without prejudice to those powers that according to law and the bylaws rest with the Company's representative and management bodies.

In general, the Committee oversees the openness of criteria that is laid down for setting the remuneration of Senior Officers.

The Appointments and Remuneration Committee includes a maximum of seven members, in the main non-executive directors.

- **Compliance Committee**

This is a delegated body of the Board of Directors for the supervision of the correct application of the code of good governance that must rule in the company.

These functions are exercised without prejudice to those legal and bylaw powers that rest with the company's representation and management bodies.

This Committee monitors the application of the code of good governance in force from time to time and it may, if pertinent, propose any measures to improve the same and to update them, whenever necessary.

The Compliance Committee comprises five members, all of whom are non-executive directors. Its Chairman will automatically be the 2nd Vice-Chairman of the Board of Directors.

The Committee may appoint a Minutes Secretary who will be elected from the members of the MAPFRE Legal Department Head Office.

B.2.4 State the powers to advise, consult and, if pertinent, delegate held by each of the Committees:

NAME OF COMMITTEE	BRIEF DESCRIPTION
DELEGATED COMMITTEE	COORDINATION AND SUPERVISION OF COMPANY MANAGEMENT AND OF ITS SUBSIDIARIES RELATING TO STRATEGIC AND OPERATIONAL MATTERS
AUDIT COMMITTEE	VERIFY FINANCIAL INFORMATION PROPOSAL TO APPOINT EXTERNAL AUDITOR AND SUPERVISION OF INTERNAL AUDIT
APPOINTMENTS AND REMUNERATION COMMITTEE	COORDINATED DEVELOPMENT OF POLICY TO APPOINT AND REMUNERATE SENIOR MANAGEMENT AND REPRESENTATIVE OFFICERS
COMPLIANCE COMMITTEE	SUPERVISION OF THE CORRECT APPLICATION OF THE CODE OF GOOD GOVERNANCE IN FORCE IN THE COMPANY

B.2.5 If pertinent, state if there are any regulations for the Board Committees, where they may be consulted, and any changes made thereto during the financial year. Also, state if any annual report has been voluntarily drawn up covering the activities of each Committee.

The basic functions, competence, composition, meeting rules and the passing of resolutions of the delegated bodies of the Board of Directors are regulated under the MAPFRE Code of Good Governance and the Board of Directors Regulations, the latest version of which was approved on 20 July 2005 to adapt the same to the new matters introduced in the MAPFRE

Code of Good Governance implemented by the entity on the said date. Both documents are available at the website www.mapfre.com and at official registers held by the Spanish Securities Market Commission. Furthermore, the Board of Directors Regulations is registered at the Madrid Companies Register.

The Audit Committee, on the occasion of a call to an Ordinary General Meeting, makes public a report on the activities undertaken during the financial year.

B.2.6 State whether the composition of the Executive Committee reflects the participation on the Board of the different directors on the basis of their status:

Yes No

IN THE NEGATIVE CASE, STATE THE COMPOSITION OF ITS EXECUTIVE COMMITTEE

The Delegated Committee, given its status as an executive management body, is comprised of executive directors (majority) and external directors in representation of shareholder interests.

C. RELATED TRANSACTIONS

C.1 State whether the Board in full session has reserved the right to approve, following the favourable report of the Audit Committee or any other committee to which the said function has been assigned, any transaction carried out by the company with directors, with substantial shareholders or shareholders represented on the Board, or with persons related thereto:

Yes No

C.2 Set forth in detail those relevant transactions that entail a transfer of resources or duties between the company or other group companies, and the substantial shareholders in the company:

NAME OR CORPORATE NAME OF THE SUBSTANTIAL SHAREHOLDER	NAME OR CORPORATE NAME OF THE COMPANY OR GROUP COMPANY	NATURE OF THE RELATIONSHIP	TYPE OF TRANSACTION	AMOUNT <i>(thousands of euros)</i>

C.3 Set forth in detail the relevant transactions that amount to a transfer of resources or duties between the company or other group companies, and the administrators or managers of the company:

NAME OR CORPORATE NAME OF THE ADMINISTRATORS OR MANAGERS	NAME OR CORPORATE NAME OF THE COMPANY OR GROUP COMPANY	NATURE OF THE TRANSACTION	TYPE OF TRANSACTION	AMOUNT <i>(thousands of euros)</i>

C.4 Set forth in detail the relevant transactions carried out by the company with other companies belonging to the same group, provided that these are not eliminated during the process of drawing up the consolidated financial statements, and that they do not fall within the company's normal course of business with regard to the object and conditions thereof:

CORPORATE NAME OF THE GROUP COMPANY	BRIEF DESCRIPTION OF THE TRANSACTION	AMOUNT <i>(thousands of euros)</i>

C.5 State whether the members of the Board of Directors have found themselves, during their tenure, in any situation of a conflict of interest, pursuant to the provisions of article 127 ter of the Companies Act.

Yes No

NAME OR CORPORATE NAME OF THE BOARD MEMBER	DESCRIPTION OF THE SITUATION OF CONFLICT OF INTEREST

C.6 Set forth in detail the mechanisms established in order to detect, determine, and resolve any possible conflicts of interest between the company and/or its group, and its directors, managers, or substantial shareholders.

All directors and managers must make a Prior Declaration at the time of their appointment with regard to these matters. Furthermore, they are required to update this Declaration on a regular basis, and whenever a potential situation of conflict arises.

Likewise, the MAPFRE Code of Good Governance and the Internal Code of Conduct regulates the special duties within the scope of potential conflicts of interest.

The final decision on these matters is reserved for the Board of Directors, after an examination by the company's Appointments and Remuneration Committee or the MAPFRE Institutional Control Committee. There is a special procedure for the approval of resolutions with regard to matters where there is a potential conflict of interest with a board member. The board member in question should refrain from attending or participating in these decisions.

C.7 Is more than one Group company listed in Spain?Yes No

Identify the subsidiary companies that are listed in Spain:

SUBSIDIARY COMPANIES LISTED

State whether they have publicly and precisely defined their respective areas of activity and any possible business relations between them, as well as those of the dependent listed company with the other group companies;

Yes No **DEFINE THE POSSIBLE BUSINESS RELATIONS BETWEEN THE PARENT COMPANY AND THE LISTED SUBSIDIARY COMPANY, AND BETWEEN THE LATTER AND THE OTHER GROUP COMPANIES**

Identify the mechanisms envisaged in order to resolve any possible conflicts of interest between the listed subsidiary company and the other group companies::

MECHANISMS TO RESOLVE THE POSSIBLE CONFLICTS OF INTEREST**D. RISK CONTROL SYSTEMS****D.1 General description of the risk policy of the company and/or its group, detailing and assessing the risks covered by the system, together with an explanation of the adequacy of the said systems to the profile of each kind of risk.****Objectives, policies, and processes for risk management**

MAPFRE has a Risk Management System (RMS) based on the integrated management of each and every one of the business processes, and on the tailoring of the risk level to the established strategic objectives. The different types of risk have been grouped into four areas or categories as is set forth below:

- Operational risks: this covers twenty-three types of risks grouped into the following risk areas: actuarial, legal, technology, staff, associates, procedures, information, fraud, market, and material assets.

- Financial risks: includes interest-rate, liquidity, exchange-rate, market and credit risks.

- Insurance activity risks: this groups together, separately for Life and Non-Life, the risks of premium shortfalls, the sufficiency of technical provisions, and re-insurance risk.

- Strategic and corporate governance risks: includes corporate ethics and good corporate governance risks, organisational structure risks, alliance risks, mergers and acquisitions risks, risks arising from the regulated environment, and finally, market and competition risks.

Centralisation of the Risk Management System

The structure of MAPFRE is based on Operational Divisions and Units with a high level of autonomy in their management. The governing and management bodies of the Group approve the lines of activity of the Units and Companies with regard to risk management, and supervise their exposure to risks on a permanent basis by way of indicators and ratios. Furthermore, there are general procedure instructions in order to mitigate the said exposure, such as maximum levels of investments in equities, or the credit rating of re-insurers.

The Economic and Management Control Area, through the Risks Management, co-ordinates the activities relating to the quantification of risks, and in particular, the implementation of proprietary economic capital models at the operational units with the aim of complying with the future requirements of Solvency II.

The Operational Units have a Risks Co-ordinator, who reports to the Administration Management, for the implementation of the policies and the management of the risks at each unit. The co-ordination of activities is carried out by way of a Risks and Solvency II Committee, which hold meetings every quarter. The degree of progress of the projects and other significant aspects are reported on to the Senior Management of MAPFRE through the said Committee and the Audit Committee.

In general terms the decisions on the subscription of insurable risks and re-insurance coverage are highly de-centralised at the Units. The aspects relating to the Operational Risk are handled centrally although the implementation and monitoring thereof is delegated to the Units. The management of Strategic and Corporate Governance risks is highly centralised. Financial risks are managed centrally through the Group Investments Directorate-General.

Estimation of Risks and Capital

MAPFRE has an internal policy regarding capitalisation and dividends that is aimed at equipping the Units in a rational and objective way with the capital necessary in order to cover the risks that have been assumed. Risks are estimated by way of a standard model of set factors which quantifies financial risks, credit risks, and insurance-activity risks. Eventually this reference will be replaced by that of the own model for each Unit. In addition, the level of capital assigned to each Unit may never be less than the statutory minimum capital required at any given time, plus a margin of 10%.

The capital assigned is set by way of an estimate, in accordance with the budgets for the following financial year, and is reviewed at least once a year in accordance with the evolution of the risks.

Certain Units require a level of capitalisation that is higher than that obtained from the general rule described above, either because they operate in a variety of countries with different legal requirements, or because they require the issue of a financial solvency rating corresponding to higher levels of capitalisation. In these cases, the MAPFRE Delegated Committee sets the level of capitalisation in an individual manner, or executes additional guarantees to reinforce the level of capital in accordance with the particular circumstances of each Unit.

Operational Risks

The identification and evaluation of Operational Risks is carried out by way of the Riskmap software application, developed at MAPFRE, which draws up the Risk Maps for the companies.

The model for the management of this risk is based on a dynamic analysis by processes such that the managers of each area or department can identify and evaluate on an annual basis the potential risks affecting the following processes: Product Development, Issue, Claims / Claims payments, Administrative Management, Commercial Activities, Human Resources, Commissions, Co-insurance / Re-insurance, Technical Reserves, Investments, I.T. Systems, and customer service.

Financial Risks

MAPFRE's policy in order to mitigate its exposure to this type of risk has been based on prudent management of investments, with a significant weighting of fixed-income securities in the portfolio.

In the management of investment portfolios a distinction is made between those that seek to match the obligations arising from the insurance contracts and those where there is active management. In the

former, risks are minimised, both with regard to the exchange rate and the interest rate and other risks affecting price variations, whereas in the latter the management policy envisages a certain degree of acceptance to market risks, in accordance with what is set forth below:

- In the portfolios which do not cover long-term liability commitments, the variable for the management of interest-rate risk is the modified duration, and it is currently established that the said figure should be around 5%, with a maximum value of 7%.
- The general policy on exposure to exchange rate risk is to minimise this risk when arising from the insurance activity and to only maintain exposure to the exchange-rate risk as a result of investment diversification. In any event, exposure to this risk may not exceed 10% of the investments.
- With regard to other possible market risks concerning financial assets, which are not caused by fluctuations in exchange rates or in interest rates, it is established that investments which are subject to these risks may not exceed 20% of all investments. With regard to investments in equities, which are the main financial asset subject to this risk, there is adequate international diversification, which allows the risk subject to a specific market to be reduced.

The risk limitations are established in easily-observable quantitative terms of variables. However, a risk analysis in probabilistic terms is carried out in accordance with historic volatilities and correlations.

With regard to the credit risk, MAPFRE's policy has been based on prudence (solvency of the issuer) and diversification of investments in fixed-income securities. Thus, the portfolio of fixed-income securities in Europe is divided, approximately, into one half securities guaranteed by Member States of the European Union, and the remaining half securities issued by corporations with a high credit rating.

For investments in both fixed income and equities, diversification criteria are applied by sectors of activity and maximum risk limits per issuer.

Insurance Activity Risks

The organisation of MAPFRE, based on Units specialising in the various kinds of business, requires these Units to have autonomy in their management of the business, especially when it comes to subscribing risks and the determination of the tariffs, as well as the compensation or provision of service in the event of a claim. Premium adequacy is an item of particular importance, and its determination is supported by reports

drawn up by independent experts in those units or situations where the circumstances make this advisable.

The treatment of claims payments, as well as the adequacy of provisions, is a basic principle of insurance management. The technical reserves are estimated by the actuarial teams from the different Units, and their adequacy is ratified by reports from independent experts in those companies where this is required. The preponderance of the personal injuries business at MAPFRE, with fast settlement of claims, as well as the scarce significance of insured long-tail risks, such as asbestos or professional liability, are factors that mitigate this kind of risk.

The presence of MAPFRE in countries with a higher probability of the occurrence of natural disasters (earthquakes, hurricanes, etc....) requires a special treatment for these kinds of risks which, given their frequency and intensity, may give rise to volatility in the results or require additional capital. The Units and Companies that operate with these kind of risks, mainly MAPFRE AMÉRICA, MAPFRE RE, and MAPFRE INTERNACIONAL, rely on specialised reports on catastrophe exposure, generally drawn up by independent experts, which estimate the impact on the insured risks should a catastrophic event occur. This information allows catastrophic risks to be subscribed in accordance with the financial capabilities of each company, and where necessary, the take up of re-insurance cover limiting the impact on capital. In this regard, it is important to highlight the role of MAPFRE RE, which contributes its long experience in the catastrophe risks market to the management of the Group.

With regard to the re-insurance risk, MAPFRE's policy is to assign business to re-insurers with a proven financial capacity (Standard & Poor's credit rating of no less than A).

Strategic and Corporate Governance Risks

Ethical principles applied to business management have been a permanent feature at MAPFRE and form a part of its by-laws and of its day-to-day activities. In order to regulate this business culture and to update it in line with legal requirements with regard to governance and transparency in management, in 2005 the Governing Bodies at MAPFRE approved a revised version of the Code of Good Governance, initially implemented in 1999. The strict application of the principles of Good Corporate Governance is considered at MAPFRE to be the most efficient way to mitigate these kind of risks.

D.2 State whether any of the various types of risk (operational, technological, financial, legal, reputation, fiscal...) affecting the company and/or its group have materialised during the financial year:

Yes No

If yes, state the circumstances that have given rise to them and whether or not the control systems established have worked.

RISK ARISING DURING THE YEAR	CIRCUMSTANCES THAT HAVE CAUSED IT	HOW THE CONTROL SYSTEMS HAVE FUNCTIONED
Interest Rate Risk	Throughout 2007 there has been a generalised increase in interest rates in the Euro zone, which has been more significant in short-term investments.	This resulted in a loss of value for investments in fixed-income securities, which has been partially offset by the good performance of the equities markets. Thus, as at 31 December 2007, MAPFRE S.A.'s net consolidated equity was reduced by 113.4 million euros on account of valuation adjustments to the investments.
Exchange Rate Risk	Appreciation of the Euro against the dollar and other Latin-American currencies	The effect has been limited by the diversification of the business over countries, which has led to a reduction in net consolidated equity as at 31 December 2007 of 35.5 million euros on account of exchange differences.

D.3 State whether there exists a Committee or other governing body that is in charge of establishing and supervising these control mechanisms:

Yes No

If yes, set forth in detail what its functions are.

NAME OF THE COMMITTEE OR BODY	DESCRIPTION OF ITS FUNCTIONS
BOARD OF DIRECTORS AND DELEGATED COMMITTEE	The Governing Bodies of the Group approve the lines of activity of the Units with regard to the management of risks, and supervise on a permanent basis, by way of indicators and ratios, the exposure of the Units to the risk. In addition, there are general instructions on procedure in order to mitigate the said exposure, such as maximum levels of investment in equities, or the credit rating of re-insurers.
RISKS COMMITTEE AND SOLVENCY II	Created in September 2007, it has the aim of co-ordinating the drawing-up of suitable capital models and the implementation at the Group of the measures necessary for the application of the future solvency regime.

D.4 Identification and description of the processes for compliance with the various regulations affecting the company and/or the group.

The General Secretariat of the Group is the body with responsibility for issuing instructions and monitoring compliance with the various regulations affecting the company and the group. The Directorate-General of Internal Auditing performs a systematic process for the review of compliance with the various regulations affecting the subsidiaries of the group.

E. GENERAL MEETING

E.1 State, and as the case may be, describe in detail if there is any divergence from the minimum requirements laid down in the Companies Act with regard to the quorum necessary in order to hold the General Meeting.

Yes No

	% QUORUM DIFFERENCE FROM THAT LAID DOWN AT ARTICLE 102 OF THE COMPANIES ACT FOR GENERAL PURPOSES	% QUORUM DIFFERENCE FROM THAT LAID DOWN AT ARTICLE 103 OF THE COMPANIES ACT FOR THE SPECIAL CIRCUMSTANCES PROVIDED FOR AT ARTICLE 103
Quorum required on 1st call		
Quorum required on 2nd call		
DESCRIPTION OF THE DIFFERENCES		

E.2 State, and as the case may be, set forth in detail if there is any divergence from the regime laid down in the Companies Act concerning the rules for the approval of corporate resolutions:

Yes No

Describe how it differs from the regime provided for in the Companies Act.

	REINFORCED MAJORITY OTHER THAN THAT LAID DOWN AT ARTICLE 103.2 OF THE COMPANIES ACT FOR THE CIRCUMSTANCES CONTAINED AT 103.1	OTHER CIRCUMSTANCES OF REINFORCED MAJORITY
% established by the company for the approval of resolutions		More than 50%
DESCRIBE THE DIFFERENCES		
Pursuant to the provisions of Article 25 of the company by-laws, the amendment of the by-laws provisions contained at Title IV "Protection of the General Interest of the Company" (Articles 25 to 30) shall require that the resolution be approved with the votes in favour of more than fifty per cent of the share capital at the Extraordinary General Meeting specifically called for this purpose.		

E.3 List those rights held by the shareholders with regard to general meetings which differ from those laid down in the Companies Act.

There are no rights pertaining to shareholders with regard to general meetings which are different from those laid down in the Companies Act.

E.4 State, where appropriate, the measures taken in order to encourage the participation of the shareholders in the general meetings.

Shareholders have ample and easily-accessible information in order to make decisions and to vote in a reasoned manner at the General Meeting. Their participation is allowed with no restrictions of any kind other than those of courtesy and good order that are necessary at a public event.

E.5 State whether the position of chairman of the General Meeting coincides with the position of chairman of the Board of Directors. Set forth in detail, where appropriate, what measures are implemented in order to ensure the independence and proper functioning of the General Meeting:

Yes No

DESCRIBE THE MEASURES IN DETAIL

Pursuant to Article 11 of the company by-laws, the Chairman of the Meeting shall be the person holding the same position on the Board of Directors, or who may replace him due to circumstances in accordance with the provisions of the by-laws.

The Chairman and the Secretary of the General Meeting take care to ensure that the Meeting is conducted with the utmost respect for the rights of shareholders. Hitherto no incident has arisen with regards the proper functioning of the General Meeting.

E.6 State, where appropriate, the amendments made to the regulations of the General Meeting during the year.

The Regulations of the General Meeting were approved at the General Meeting held on 6th March 2004, and were partially amended by the resolution of the General Meeting of 27th April 2006. These are available on the company's website, www.mapfre.com, in the public records of the Spanish Securities Exchange Commission (CNMV), and at the Company Registrar in Madrid.

E.7 State the attendance data for the general meetings held during the year to which this report refers:

DATE OF GENERAL MEETING	ATTENDANCE FIGURES				TOTAL
	% OF ATTENDANCE IN PERSON	% BY PROXY	% DISTANCE VOTING		
			ELECTRONIC VOTING	OTHER	
26-03-2007	0.070	77.01%	0.000		77.08%
4-07-2007	0.050	75.37%	0.000		75.42%

E.8 State briefly the resolutions approved at the general meetings held during the year to which this report refers and the percentage of votes with which each resolution has been approved.

At the Ordinary General Meeting, held on first call on 26 March 2007, the resolutions set forth below were approved, by majority, with the votes against of 2 shareholders, holding 44,180 shares (0.00194% of the share capital) for the proposal drawn up with regard to point four of the agenda, and the vote against of one shareholder, holding 2,180 shares (0.00009% of the share capital) for the remaining proposals:

- Approval of the Annual Accounts, both individual and consolidated, for financial year 2006.
- Approval of the distribution of profits proposed by the Board of Directors, and as a result, the distribution of a total dividend of 0.09 euros gross per share to shares numbered from 1 to 1,194,503,530, each inclusive, and of 0.05 euros gross per share for shares numbered from 1,194,503,531 to 2,275,324,163, each inclusive. Part of this dividend, in the sum of 0.04 euros gross per share, was anticipated to shares numbered 1 to 1,194,503,530 following a resolution of the Board of Directors approved on 26 October 2006, and the rest, up to the approved total, i.e. 0.05 euros gross per share, to all shares, numbered 1 to 2,275,324,163, each inclusive, will be payable as from 4 May 2007.
- Approval of the management of the Board of Directors during financial year 2006.
- Re-election of members of the Board of Directors for a period of four years, and updating of the remuneration for 2007 in favour of the non-executive directors, for membership of the Board of Directors, Committees, and Delegated Committees, which are established as follows:

– Fixed assignment of 40,000 euros gross, in the case of the Board of Directors.

– Attendance allowance of 4,000 euros gross, in the case of the Delegated Committee, and of 3,500 euros gross for all other Committees.

The assignment in favour of those persons who hold the positions of Chairman or Deputy Chairman of the Board of Directors or the chairmanship of a Delegated Committee (non-executive) is increased by 50%.

- Extension of the appointment of the firm Ernst & Young, S.L. as the Company's Accounts Auditors.

At the Company's Extraordinary General Meeting of Shareholders, held on first call on 4 July 2007, resolutions were approved in accordance with the proposals formulated, which were approved by majority with 83,913 shares voting against the proposal formulated with regard to the second point on the agenda, 81,733 shares abstaining, and 2,180 shares voting against with regard to the proposal contained at point three of the agenda, and with 2,180 shares voting against the rest of the proposals.

- The issue of subordinated debentures in a maximum amount of ONE THOUSAND MILLION EUROS, and approval of the resolutions necessary for the execution thereof.
- Incentives Plan with reference to the value of the shares for Group managers.
- Amendment of Article 17 of the corporate by-laws.
- Delegation of powers for the execution and engrossment in public format of the resolutions approved at the Meeting.
- Designation of participants for the approval of the minutes of the meeting.

E.9 State whether there is any restriction in the by-laws to the effect of a minimum number of shares necessary in order to attend the General Meeting:

Yes No

NUMBER OF SHARES NECESSARY IN ORDER TO ATTEND THE GENERAL MEETING

1,500

E.10 State and justify the policies pursued by the company with regard to voting by proxy at the General Meeting.

The company does not pursue any specific policy with regard to voting by proxy at the General Meeting.

E.11 State whether the company is aware of the policy of the institutional investors of participating or not in the decisions of the company:

Yes No

DESCRIBE THE POLICY**E.12 State the address and the form of access to the corporate governance content on the website.**

Access is as follows: www.mapfre.com

General Information
ØShareholders and Investors

F. DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF CORPORATE GOVERNANCE

State the level of follow-up by the company with regard to the recommendations of the Unified Code of Good Governance.

Should there be any that are not complied with, explain the recommendations, rules, practices, or criteria applied by the company.

1. That the By-laws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, or contain other restrictions which hamper the takeover of control of the company by way of the acquisition of its shares on the market.

See sub-sections: A.9 , B.1.22 , B.1.23, and E.1 , E.2.

Complies Explain

2. That where both the parent company and a subsidiary company are listed, they should both define publicly and precisely:

a) The respective areas of activity and possible business relations between them, as well as those of the listed subsidiary company with the rest of the group companies;

b) The mechanisms envisaged for resolving the possible conflicts of interest which may arise.

See sub-sections: C.4 and C.7

Complies Complies in part

Explain Not applicable

3. That transactions that entail the structural alteration of the company should be submitted for the approval of the General Meeting, even where this is not expressly required by the provisions of commercial law. In particular the following transactions:

a) The transformation of listed companies into holding companies, by way of "conversion into subsidiaries" or the transfer of essential activities carried out up until that time by the company itself to subsidiary companies, even where the latter maintains absolute ownership of the former;

b) The acquisition or disposal of essential operational assets, where this should entail an effective modification of the corporate objects;

c) Those transactions the effect of which is equivalent to that of liquidation of the company.

Complies Complies in part Explain

4. That the detailed proposals for the resolutions to be approved at the General Meeting, including the information referred to at recommendation 28, should be made public at the time the announcement calling the Meeting is published.

Complies Explain

5. That those matters which are substantially independent are voted on separately at the General Meeting, so that the shareholders may exercise their voting preferences separately. And that the said rule is applied, in particular:

a) To the appointment or ratification of directors, who ought to be voted on separately;

b) In the case of amendments to the By-laws, to each article or group of articles which are substantially independent.

See sub-section: E.8

Complies Complies in part Explain

6. That the companies allow votes to be split so that financial intermediaries who appear on behalf of shareholders, but who act for different clients, can cast their votes in accordance with the instructions given by the said clients.

See sub-section: E.4

Complies Explain

7. That the Board performs its functions with a unity of purpose and independence of will, that it treats all shareholders alike, and is guided by the interest of the company, which is deemed to be to maximise, on a sustained basis, the economic value of the company.

And that it should likewise seek, in its relations with interest groups (stakeholders) compliance by the company with the laws and regulations; performance in good faith of its duties and contracts; respect for the customs and good practice of the sectors and territories where it exercises its activity; and observance of any further principles of social responsibility that it may have accepted voluntarily.

Complies Complies in part Explain

8. That the Board assumes, as the nucleus of its mission, approval of the company's strategy and the organisation necessary in order to put it into practice, as well as to supervise and monitor that the Management complies with the objectives laid down and respects the corporate interests of the company. And that, for this purpose, the Board in full session should reserve the power to approve the following:

a) The general policies and strategies of the company, and in particular:

- i) The strategic or business Plan, as well as the annual management and budget objectives;
- ii) The investments and finance policy;
- iii) The definition of the structure of the group of companies;
- iv) The corporate governance policy;
- v) The company's corporate liability policy;
- vi) The policy on remuneration and appraisal of the performance of the senior managers;
- vii) The control and management of risks policy, as well as the periodical monitoring of the internal information and control systems.
- viii) The dividends policy, as well as that pertaining to own shares, and in particular the limits thereof.

See sub-sections: B.1.10, B.1.13, B.1.14, and D.3

b) The following decisions :

i) At the proposal of the company's chief executive, the appointment and eventual retirement of the senior managers, as well as their compensation clauses.

See sub-section: B.1.14.

ii) Directors' remuneration, as well as, in the case of executive directors, any additional remuneration for the executive functions and any other conditions that their employment contracts must envisage.

See sub-section: B.1.14.

iii) Any financial information which, given its status as a listed company, the company is required to make public on a regular basis.

iv) Any investments or transactions of any kind which, on account of their large monetary value or special characteristics, are of a strategic nature, unless the approval thereof corresponds to the General Meeting.

v) The creation or acquisition of participations in companies which have a special purpose or which are domiciled in countries or territories which are deemed to be tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, may reduce the transparency of the group.

c) Any transactions performed by the company with directors, with substantial shareholders or shareholders who are represented on the Board, or with persons related thereto ("related transactions").

Said authorisation from the Board shall not, however, be deemed to be necessary for those related transactions which simultaneously comply with the three following conditions:

1. That they are carried out in accordance with contracts containing standard conditions and which are applied en masse to many clients;
2. That they are carried out at prices or tariffs that are established in general terms by the party acting as the supplier of the goods or services in question;
3. That the value thereof should not exceed 1% of the company's annual income.

It is recommended that the Board should approve related transactions following the favourable report of the Audit Committee or of any other committee to which this function has been transferred, as the case may be; and that the directors affected thereby should, in addition to not exercising or delegating their right to vote, leave the board room whilst the Board is deliberating and voting on it.

It is recommended that the powers hereby conferred on the Board should be made to be non-delegable, except for those referred to at letters b) and c), which may be adopted for reasons of urgency by the Delegated Committee, and subsequently ratified by the Board in full session.

See sub-sections: C.1 and C.6

Complies Complies in part Explain

9. That the Board should be of the right size in order to operate effectively and with full participation, which makes it advisable for its size to be no less than five and no more than fifteen members.

See sub-section: B.1.1

Complies Explain

The company considers that it has the size necessary in order to operate effectively and with full participation, and it is in accordance with the historical evolution of the Group and its particular circumstances.

10. That the external directors in representation of shareholder interests and independent directors should constitute an ample majority on the Board and that the number of executive directors should be the minimum necessary, taking into account the complexity of the company group and the percentage participation of the executive directors in the share capital of the company.

See sub-sections: A.2 , A.3, B.1.3, and B.1.14.

Complies Complies in part Explain

11. That should there be an external board member who may not be considered to be either a director in representation of shareholder interests or an independent director, the company should explain this circumstance and his/her links with the company or its managers or with its shareholders.

See sub-section: B.1.3

Complies Explain Not applicable

12. That out of the external directors, the ratio between the number of directors in representation of shareholder interests and independent directors should reflect the proportion between the company's share capital represented by shareholders directors and the rest of the share capital.

This principle of strict proportionality may be relaxed, such that the weight of directors in representation of shareholder interests is greater than what would correspond to the total percentage of share capital they represent:

1 At companies with a high level of capitalisation where there are no or hardly any shareholding participations which may be legally deemed to be significant, but there are shareholders who hold share portfolios which have a high absolute value.

2 In the case of companies where there is a multitude of shareholders represented on the Board, and they have no links between themselves.

See sub-sections: B.1.3 , A.2, and A.3

Complies Explain

There is a greater presence of independent directors (8) than of directors in representation of shareholder interests (6), despite the fact that the shareholders who appoint the latter represent more than 74% of the share capital.

13. That the number of independent directors should represent at least one third of the total number of directors.

See sub-section: B.1.3

Complies Explain

14. That the nature of each board member should be explained by the Board at the Shareholders General Meeting which is to make or ratify the appointment, and that this should be confirmed or, as the case may be, reviewed annually in the Annual Corporate Governance Report, following verification by the Appointments Committee. And that the said Report should also explain the reasons for the appointment of directors in representation of shareholder interests at the request of shareholders whose shareholding participation is less than 5% of the share capital; and the reasons for not having acceded to formal requests for presence on the Board made by shareholders whose shareholding participation is equal to or in excess of that of others who have successfully requested the appointment of directors in representation of shareholder interests should be explained, where appropriate.

See sub-sections: B.1.3 and B.1.4

Complies Complies in part Explain

15. That where there are no or hardly any female Board members, the Board should explain the reasons for this and the initiatives that have been adopted in order to correct this situation; and that, in particular, the Appointments Committee should promote the following actions whenever any vacancies should occur:

- a) Selection procedures should not contain an implicit bias that obstructs the appointment of female Board members;
- b) The company should make a deliberate search, and include women who meet the professional profile required amongst the potential candidates.

See sub-sections: B.1.2, B.1.27 and B.2.3.

Complies Complies in part
Explain Not applicable

A new independent female Board member was appointed on 29-12-2006.

16. That the Chairman, as the person responsible for the efficient functioning of the Board, should ensure that the directors have received sufficient information in advance; should stimulate debate and the active participation of the directors during Board meetings, safeguarding their right to hold a view and express their opinion freely; and organise and co-ordinate the periodical evaluation of the Board with the chairmen of the relevant Committees, as well as, where appropriate, the evaluation of the Managing Director or Chief Executive.

See sub-section: B.1.42

Complies Complies in part Explain

17. That, where the Chairman of the Board should also be the chief executive of the company, one of the independent directors should be given powers to request the holding of a Board meeting or the inclusion of new points on the agenda; to co-ordinate and voice the concerns of the external directors; and to direct the Board in the evaluation of its Chairman.

See sub-section: B.1.21

Complies Complies in part
Explain Not applicable

Pursuant to article 18 of the company by-laws, any director may request the inclusion of a point on the agenda and so any one of them has the power to make his/her concerns known to the Board of Directors.

A Board meeting may be requested by three directors, irrespective of the kind of directors they are.

The evaluation of the Chairman, as with all other directors, is carried out by the Appointments and Remuneration Committee in the absence of the person being evaluated.

18. That the Secretary of the Board should place a special emphasis on ensuring that the activities of the Board:

a) Are in accordance with the letter and the spirit of the Law and the regulations, including those approved by regulatory bodies;

b) Are in accordance with the company By-laws and with the Regulations of the Meeting, the Board, and any others in force at the company;

c) Take into consideration the recommendations with regard to good governance contained in this Unified Code as accepted by the company.

And that, in order to safeguard the independence, impartiality, and professionalism of the Secretary, his/her appointment and retirement shall be reported on by the Appointments Committee and approved by the full session of the Board; and that the said appointment and retirement procedure should be contained in the Board Regulations.

See sub-section: B.1.34

Complies Complies in part Explain

The Regulations of the Board are under review in order to expressly include, amongst other aspects, the procedure for the appointment and retirement of the Secretary of the Board of Directors. At this company, the Secretary is also a board member as from 1999, and so his/her appointment, as well any successive re-elections, has always been reported on by the Appointments and Remuneration Committee and approved by the Board of Directors in full session.

19. That the Board should meet with the necessary frequency in order to be able to carry out its functions effectively, following the schedule of dates and matters as laid down at the start of the financial year, and every Director may propose other points on the agenda which were not initially envisaged.

See sub-section: B.1.29

Complies Complies in part Explain

20. That absences by directors should be reduced to the absolutely unavoidable and that these should be quantified in the Annual Corporate Governance Report. And that where attendance by proxy should be unavoidable, it should be conferred with instructions.

See sub-sections: B.1.28 and B.1.30

Complies Complies in part Explain

21. That where the directors or the Secretary should voice any concerns with regard to any proposal or, in the case of directors, the company's performance, and these concerns should not be resolved by the Board, this should be recorded in the minutes at the request of the person who voiced the concerns.

Complies Complies in part
Explain Not applicable

22. That the Board in full session should evaluate, once a year, the following:

a) The quality and effectiveness of the functioning of the Board;

b) On the basis of the report drawn up by the Appointments Committee, the performance of the Chairman of the Board and the company's chief executive;

c) The functioning of the Committees, on the basis of the reports they draw up and submit to the Board.

See sub-section: B.1.19

Complies Complies in part Explain

The Board carries out a self-assessment every year. The evaluation of the performance of all directors is carried out every four years, at least, upon the occasion of their re-election, following a report by the Appointments and Remuneration Committee. The functioning of all Committees and Delegated Committees will be carried out annually by the Compliance Committee, which submits its report to the Board.

23. That all directors may exercise the right to receive any additional information that they should consider necessary with regard to the competence of the Board. And that, save where the Company By-laws or the Board Regulations should provide otherwise, their request should be addressed to the Chairman or the Secretary of the Board.

See sub-section: B.1.42

Complies Explain

24. That all directors should have the right to obtain the advice they require from the company in order to perform their functions. And that the company should monitor the suitable channels for the exercise of this right, which in special circumstances may include external advice chargeable to the company.

See sub-section: B.1.41

Complies Explain

25. That the companies should establish a guidance programme providing new directors with a fast and adequate knowledge of the company, as well as of its rules on corporate governance. And that they should also offer directors skills refreshment programmes where the circumstances should make this advisable.

Complies Complies in part Explain

26. That the companies should require that the directors dedicate the necessary time and effort to their duties in order to perform them effectively, and as a result:

a) That the directors should report to the Appointments Committee on their other professional duties, in case these should interfere with the dedication required;

b) That the companies should lay down rules with regard to the number of Boards that their directors may sit on.

See sub-sections: B.1.8, B.1.9, and B.1.17

Complies Complies in part Explain

Section b) is under examination. The rest is complied with in full.

27. That the proposal for the appointment or re-election of directors submitted by the Board to the Shareholders General Meeting, as well as their provisional appointment on an interim basis, should be approved by the Board:

a) At the proposal of the Appointments Committee, in the case of independent directors.

b) Following a report by the Appointments Committee, in the case of all other directors.

See sub-section: B.1.2

Complies Complies in part Explain

28. That the companies should publish via their website, and keep up to date, the following information with regard to their directors:

a) Professional and biographical profile;

b) Other Boards of directors of which they are members, whether or not these are listed companies;

c) Indication of the category of board members into which they fall, with an indication, in the case of directors in representation of shareholder interests, of the shareholder they represent or with whom they are related.

d) The date of their first appointment as board member at the company, as well as of all subsequent re-appointments, and;

e) What shares in the company or share options they may hold.

Complies Complies in part Explain

29. That the independent directors should not remain as such for a continuous period of more than 12 years.

See sub-section: B.1.2

Complies Explain

30. That the directors in representation of shareholder interests should tender their resignation where the shareholder they represent should sell its shareholding participation in full. And that they should also do so, in the corresponding number, where the said shareholder reduces its shareholding participation to a level that requires a reduction in the number of its directors in representation of shareholder interests.

See sub-sections: A.2 , A.3, and B.1.2

Complies Complies in part Explain

31. That the Board of Directors should not propose the retirement of any independent board member prior to the expiry of the period laid down in the by-laws for which he/she was appointed, except where there should be just cause, acknowledged by the Board following a report by the Appointments Committee. In particular, just cause shall be deemed to exist where the board member should have breached the duties that are inherent to his/her position or incurred in any of the circumstances described at sub-section 5 of section III of the definitions of this Code.

The retirement of independent directors may also be proposed as a result of Public Takeover Bids, mergers, or any other similar corporate transactions that amount to a change in the company's share capital structure, where these changes in the structure of the Board are propitiated by the proportionality criterion set forth at Recommendation 12.

See sub-sections: B.1.2, B.1.5, and B.1.26

Complies Explain

32. That the companies should establish rules which compel directors to report on, and as the case may be, resign in those cases that may affect the credit and reputation of the company, and in particular, compel them to inform the Board of any criminal proceedings where they appear as suspects, as well as of any subsequent procedural vicissitudes.

That should a board member be prosecuted, or should he/she be served with a writ for the commencement of oral proceedings for any of the criminal offences set forth at article 124 of the Companies Act, the Board should examine the case as soon as possible, and in view of the specific circumstances, decide whether or not it is appropriate for the board member to continue in his/her position. And that the Board should report on all the foregoing, with reasons, in the Annual Corporate Governance Report.

See sub-sections: B.1.43, B.1.44

Complies Complies in part Explain

33. That all directors should clearly express their opposition where they should consider that a proposed decision submitted to the Board may be contrary to the interests of the company. And that independent and all other directors who are not affected by the potential conflict of interest should do likewise in the case of decisions which may prejudice those shareholders who are not represented on the Board.

And that where the Board should take significant or repeated decisions with regard to which the board members have formulated serious reservations, the relevant conclusions should be drawn and should any board members choose to resign, they should explain the reasons in the letter referred to in the following recommendation.

This Recommendation also applies to the Secretary of the Board, even if he/she is not a board member.

Complies Complies in part
Explain Not applicable

34. That where a board member should retire from his/her position prior to the expiry of his/her term, whether due to resignation or to any other reason, he/she should explain the reasons in a letter to be sent to all members of the Board. And that, without prejudice to the said retirement being reported as a significant event, the reason for the retirement should be stated in the Annual Corporate Governance Report.

See sub-section: B.1.5

Complies Complies in part
Explain Not applicable

35. That the remuneration policy approved by the Board should set forth its position at least on the following questions:

a) The sum of the fixed items, with a breakdown, as the case may be, of the allowances for participation on the Board and its Committees, and an estimate of the fixed annual remuneration they give rise to;

b) Variable remuneration items, including in particular:

i) Classes of directors to which they apply, as well as an explanation of the relative importance of the variable remuneration items with regard to the fixed ones.

ii) Criteria for the evaluation of results which form the basis of any right to receive remuneration in shares, share options, or any variable component;

iii) Fundamental parameters and the basis of any annual system of bonuses or any other benefits not paid in cash; and

iv) An estimate of the absolute sum of the variable remuneration that the proposed remuneration plan will give rise to, in accordance with the level of compliance with the hypotheses or objectives taken as a reference.

c) Main characteristics of the welfare-provision systems (for example, complementary pensions, life insurance, and similar items), with an estimate of its value or of the equivalent annual cost.

d) Conditions that ought to be contained in the contracts of those persons exercising the functions of senior management as executive directors, which shall include:

i) Duration;

ii) Notice periods; and

iii) Any other clauses relating to contract premiums, as well as indemnities or amou-rlating for reasons of early termination or termination of the contractual relationship between the company and the executive board member.

See sub-section: B.1.15

Complies Complies in part Explain

36. That remuneration by way of payment in shares in the company or in group companies, share options, instruments referenced to the value of shares, variable remuneration referenced to the performance of the company, or welfare-provision systems should be circumscribed to executive directors.

This recommendation shall not apply to payment in shares where this is made conditional on the directors holding the shares until such time as they retire as board members.

See sub-sections: A.3 , B.1.3

Complies Explain

37. That the remuneration of the external directors should be sufficient to remunerate their dedication, qualifications, and responsibilities as required by the position; but not so high as to compromise their independence.

Complies Explain

38. That the remuneration referenced to the company's results should take into account any possible reservations set forth in the external Auditor's report and reduce the said results.

Complies Explain Not applicable

39. That in the case of variable remuneration, the remuneration policies should include the technical precautions required in order to ensure that such remuneration maintains its relationship with the professional performance of the beneficiaries and should not simply derive from the general performance of the markets or of the company's sector of activity or other similar circumstances.

Complies Explain Not applicable

40. That the Board should submit a report on the remuneration policy for directors to be voted on at the Shareholders General Meeting as a separate point on the agenda, for consultation purposes. And that the said report should be made available to the shareholders, either separately or in any other form that the company may consider appropriate.

The said report shall concentrate especially on the remuneration policy approved by the Board for the current year, as well as, where appropriate, that envisaged for future years. It shall cover all matters referred to at Recommendation 35, except for those points that could entail the disclosure commercially-sensitive information. It shall emphasise the most significant changes in the said policies with regard to the policy of the previous year to which the General Meeting refers. It shall also include an overall summary of how the remuneration policy has been applied over the said previous financial year.

That the Board should likewise report on the role performed by the Remuneration Committee in drawing up the remuneration policy, and where there has been external appraisal, the identity of the external consultants that have participated.

See sub-section: B.1.16

Complies Complies in part Explain

41. That the Annual Report sets out in detail the individual remuneration for directors during the financial year and should include:

a) An individual breakdown of the remuneration of each board member, which shall include, as the case may be:

- i) The attendance allowances or other fixed remuneration as a board member;
- ii) The additional remuneration for the chairman or members of a Board Committee;
- iii) Any remuneration under the heading of profit sharing or bonuses, and the reason these were conferred;
- iv) Contributions to pension plans with defined contributions in favour of board members; or the increase of the consolidated rights of the board members, in the case of contributions to defined provision plans;
- v) Any indemnities agreed or paid in the event their functions are terminated;
- vi) The remuneration received as a board member from other group companies;
- vii) Remuneration for the performance of senior management functions by executive directors;

viii) Any other remunerative items distinct from the above, whatever the nature thereof and irrespective of the group company paying them, especially where this is deemed to be a related transaction, or the omission thereof should distort the true and fair image of the total remuneration received by the board member.

b) The individual breakdown of the eventual payment of directors in shares, share options, or any other instrument referenced to share values, setting out the following information in detail:

- i) Number of shares or options granted in the year, and the conditions for the exercise thereof;
- ii) Number of options exercised during the year, with an indication of the number of shares affected and the exercise price;
- iii) Number of options pending being exercised at the end of the year, with an indication of their price, date, and any other requirements attached to their execution;
- iv) Any modification during the year to the conditions for the exercise of the options that have already been granted.

c) Information on the relationship, in the said previous year, between the remuneration obtained by the executive directors and the results or other measures of the company's performance.

Complies Complies in part Explain

All recommendations are complied with except for the information on remuneration which is supplied in aggregate form by director categories, but broken down in a sufficiently explanatory way.

42. That where there should be a Delegated or Executive Committee (hereinafter, "Delegated Committee"), the participation structure for the different categories of directors should be similar to that on the Board itself, and its secretary should be the same as for the Board.

See sub-sections: B.2.1 and B.2.6

Complies Complies in part
Explain Not applicable

The company has its own criterion, configuring it as a delegated body that is fully executive, with the presence of the senior managers of the main bodies of the Group, and with the presence of two external directors in representation of shareholder interests.

43. That the Board should always be informed of the matters dealt with and the decisions taken by the Delegated Committee and that all members of the Board should receive a copy of the minutes of the sessions of the Delegated Committee.

Complies Explain Not applicable

The first part of the recommendation is strictly complied with. With regard to the second, the directors do not receive a copy of all minutes, but they are available to them should they wish to consult them.

44. That the Board of Directors should set up, in addition to the Audit Committee required by the Securities Market Act, a Committee, or two separate Committees, for Appointments and Remuneration.

That the rules for the make-up and functioning of the Audit Committee and of the Appointments and Remuneration Committee or committees should be set forth in the Board Regulations, and include the following:

- a) That the Board should designate the members of these Committees, taking into consideration the know-how, aptitudes, and experience of the directors and the scope of each Committee; that it should deliberate on its proposals and reports; and that they should report to it on their activity, at the first full session of the Board subsequent to their meetings, and answer for the work performed;
- b) That the said Committees should be composed exclusively of external directors, with a minimum of three. The foregoing shall be deemed to be without prejudice to the attendance of executive directors or senior managers, where this should be expressly agreed by the members of the Committee.
- c) That the Chairmen thereof should be independent directors.
- d) That they may seek external advice, where they should consider this necessary for the performance of their functions.
- e) That minutes should be kept of their meetings, of which a copy shall be sent to all members of the Board.

See sub-sections: B.2.1 and B.2.3

Complies Complies in part Explain

All recommendations are complied with except for sections b) and c). Both Committees have executive directors and the chairman of the Appointments and Remuneration Committee is not an independent board member.

45. That supervision of compliance with the internal codes of conduct and the rules on corporate governance should be attributed to the Audit Committee, to the Appointments Committee, or, should they exist in separate form, to the Compliance or Corporate Governance Committees.

Complies Explain

46. That the members of the Audit Committee, and in particular the chairman, should be appointed taking into account their know-how and experience in accounting, auditing, or risks-management matters.

Complies Explain

47. That listed companies should have an Internal Auditing function which, under the supervision of the Audit Committee, should promote the proper functioning of the information and internal control systems.

Complies Explain

48. That the person responsible for the Internal Auditing function should submit his/her annual work plan to the Audit Committee; report directly on any incidents arising in the performance thereof; and submit an activities report at the end of each financial year.

Complies Complies in part Explain

49. That the control and management of risks policy should identify at least the following:

a) The different types of risk (operational, technological, financial, legal, reputation...) the company faces, including amongst the financial or economic risks, any contingent liabilities and other risks off the balance sheet;

b) The setting of the level of risk that the company considers acceptable;

c) The measures envisaged in order to mitigate the impact of the risks that have been identified, in the event that these should occur;

d) The information and internal control systems that are to be used in order to control and manage the said risks, including any contingent liabilities and other risks off the balance sheet.

See sub-section: D

Complies Complies in part Explain

50. That the following should be the responsibility of the Audit Committee:

1. With regard to the information and internal control systems:

a) To supervise the process for drawing up the financial information relating to the company and, as the case may be, to the group, as well as the integrity of the said information, and to also supervise the process for reviewing compliance with the normative requirements, the adequate delimitation of the consolidation perimeter, and the correct application of the accounting criteria.

b) To periodically review the internal control and risks-management systems so that the main risks may be identified, managed, and made known adequately.

c) To promote the independence and effectiveness of the Internal Auditing function; to propose the selection, appointment, re-election, and retirement of the person responsible for the Internal Auditing service; to propose the budget for this service; to receive periodical information on its activities; and to verify that the senior management takes the conclusions and recommendations of its reports into account.

d) To establish and supervise a mechanism that will allow the employees to communicate, in a confidential and, where appropriate, anonymous way, any potentially-significant irregularities, especially of a financial and accounting nature, which they may detect within the company.

2. With regard to the external auditor:

a) To submit to the Board any proposals for the selection, appointment, re-election, and replacement of the external Auditor, as well as the conditions under which the Auditor is contracted.

b) To receive information with regard to the auditing plan and the results of the execution thereof from the external Auditor, and to verify that the senior management is taking its recommendations into account.

c) To ensure the independence of the external Auditor, and to this effect:

i) That the company should notify the National Securities Market Commission, in the form of a significant event, of any change to the auditor, and that this should be accompanied by a declaration with regard to the possible existence of disagreements with the outgoing auditor, and should any have existed, the nature thereof.

ii) That it should ensure that the company and the auditor respect the rules in force with regard to the provision of services other than auditing services, the restrictions on the concentration of the Auditor's business, and in general, any other rules laid down in order to ensure the independence of the auditors;

iii) That in the event the external Auditor should resign, the circumstances that have led to this.

d) In the case of groups, to encourage the auditor of the group to take responsibility for auditing the companies that make it up.

See sub-sections: B.1.35, B.2.2, B.2.3, and D.3

Complies Complies in part Explain

51. That the Audit Committee may summon any employee or director of the company, and even order their attendance without the presence of any other director.

Complies Explain

52. That the Audit Committee should report to the Board, prior to the approval by the latter of the corresponding resolutions, with regard to the following matters set forth at Recommendation 8:

a) Any financial information which the company, given its listed status, ought to make public on a regular basis. The Committee should ensure that the intermediate accounts are formulated in accordance with the same accounting criteria as the annual accounts, and for this purpose, consider the possibility of a limited review of the external Auditor.

b) The creation or acquisition of participations in companies with a special purpose or which have their registered office in tax havens or territories which are considered to be tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, may erode the transparency of the group.

c) Any related transactions, except where this function of prior report has been attributed to another supervision and control Committee.

See sub-sections: B.2.2 and B.2.3

Complies Complies in part Explain

53. That the Board of Directors should seek to present the accounts to the General Meeting without reservations in the audit report and that, in those exceptional circumstances where such should exist, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of the said reservations.

See sub-section: B.1.38

Complies Complies in part Explain

54. That the majority of the members of the Appointments Committee – or of the Appointments and Remuneration Committee, should they be one and the same – should be independent directors.

See sub-section: B.2.1

Complies Explain Not applicable

The company has its own criterion with regard to the suitable make-up of the Appointments and Remuneration Committee (which may be seen in detail at sub-section B.2.1. of this report).

55. That the Appointments Committee should have the following functions, in addition to those set forth in the above Recommendations:

a) To assess the powers, know-how, and experience necessary on the Board, to define, as a result, the functions and aptitudes necessary in the candidates who are to fill each vacancy, and to assess the time and dedication required so that they may properly perform their function.

b) To examine or organise, in the manner deemed to be appropriate, the succession of the Chairman and of the chief executive, and as the case may be, to make proposals to the Board so that the said succession may take place in an ordered and well-planned manner.

c) To report on the appointments and retirements of senior managers proposed by the chief executive to the Board.

d) To report to the Board on matters of gender diversity set forth at Recommendation 14 of this Code.

See sub-section: B.2.3

Complies Complies in part
Explain Not applicable

56. That the Appointments Committee should consult the Chairman and the chief executive of the company, especially in those matters concerning the executive directors.

And that any board member may request the Appointments Committee to take into consideration potential candidates who may be deemed to be ideal, in order to cover vacancies on the Board.

Complies Complies in part
Explain Not applicable

57. That the Remunerations Committee should be responsible for the following functions, in addition to those set forth in the above Recommendations:

a) To propose to the Board of Directors:

- i) The remuneration policy for directors and senior managers;
- ii) The individual remuneration of executive directors and any other contractual conditions.
- iii) The basic conditions of the contracts for senior managers.

b) To monitor the observance of the remunerative policy laid down by the company.

See sub-sections: B.1.14, B.2.3

Complies Complies in part
Explain Not applicable

58. That the Remuneration Committee should consult the Chairman and the chief executive of the company, especially in those matters relating to the executive directors and senior managers.

Complies Explain Not applicable

G. OTHER INFORMATION OF INTEREST

If you consider that there is some relevant principle or aspect relating to the corporate governance practices applied by your company which have not been covered by this Report, please state and explain the content of this below.

You may include any other information, clarification, or refinement relating to the previous sections of the report in this section.

Specifically, state whether the company is subject to any law other than Spanish law in matters of corporate governance and, where appropriate, include any information that it is under a duty to supply and which is different from that required in this report.

Binding definition of an independent board member:

State whether any of the independent directors has or has had any relation with the company, its substantial shareholders, or its managers, which had it been sufficiently significant or important, would have led to the board member being ineligible for independent status pursuant to the definition contained at section 5 of the Unified Code of Good Governance:

Yes No

NAME OF THE BOARD MEMBER	TYPE OF RELATIONSHIP	EXPLANATION
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This annual corporate governance report has been approved by the Board of Directors of the company, at its meeting held on 06-02-2008

State whether there have been Directors who have voted against or abstained with regard to the approval of this Report.

Yes No

NAME OR CORPORATE NAME OF THE BOARD MEMBER WHO HAS NOT VOTED IN FAVOUR OF THE APPROVAL OF THIS REPORT	REASONS (AGAINST, ABSTENTION, NON-ATTENDANCE)	EXPLAIN THE REASONS
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