



MAPFRE, SA

A REPORT ON THE DELEGATION OF AUTHORITY BY THE
SHAREHOLDERS IN GENERAL MEETING TO THE BOARD
OF DIRECTORS TO INCREASE THE SHARE CAPITAL AND
TO AMEND ARTICLE 5 OF THE CORPORATE BYLAWS

Madrid, 6 February 2008

I. JUSTIFICATION OF THE PROPOSAL

The delegation of authority made on 26 February 2005 by the Shareholders in General Meeting to the Board of Directors to make a decision on capital increases has not been used.

However, the share capital has been increased under a decision passed by the Shareholders in the General Meeting held on 29 December 2006.

It is deemed necessary for the General Meeting to renew the authority for the maximum limit allowed at law under Article 153 of the Companies Act, that is, up to half of the present share capital that amounts to 227,532,416.30 euros, therefore, should this proposal be approved, the Board will be authorised to effect increases up to a maximum amount of 113,766,208.15 euros.

This proposal provides for the possibility that the Board of Directors may, in turn, delegate to the Steering Committee those powers that can be delegated and that were given by the Shareholders in General Meeting, and the conferral to the Directors of authority to exclude shareholders' privileges in a rights issue and, if appropriate, of rights possessed by holders of convertible debentures, on those terms provided for in Article 159.2 of the Restated Wording of the Companies Act.

The Board of Directors considers that these possibilities extend their powers to act and this is justified by it being convenient for the management body to have the necessary capacity and flexibility to act with speed as is required by financial market conditions.

Further, the total or partial exclusion of privileges in a rights issue has been structured as a power that the Shareholders in General Meeting give to the Board of Directors and, as a result, the exercise thereof will depend on the reasoning that the same Board of Directors follows bearing in mind the circumstances appropriate to each case and bearing in mind the all legal requirements. If, in the use of the said authority, the Board should decide to suspend privileges in a specific increase of capital, it must, when an increase is decided on, issue a detailed report setting out the reasons that, for the benefit of the corporate interest, justify the taking of such a measure; this report must be supplemented by another report drawn up by an external auditor on those terms provided for under Article 159.2 of the Restated Version of the Companies Act. According to the said Act, both reports must be made available to the shareholders and notified to the first General Meeting of Shareholders held following the decision to make a capital increase.

II. PROPOSED RESOLUTIONS

- 1) To authorise the Board of Directors so it may, according to the provisions contained in Article 153 of the Restated Version of the Companies Act, and during a period of five years following the date of the said decision, increase the share capital on any one or more occasions up to a maximum amount of 113,766,208 euros, equivalent to 50% of the share capital. The Board of Directors may freely set the terms and conditions of any increase of capital that it might decide to make under the terms of this authorization, and it may resolve on: the issue of voting or non-voting shares, even subject to an issue premium, and if appropriate; the total or partial exclusion of shareholder's privileges on any rights issue and, if appropriate, of any rights held by holders of debentures convertible into shares of the company, on those terms provided for in Article 159.2 of the Restated Version of the Companies Act and concordant provisions; and, if appropriate, the amendment of Article 5 of the corporate bylaws to adapt the same to the amount of the resulting share capital. This authority involves the withdrawal of the authority given on 26 February 2005.

Likewise, the Board of Directors is authorised to delegate the authority conferred under this resolution to the Steering Committee under the provisions of Article 141, number 1, paragraph two of the Restated Version of the Companies Act.

- 2) To request that the shares to be issued by the company as a result of the increases of share capital made by the Board of Directors under the authorisation referred to in the preceding paragraph are listed for trading on the Stock Exchange, in accordance with the provisions contained in Article 27 b) of the Stock Exchange Regulations, as per the wording thereof laid down by Royal Decree 1,536/81, and on the same terms and conditions as provided for under the said Article. It is explicitly resolved that, in the event of a subsequent application to exclude the shares from being listed, such decision shall be made with the same formalities, and in this case the interests of any objecting shareholders or shareholders who did not vote for or opposed the resolution, shall be guaranteed. The passing of a decision to officially allow listing shall amount to a declaration to be subject to all those rules that may be in force or that may be laid down in the future relating to Securities and Stock Markets, and especially regarding sales and purchases, standing and exclusion from being officially listed for trading.

ARTICLE 5 OF THE CORPORATE BYLAWS

The present wording is as follows:

Article 5

“The share capital is set at the amount of TWO HUNDRED AND TWENTY-SEVEN MILLION FIVE HUNDRED AND THIRTY TWO THOUSAND FOUR HUNDRED AND SIXTEEN EUROS AND THIRTY CENTS, represented by 2,275,324,163 ordinary shares of a nominal value of 0,10 euros each, numbered consecutively from 1 to 2,275,324,163, both inclusive, that are fully paid up”.

In accordance with the provisions contained in Article 153 of the Companies Act, due to the fact of a delegation of authority to increase the share capital, the Directors are authorised to give a new wording to Article 5 of the corporate bylaws, once each increase has been passed and executed.