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**MAPFRE**

**SHARE SECURITIES NOTE**

**CAPITAL INCREASE WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS FOR A NOMINAL VALUE OF €7,723,472.60 THROUGH THE ISSUANCE OF 77,234,726 ORDINARY SHARES**

(ANNEX III OF COMMISSION REGULATION (EC) No. 809/2004 OF 29<sup>th</sup> APRIL 2004)

This Share Securities Note was published in the Official Registers of the Spanish Securities and Exchange Commission (CNMV) on 31<sup>st</sup> May 2011.

This Share Securities Note has been prepared pursuant to the provisions of Royal Decree 1310/2005, of 4<sup>th</sup> November, and to the procedure provided for in Annex III of Commission Regulation (EC) No. 809/2004 of 29<sup>th</sup> April 2004. It is supplemented by the Share Registration Document, which is incorporated by reference herein and was prepared pursuant to the procedure set out in Annex I of the said Regulation and published in the Official Registers of the Spanish Securities and Exchange Commission on 14<sup>th</sup> October 2010.

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## I. SUMMARY

This summary outlines the main characteristics of, and the essential risks associated with, the securities referred to in the Share Securities Note which, among other, shall be considered to appropriately understand the issue.

Nonetheless, it is expressly noted that:

- (a) This summary must be read as an introduction to the Securities Note.
- (b) Any decision to invest in the securities must be based on the investor's consideration of this Share Securities Note and of the Share Registration Document published in the Official Registers of the Spanish Securities and Exchange Commission on 14<sup>th</sup> October 2010 as a whole.
- (c) No person shall be held civilly liable solely for this summary, unless it is deceitful, inaccurate or incoherent with the remaining parts of the Securities Note.

## 1. DESCRIPTION OF THE TRANSACTION

### 1.1 Basic features

This transaction consists of a capital increase of MAPFRE S.A.'s share capital for a nominal value of €7,723,472.60 through the issuance and circulation of 77,234,726 ordinary shares, represented by book-entries, of the same class and series as the shares currently outstanding, with the same political and economic rights as the latter (hereafter, the **Shares**).

The **Shares** will have a par value of €0.10 each, with a share premium of €2.366 per share, i.e. the price per share will be €2.466. They will participate in the results which will be distributed from 15<sup>th</sup> July 2011 onwards.

The pre-emptive subscription right of the new shares is recognised herein, at a ratio of one new share for every 39 existing shares.

The **Shares** represent, approximately, 2.56% of MAPFRE's share capital prior to the issuance of the **Shares**, and 2.50% of the share capital once all the **Shares** have been issued and subscribed.

The issue is subject to Spanish law.

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The increase is undertaken by virtue of the resolution adopted unanimously by the Board of Directors of the Company on 4<sup>th</sup> May 2011. The Board of Directors makes use of the authorisation granted at the Annual General Meeting held on 5<sup>th</sup> March 2011.

## **1.2 Purpose of the issuance**

The purpose of the capital increase is to offer the Company's shareholders the possibility to allocate the final dividend against the 2010 results to the subscription of newly issued shares of the Company.

Pursuant to the resolution adopted by the Board of Directors of the Company on 4<sup>th</sup> May 2011, in execution of the agreement reached at the Annual General Meeting held on 5<sup>th</sup> March 2011, the final dividend will be paid on 22<sup>nd</sup> June 2011. The final dividend amounts to €240,972,348.08 gross in total, equivalent to €0.08 per share, payable to shares number 1 to 3,012,154,351, both inclusive.

All the shareholders duly registered with IBERCLEAR at the stock exchange closing on the day prior to the payment date will receive the payment in cash.

The issuance price of each new share amounts to €2.466. Therefore, excluding any possible underwriting costs and taking into account that the dividend amounts to €0.08 per share, equity holders will receive, for every 39 shares and as dividend, the amount required to pay up a new share as detailed below:

- Price of a new share: €2.466
- Gross final dividend per existing share: €0.08
- Net final dividend per existing share<sup>1</sup>: €0.0648
- 39 shares x net dividend: €2.527

It must be noted that the legal obligation to pay up the new shares commences from the moment they are subscribed, which is previous to the moment when the final dividend is received.

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<sup>1</sup> The net dividend corresponds to 81% of the gross dividend and results from applying the statutory withholding tax set at 19%



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## **2. SUBSCRIPTION AND PAYMENT PROCEDURE**

### Investors:

The issue takes place in Spain and the new Shares referred to in this Securities Note shall be subscribed by those MAPFRE's shareholders who are duly registered according to the accounting registers of IBERCLEAR and its Member Companies at the stock exchange closing of the trading day prior to the day when the Pre-emptive Subscription Period begins and who exercise their pre-emptive subscription rights, as well as by any investors who acquire or exercise the relevant pre-emptive subscription rights during the aforementioned Subscription Period.

### Subscription and payment procedure:

The pre-emptive subscription right shall be exercised in the 15 days after the rights offering is announced on the official news board of the Spanish Registrar of Companies (BORME). It shall be possible to subscribe one new share for every 39 existing shares. The new shares shall be paid in full at the moment of its subscription.

Pre-emptive subscription rights shall be transferable under the same terms and conditions as the shares to which they attach, pursuant to section 306 of the Spanish Companies Act, and shall be tradable on the Madrid and Barcelona Stock Exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market).

### Admission to listing:

The Company undertakes to make every effort to comply with all the requirements necessary so that all the Shares are admitted to trading in the shortest possible time, which is not expected to exceed one month following the expiry of the pre-emptive subscription period of the capital increase. In the event of a delay in the admission to trading, the Company shall inform the CNMV of the reason for the delay and make it public in a national newspaper as well as in the Official Quotation Gazettes of the Governing Bodies of the Madrid and Barcelona Stock Exchanges, without prejudice to any responsibilities the Company may incur.

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### **3. DESCRIPTION OF THE ISSUER**

Legal and business name of the issuer:

The Company's name is "MAPFRE S.A."

Place and number of registration:

The Company is registered in Madrid's Registrar of Companies, under Volume 23,723, Sheet 13, Page M-6152. Its tax code is A-08055741.

Registered office and legal status of the issuer:

The Company has its registered office in Madrid, Paseo de Recoletos, no. 25 (Postcode 28004). Its Headquarters are partly located in the Offices that MAPFRE has in Majadahonda (Madrid), Carretera de Pozuelo, no. 52 (Postcode 28222). The Company's telephone number for shareholders and investors is the following: (+34) 91 581 11 00, and its e-mail address for the same purpose is:

[relacionesconinversores.cormap@mapfre.com](mailto:relacionesconinversores.cormap@mapfre.com).

MAPFRE is a public limited company, incorporated in Spain and governed by the Spanish Recast Companies Act, approved by Royal Legislative Decree 1/2010, of 2<sup>nd</sup> July, and similar provisions.

As the parent company of a consolidated group which is composed of insurance undertakings, MAPFRE must maintain the consolidated solvency margin laid down in Royal Legislative Decree 6/2004, of 29<sup>th</sup> October, which approves the Recast Text of the Act on the Regulation and Supervision of Private Insurance, the Act on the Regulation and Supervision of Private Insurance endorsed by Royal Decree 2486/1998, of 20<sup>th</sup> November, as well as by the accounting standards governing the insurance activity. Likewise, MAPFRE's investee insurance companies are subject to the special regulations applicable to this activity in the various countries in which they operate.

Key figures:

Set out below is a summary of the consolidated financial statements of MAPFRE S.A. as at 31<sup>st</sup> March 2011 prepared according to the EU international financial reporting standards:

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## INCOME STATEMENT

	3M 2011	3M 2010	% Var.
<b>NON-LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	3,937.4	3,632.6	8.4%
Premiums earned, net of ceded and retroceded reinsurance	2,938.2	2,648.2	11.0%
Net claims incurred and variation in other technical provisions	-2,091.1	-1,956.9	6.9%
Operating expenses, net of reinsurance	-730.3	-620.3	17.7%
Other technical income and expenses	-16.1	-5.8	177.6%
<b>Technical Result</b>	<b>100.7</b>	<b>65.2</b>	<b>54.4%</b>
Net fin'l. income and other non-technical income and expenses	193.5	275.2	-29.7%
<b>Result of Non-life business</b>	<b>294.2</b>	<b>340.4</b>	<b>-13.6%</b>
<b>LIFE ASSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	1,181.7	1,302.7	-9.3%
Premiums earned, net of ceded and retroceded reinsurance	1,076.6	1,186.4	-9.3%
Net claims incurred and variation in other technical reserves	-1,019.8	-1,154.4	-11.7%
Operating expenses, net of reinsurance	-168.9	-154.4	9.4%
Other technical income and expenses	182.7	0.1	---
<b>Technical Result</b>	<b>70.6</b>	<b>-122.3</b>	<b>---</b>
Net fin'l. income and other non-technical income and expenses	188.9	245.5	-23.1%
Unrealised gains and losses in Unit-Linked products	23.8	-6.5	---
<b>Result of Life business</b>	<b>283.3</b>	<b>116.7</b>	<b>142.8%</b>
<b>OTHER BUSINESS ACTIVITIES</b>			
Operating revenues	108.3	152.9	-29.2%
Operating expenses	-111.2	-151.2	-26.5%
Other revenues and expenses	-63.0	-34.6	---
<b>Results from other business activities</b>	<b>-65.9</b>	<b>-32.9</b>	<b>---</b>
<b>Result on restatement of financial accounts</b>	<b>-5.0</b>	<b>-3.1</b>	<b>61.3%</b>
<b>Result before tax and minority interests</b>	<b>506.6</b>	<b>421.1</b>	<b>20.3%</b>
Taxes	-155.5	-116.4	33.6%
<b>Result after tax</b>	<b>351.1</b>	<b>304.7</b>	<b>15.2%</b>
Result after tax from discontinued operations	-1.6	-0.2	---
<b>Result for the year</b>	<b>349.5</b>	<b>304.5</b>	<b>14.8%</b>
Result attributable to minority shareholders	-39.4	-31.4	25.5%
<b>Result attributable to the controlling Company</b>	<b>310.1</b>	<b>273.1</b>	<b>13.5%</b>

Figures in million Euros

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## BALANCE SHEET

	31.3.11	31.12.10	Variation
<b>ASSETS</b>			
Goodwill	2,203.1	2,258.4	-2.4%
Fixed assets	383.8	399.3	-3.9%
Cash & equivalents	983.4	1,497.4	-34.3%
Investments & real estate	33,898.8	33,707.2	0.6%
Partic. of reinsurance in tech. reserves	2,998.7	3,092.6	-3.0%
Other assets	8,635.1	7,717.4	11.9%
<b>TOTAL ASSETS</b>	<b>49,102.9</b>	<b>48,672.3</b>	<b>0.9%</b>
<b>LIABILITIES</b>			
Shareholders' Equity	6,435.9	6,541.9	-1.6%
Minority interests	1,249.7	1,253.9	-0.3%
Financial & subordinated debt	2,036.1	2,122.1	-4.1%
Technical reserves	33,734.9	33,461.9	0.8%
- Life assurance reserves <sup>(1)</sup>	19,297.6	19,649.8	-1.8%
- Other technical reserves	14,437.3	13,812.1	4.5%
Reserves for risks and expenses	696.6	713.2	-2.3%
Other liabilities	4,949.7	4,579.3	8.1%
<b>TOTAL LIABILITIES</b>	<b>49,102.9</b>	<b>48,672.3</b>	<b>0.9%</b>

Figures in million Euros

1) Includes unit-linked

## KEY FINANCIAL RATIOS

	3M 2011	3M 2010	VAR %
Non-life loss ratio	71.2%	73.90%	-3.6%
Non-life expense ratio	25.4%	23.60%	7.6%
Non-life combined ratio	96.6%	97.50%	-0.9%
Life assurance expense ratio	0.99%	1.09%	-9.2%
ROE	15.2%	16.10%	-5.6%
Earnings per share (Euro cents)	10.29	9.34	10.2%
Managed savings (million Euros)	27,887.2	24,889.20	12.0%
Employees	36,801	36,004	2.2%

Likewise, the solvency ratio was 2.86 times the minimum amount required as at 31<sup>st</sup> December 2010 (latest figure available).

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#### **4. RISK FACTORS RELATING TO THE SECURITIES**

Set out below is a summary of the main risks relating to the **Securities**. For further information on each of these risk factors please refer to the information provided in the Prospectus.

##### *Volatility of stock prices*

The market price of MAPFRE's shares might be volatile. Factors such as the development of the Company's operating income, changes in the recommendations of the stock exchange analysts about MAPFRE or the insurance sector, as well as the global financial market conditions might impact negatively on the quotation of the Company's shares. Furthermore, over the last months the stock exchanges in Spain and abroad have undergone a sharp volatility both with regard to trading volumes and stock prices. This volatility may have negative effects on the trading price of MAPFRE's shares, regardless of the Company's financial situation and operating income.

##### *Dilution*

As this refers to the issuance of new shares, those shareholders who do not exercise their pre-emptive subscription rights shall suffer the dilution of their stake in the Company's share capital.

##### *Trading of Pre-emptive Subscription Rights*

It is not possible to ensure that the trading market will perform actively during the period for subscribing the **Shares**.

Moreover, as the trading price of the rights depends on the trading price of the shares issued, any possible decline in the trading price of MAPFRE's shares might negatively affect the value of the subscription rights.

##### *Irrevocability of the Subscription*

The shareholders that exercise the subscription rights they hold, as well as the investors who acquire and exercise them during the Pre-emptive Subscription Period shall not be entitled to revoke the subscriptions made.

##### *Admission to Trading of the Shares*

The new shares are expected to be admitted to trading on the Madrid and Barcelona stock exchanges through the Spanish Stock Exchange

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Interconnection System (Continuous Market) within a period not exceeding one month from the expiry of the pre-emptive subscription period, once the requirements and formalities applicable in this respect have been duly completed. Any delay in the admission to trading would affect the liquidity of the shares, making it difficult for investors to sale them.

## **II. RISK FACTORS RELATING TO THE SECURITIES**

### **1. VOLATILITY OF STOCK PRICES**

The market price of MAPFRE's shares might be volatile. Factors such as the development of the Company's operating income, changes in the recommendations of the stock exchange analysts about MAPFRE or the insurance sector, as well as the global financial market conditions might impact negatively on the quotation of the Company's shares. Furthermore, over the last months the stock exchanges in Spain and abroad have undergone a sharp volatility both with regard to trading volumes and stock prices. This volatility may have negative effects on the trading price of MAPFRE's shares, regardless of the Company's financial situation and operating income.

### **2. DILUTION**

As this refers to the issuance of new shares, those shareholders who do not exercise their pre-emptive subscription rights shall suffer the dilution of their stake in the Company's share capital.

### **3. TRADING OF THE PRE-EMPTIVE SUBSCRIPTION RIGHTS**

It is not possible to ensure that the trading market will perform actively during the period for subscribing the **Shares**.

Moreover, as the trading price of the rights depends on the trading price of the shares issued, any possible decline in the trading price of MAPFRE's shares might negatively affect the value of the subscription rights.

### **4. IRREVOCABILITY OF THE SUBSCRIPTION**

The shareholders that exercise the subscription rights they hold, as well as the investors who acquire and exercise them during the Pre-emptive Subscription Period shall not be entitled to revoke the subscriptions made.

### **5. ADMISSION TO TRADING OF THE SHARES**

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The new shares are expected to be admitted to trading on the Madrid and Barcelona stock exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market) within a period not exceeding one month from the expiry of the pre-emptive subscription period, once the requirements and formalities applicable in this respect have been duly completed. Any delay in the admission to trading would affect the liquidity of the shares, making it difficult for investors to sale them.



### **III. SHARE SECURITIES NOTE**

#### **1. PERSONS RESPONSIBLE**

- 1.1 All persons responsible for the information included in the prospectus and, as the case may be, for certain parts of it, indicating, in the latter case, such parts. In the case of natural persons, including the members of the issuer's administrative, management or supervisory bodies, indicate their name and position; in case of legal persons, indicate their name and registered office.**

Mr. Esteban Tejera Montalvo, Member of the Board of Directors and General Manager of MAPFRE, assumes the responsibility for all the information contained in this Share Securities Note, the format of which complies with Annex III of Commission Regulation (EC) No. 809/2004 of 29<sup>th</sup> April 2004 (hereafter, the "Securities Note" or the "Share Securities Note").

He has been authorised to assume this responsibility by virtue of the delegation conferred by the Board of Directors of the Company on 4<sup>th</sup> May 2011.

- 1.2 A declaration by those responsible for the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its content. As the case may be, a declaration by those responsible for certain parts of the prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its content.**

Mr. Esteban Tejera Montalvo declares that, having taken all reasonable care to ensure that such is the case, the information herein is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its content.

## **2. RISK FACTORS**

**Prominent disclosure of the main risk factors specific to the securities offered and/or admitted to trading in the section headed “risk factors”, with the aim of assessing the market risk linked to these securities.**

Please refer to Section II above.

## **3. KEY INFORMATION**

### **3.1 Working capital statement**

**Statement by the issuer that, in its opinion, the working capital is sufficient for the issuer’s present requirements or, if not, how it proposes to provide the additional working capital needed.**

MAPFRE considers that the existing working capital is sufficient to meet the issuer’s present requirements, as well as those of the next twelve months. MAPFRE also considers that its insurance subsidiaries meet the current statutory requirements referring to technical reserves, solvency margin and goodwill.

Therefore, the Company considers that all the payment obligations arising from its ordinary course of business are duly covered.

### **3.2 Capitalisation and indebtedness**

**A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as of a date not earlier than 90 days prior to the date of the document. Indebtedness also includes indirect and contingent indebtedness.**

The two tables below show the Company’s consolidated capitalisation and indebtedness as at 31<sup>st</sup> March 2011 (figures in million Euros):

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Item	
<b>Financial and Subordinated Debt</b>	<b>2,036.1</b>
Guaranteed (1)	41.4
Unguaranteed	1,994.7
<b>Equity</b>	<b>7,685.6</b>
Share capital	301.2
Minority interests	1,249.7
Results	310.1
Reserves	5,824.6
<b>Total</b>	<b>9,721.7</b>
(1) Description of types of guarantees: Mortgage	
Item	
A. Cash	983.4
<b>B. Liquidity</b>	<b>983.4</b>
C. Subordinated liabilities	618.5
D. Obligations issued	428.8
E. Bank indebtedness	988.8
<b>F. Financial Indebtedness (C+D+E)</b>	<b>2,036.1</b>
<b>G. Net Financial Indebtedness</b>	<b>1,052.7</b>

Figures in million Euros

### 3.3 Interest of natural and legal persons involved in the issue/offer

**A description of any interest, including conflicting ones, which are material to the issue/offer, detailing the persons involved and the nature of the interest.**

The Company is not aware of any interest which may be material to the issue on the part of the natural and legal persons who have participated in its preparation or execution.

### **3.4 Reasons for the offer and use of proceeds**

**Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the Company's ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.**

The purpose of the capital increase is to offer the Company's shareholders the possibility to allocate the final dividend against the 2010 results to the subscription of newly issued shares of the Company.

Pursuant to the aforementioned resolutions, the final dividend will be paid from 22<sup>nd</sup> June 2011 onwards. The final dividend amounts to €240,972,348.08 gross in total, equivalent to €0.08 per share, payable to shares numbered from 1 to 3,012,154,351, both inclusive.

All the shareholders duly registered with IBERCLEAR at the stock exchange closing on the day prior to the payment date will receive the payment in cash.

The issuance price of each new share amounts to €2.466. Therefore, excluding any possible underwriting costs and taking into account that the dividend amounts to €0.08 per share, equity holders will receive, for every 39 shares and as dividend, the amount required to pay up a new share as detailed below:

- Price of a new share: €2.466
- Gross final dividend per existing share: €0.08
- Net final dividend per existing share<sup>2</sup>: €0.0648
- 39 shares x net dividend: €2.527

It must be noted that the legal obligation to pay up the new shares commences from the moment they are subscribed, which is previous to the moment when the final dividend is received.

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<sup>2</sup> The net dividend corresponds to 81% of the gross dividend and results from applying the statutory withholding tax set at 19%

#### **4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**

##### **4.1 A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN (international security identification number) or other such security identification code.**

The securities offered that are subject matter of this Share Securities Note are ordinary shares of MAPFRE S.A., of €0.10 par value each, of the same class and series as those currently outstanding. The new shares confer their holders the same rights as those currently in issue, which shall be exercised from the moment they are duly registered in the accounting registers of IBERCLEAR and its Member Companies.

The ISIN Code of MAPFRE's outstanding ordinary shares is ES0124244E34.

The National Numbering Agency (Agencia Nacional de Codificación de Valores Mobiliarios), which depends on the Spanish Securities and Exchange Commission (hereafter "CNMV"), will assign a new ISIN Code to identify the **Shares** covered by the capital increase upon the registration of the Prospectus by the CNMV.

##### **4.2 Legislation under which the securities have been created.**

The **Shares** are subject to Spanish law and, specifically, to the provisions of Royal Legislative Decree 1/2010, of 1<sup>st</sup> July, which approves the Spanish Recast Companies Act (Ley de Sociedades de Capital, hereafter "LSC"), Royal Decree 1310/2005, of 4<sup>th</sup> November, which partly develops Law 24/1988, of 28<sup>th</sup> July, as well as Law 24/1988, of 28<sup>th</sup> July, of the Stock Exchange and its implementing regulation.

##### **4.3 An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.**

The **Shares** will be represented by book-entries. The entity responsible for bookkeeping is IBERCLEAR (Sociedad de Gestión

de los Sistemas de Registro, Compensación y Liquidación de Valores), with registered office in Madrid, Plaza de la Lealtad, no. 1.

#### **4.4 Currency of the securities issue.**

The **Shares** will be denominated in Euros.

#### **4.5 A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise thereof.**

##### Dividend rights

##### **(a) Fixed date(s) on which the entitlement arises.**

The **Shares** will participate in the results which will be distributed from 15<sup>th</sup> July 2011 onwards.

##### **(b) Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.**

The income arising from the **Shares** will be made effective in the manner announced in each case. The deadline after which the entitlement to the collection right of this income expires is five years, pursuant to article 947 of the Spanish Commercial Law. The Company will be the beneficiary of such lapse.

##### **(c) Dividend restrictions and procedures for non-resident holders.**

There are no restrictions for non-resident holders on the collection of dividends. They will receive their dividends, in the same way as the resident holders, through IBERCLEAR and its Member Companies.

##### **(d) Rate of dividend or method for its calculation, periodicity and cumulative or non-cumulative nature of payments.**

The **Shares**, like the other outstanding shares of the Company, are not entitled to receive a minimum dividend as they are all ordinary shares. Accordingly, the right to dividend will only commence from the moment at which the Annual General Meeting or, where applicable, the Board of Directors of MAPFRE, resolves to distribute corporate profits.

### Voting rights

The **Shares** grant their holders the right to attend and vote at the Annual General Meetings of the Company, and to challenge corporate resolutions under the same terms as the remaining shareholders of the Company, in accordance with the general provisions of the LSC and MAPFRE's Corporate Bylaws.

The Shareholders who hold 1,500 shares duly registered in the accounting registers of IBERCLEAR and its Member Companies five days prior to the date on which the General Meeting is to be held shall be entitled to attend to the General Meetings, without prejudice to the right of shareholders holding a lower number of shares to group them and appoint a representative who will be entitled to attend to the General Meeting. The Company shall recognise as shareholders those people who are duly registered in the book-entries of the accounting registers.

Each share entitles to one voting right, without any restrictions on the maximum number of votes which can be casted by each shareholder.

### Pre-emptive rights in offers for subscription of securities of the same class

The **Shares** confer their holders a pre-emptive subscription right for the securities resulting from the issuance of new shares or bonds convertible into shares, as well as the right to free allocation in capital increases charged to reserves; all the foregoing pursuant to the LSC and similar provisions.

However, the pre-emptive subscription right might be excluded, either in whole or in part, by virtue of a resolution of the Annual General Meeting or the Board of Directors pursuant to article 506 of the LSC. The shareholders can inform the Company about their intention not to exercise their pre-emptive subscription right.

### Right to participate in the issuer's profits and in any surplus in the event of liquidation

The **Shares** grant the right to participate in the distribution of corporate results and in the assets resulting from liquidation under the same terms as the outstanding ordinary shares.

### Redemption provisions

Not applicable.

Conversion provisions

Not applicable.

**4.6 In the case of new shares, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.**

The Annual General Meeting of the Company held on 5<sup>th</sup> March 2011 adopted, among other, the following resolution:

- “Authorise the Board of Directors so that it may, pursuant to section 297 of the Spanish Recast Companies Act, during the five years following the date of this resolution, increase the share capital once or several times by up to a maximum of €150,607,717.55, equivalent to 50% of the share capital. The Board of Directors shall freely determine the form and conditions of any capital increases pursuant to this authorisation, and may resolve to: issue the shares with or without voting rights, and even with a share premium; exclude, either in whole or in part, the pre-emptive right of shareholders and, where necessary, of holders of the Company's convertible bonds, pursuant to section 506 of the Spanish Recast Companies Act and similar provisions; and amend, where necessary, article 5 of the Corporate Bylaws to adapt it to the amount of the resulting share capital. This authorisation involves the withdrawal of the authority granted on 6<sup>th</sup> March 2010.

The Board of Directors is likewise authorised to delegate the powers granted by virtue of this resolution to the Steering Committee, pursuant to Article 249.2 of the Spanish Recast Companies Act.”

On 4<sup>th</sup> May 2011, the Board of Directors of MAPFRE, S.A. adopted, among other, the following resolutions:

1. *“Pay, as of 22<sup>nd</sup> June 2011, the final dividend against the 2010 results agreed by the Annual General Meeting on 5<sup>th</sup> March 2011, which represents €0.08 gross per share to all the shares in issue (numbers 1 to 3,012,154,351, both inclusive).*”



2. *Approve the scrip dividend plan for the foreseen final dividend against the 2010 results into the newly issued shares resulting from the capital increase described under the following resolution.*
3. *Increase the share capital, in exercise of the authorisation granted at the General Meeting held on 5<sup>th</sup> March 2010, in the amount resulting from multiplying (a) the par value of each MAPFRE S.A.'s share, equivalent to €0.10, by (b) the total number of new shares of MAPFRE S.A. which are issued, according to the formula set out in section 4 below (hereafter New Shares), without exceeding in any case the amount of the capital increase, including the share premium, of €195,187,601.95.*

*The capital increase shall take place by means of the issuance and circulation of the New Shares, which will be ordinary shares, of €0.10 par value each, of the same class and series as before, numbered consecutively as from the current number of shares, whose subscription and payment shall take place in the following terms:*

- a) *The rate of issue of the New Shares (hereafter Issuance Price) shall be equivalent to the arithmetical average of the weighted average prices of MAPFRE S.A.'s shares during the stock market sessions of 23<sup>rd</sup>, 24<sup>th</sup> and 25<sup>th</sup> May 2011, applying a 5% reduction and rounded to the nearest thousandth of Euro, €0.10 of which shall correspond to its par value and the remainder to legal reserves, until said reserves reach 20% of the share capital; the excess over such amount shall be added to voluntary reserves.*
- b) *The new shares shall be paid in full at the moment of its subscription in cash.*
- c) *The new shares shall participate in the results which will be distributed from 15<sup>th</sup> July 2011 onwards.*
- d) *Existing shareholders shall have pre-emptive rights for the subscription of the newly issued shares as stated in the Companies Act, which can be exercised in the 15 days after the rights offering is announced on the official news board of the Spanish Registrar of Companies*

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*(Boletín Oficial del Registro Mercantil); it shall be possible to subscribe one new share for the number of old shares resulting from the application of the formula set out in section 4 below.*

*e) Once the period for exercising the pre-emptive rights has elapsed, if the shares corresponding to the foreseen capital increase were not subscribed and paid-up in full, the share capital shall be increased in the actual subscription amount.*

*4. The number of New Shares to be issued in the capital increase shall be that resulting from applying the following formula, rounded to the immediately lower integer:*

$$NNS = TNS / \text{No. Rights}$$

*Where,*

*NNS = Number of New Shares to be issued*

*TNS = Total number of shares of MAPFRE S.A. currently in issue<sup>3</sup>*

*No. Rights = Number of pre-emptive rights necessary to subscribe a New Share, which will result from applying the following formula, rounded to the higher integer:*

$$\text{No. Rights} = TNS / \text{Potential Maximum Number of Shares}$$

*where,*

$$\text{Potential Maximum Number of Shares} = 195,187,601.95 / \text{Issuance Price}$$

*5. Request that the new shares of €0.10 par value each, or those finally issued in the event of incomplete subscription, be listed for trading on the Madrid and Barcelona Stock Exchanges and through the Spanish Stock Exchange Interconnection System (Continuous Market), and request to IBERCLEAR (Sociedad de Gestión de los Servicios de Registro, Compensación y Liquidación de Valores, S.A.U.) that it also proceeds to duly register the new shares in the Accounting Register for Book-entries.*

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<sup>3</sup> 3,012,154,351 shares

*It is explicitly agreed that, in the event of a subsequent application to exclude the shares from being listed, such decision will be made with the same formalities, and in this case the interests of the shareholders who did not vote for or opposed the resolution by means of a public offer to acquire their shares, will be guaranteed, at least under the minimum conditions set forth in the Spanish Companies Act or similar provisions, and in compliance with the requirements thereof. The passing of a decision to officially allow listing will amount to a declaration to abide by any rules that may be in force or that may be laid down in the future relating to Securities and Stock Markets, and especially those referring to trading, listing and delisting.*

6. *Delegate the broadest powers to the Steering Committee, as well as to the Chairman, Mr. José Manuel Martínez Martínez, to the First Vice-Chairman, Mr. Andrés Jiménez Herradón, to the Third Vice-Chairman, Mr. Antonio Huertas Mejías and to the Member of the Board, Mr. Esteban Tejera Montalvo, so that the said delegated body or any of the aforementioned empowered parties may individually modify the wording of article 5 of the corporate bylaws in order to amend it according to the final amounts established for the capital increase and proceed to determine, using the arithmetic operations foreseen in the formulas previously approved, the following issues:*
  - *The maximum number of new shares to be issued through the capital increase.*
  - *The number of pre-emptive subscription rights required to subscribe a new share.*
  - *The total maximum par value of the capital increase.*
  
7. *Delegate the broadest powers to the Chairman, Mr. José Manuel Martínez Martínez, to the First Vice-Chairman, Mr. Andrés Jiménez Herradón, to the Third Vice-Chairman, Mr. Antonio Huertas Mejías, to the Member of the Board, Mr. Esteban Tejera Montalvo and to the Secretary, Mr. Angel Luis Dávila Bermejo, so that any of them may individually execute the preceding resolutions and record them as a public deed insofar as it is necessary, amending them in accordance with any observations made by the Registrar of*

*Companies when assessing them and which ought to be accepted at the discretion of the empowered parties; to amend the new wording of article 5 of the corporate bylaws exclusively for the purpose of adapt it to those observations made by the Registrar of Companies when assessing them and which ought to be accepted at the discretion of the empowered parties, or the amount of the share capital effectively subscribed and paid up, in the event of an incomplete subscription; and to complete the formalities necessary before the Spanish Securities and Exchange Commission so that the new shares issued are admitted to listing.”*

On 26<sup>th</sup> May 2011, MAPFRE, S.A.’s Steering Committee, since the arithmetical average of the weighted average prices of MAPFRE, S.A.’s shares during the stock market sessions of 23<sup>rd</sup>, 24<sup>th</sup> and 25<sup>th</sup> May 2011 was equivalent to €2.596, and accordingly the issuance price of the new shares, after applying a 5% reduction and rounded as agreed by the Board, was 2,466%, i.e. €2.466 per share, adopted the following resolutions:

1. *“Determine, using the arithmetic operations foreseen in the formula previously approved by the Board of Directors, the following issues:*
  - *Maximum number of shares to be issued through the capital increase: 77,234,726*
  - *Number of pre-emptive subscription rights required to subscribe a new share: 39*
  - *Maximum par value of the capital increase: €7,723,472.60*
2. *Amend, accordingly, the wording of article 5 of the Corporate Bylaws which, without prejudice to any amendment referring to the share capital finally subscribed, will be as follows:*

*“The share capital is set at THREE HUNDRED AND EIGHT MILLION NINE HUNDRED AND THIRTY EIGHT THOUSAND NINE HUNDRED AND SEVEN EUROS AND SEVENTY CENTS, represented by 3,089,389,077 ordinary*

*shares, of €0.10 par value each, numbered consecutively from 1 to 3,089,389,077, both inclusive, and paid up in full.”*

**4.7 In the case of new shares, the expected issue date of the securities.**

The public deed for the execution of the capital increase will be granted as soon as possible after the completion of the capital increase and no later than one month from the date on which the pre-emptive subscription period expires.

**4.8 A description of any restrictions on the free transferability of the securities.**

MAPFRE's corporate bylaws do not contain any restrictions on the free transferability of the securities.

**4.9 An indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.**

There is no special rule governing mandatory takeover bids or the mandatory squeeze-out and sell-out of the Company's shares, unless for those arising from the regulations governing the public buyouts contained in the Spanish Securities Market Act and in Royal Decree 1066/2007, of 27<sup>th</sup> July, on the rules governing public takeover bids of securities.

**4.10 An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.**

No public takeover bids by third parties in respect of the shares representing MAPFRE's share capital have occurred during the last and current financial years.

**4.11 In respect of the country of registered office of the issuer and the country(ies) where the offer is being made or admission to trading is being sought: Information on taxes on the income from the securities withheld at source. Indication as to whether the issuer assumes responsibility for the withholding of taxes at the source.**

Set out below is a brief description of the main tax implications in Spain for current shareholders resulting from the recognition, exercise or transfer of pre-emptive subscription rights, as well as from the subscription, ownership and transfer, where applicable, of the **Shares**, pursuant to the Spanish laws in force as of 1<sup>st</sup> January 2011.

This description only considers the general applicable provisions in accordance with the state legislation in force on the date of approval of this Note, without prejudice to other local tax systems and specific regulations, if any, approved by each Autonomous Community in the exercise of its legal powers.

However, it should be noted that this analysis does not detail all the possible tax consequences of the aforementioned transactions or the tax regulations applicable to all the categories of investors, some of which (such as, for instance, Undertakings for Collective Investment) may be subject to special rules.

Therefore, the investors interested in acquiring MAPFRE's shares are advised to consult their lawyers or tax advisors, who will be in a position to provide them with personalised advice according to their particular circumstances and the applicable legislation when obtaining and declaring their corresponding income.

### **Taxation concerning the recognition, exercise or transfer of pre-emptive subscription rights**

#### Indirect taxation

The recognition and exercise of pre-emptive subscription rights, as well as the transfer thereof, where appropriate, will be exempt from Property Transfer and Stamp Duty Tax (Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados) and from Value Added Tax, according to the provisions of article 108 of the Spanish Securities Market Act 24/1988, of 28<sup>th</sup> June.

#### Direct Taxation

##### *Legal persons who are Spanish residents*

##### *Recognition and exercise of pre-emptive subscription rights*

The recognition and exercise of pre-emptive subscription rights will not be considered a taxable event on the Personal Income Tax

(Impuesto sobre la Renta de las Personas Físicas, hereafter “IRPF”).

#### *Transfer of pre-emptive subscription rights*

The proceeds from the transfer of pre-emptive subscription rights will reduce the acquisition price of the shares from which such rights arise, for the purpose of future transfers thereof. However, if the proceeds exceed such acquisition price, the difference will be considered a capital gain. When rights are not fully transferred, it shall be understood that those transferred correspond to the securities acquired in the first place.

#### Corporate Income Taxpayers

##### *Recognition and exercise of pre-emptive subscription rights*

The recognition and exercise of pre-emptive subscription rights will not be considered a taxable event on the Corporate Income Tax (Impuesto sobre Sociedades, hereafter “IS”).

##### *Transfer of pre-emptive subscription rights*

The IS does not contain any provision regarding the transfer of pre-emptive subscription rights; therefore, the income to be included in the tax base, as the case may be, will depend on the accounting result. For these purposes, the accounting valuation standards establish that the cost of the rights transferred will reduce the acquisition price of the shares from which they arise.

#### Investors who are not Spanish residents

##### *Recognition and exercise of pre-emptive subscription rights*

The recognition and exercise of pre-emptive subscription rights will not be considered a taxable event on the Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes, hereafter “IRNR”).

##### *Transfer of pre-emptive subscription rights*

The proceeds from the transfer of pre-emptive subscription rights will reduce the acquisition price of the shares from which such rights arise, for the purpose of future transfers thereof. However, if the proceeds exceed such acquisition price, the difference will be considered a capital gain. When rights are not fully transferred, it

shall be understood that those transferred correspond to the securities acquired in the first place.

### **Taxation arising from the ownership and transfer of the shares subject to the issue**

#### Indirect taxation

The acquisition of **Shares** and, where appropriate, the transfer thereof will be exempt from Property Transfer and Stamp Duty Tax and from Value Added Tax, according to the provisions of article 108 of the Spanish Securities Market Act 24/1988, of 28<sup>th</sup> June.

#### Direct Taxation

##### Legal persons who are Spanish residents

- a) Personal Income Tax (IRPF)

##### *Taxation on dividends and other income*

Income received by the investors who are Spanish residents as dividends, profit-sharing, allowances for attending meetings or any other benefits resulting from their capacity as shareholders, shall be considered as income from tradable securities, to be included in their Personal Income Tax base and taxable at 19%, with the first €1,500 received for this concept being tax-free, unless it refers to shares acquired within the two months prior to the date on which such dividends were paid when, after that date and within that same period, similar securities are transferred.

In the event that the savings income taxable base exceeds €6,000, the flat tax rate will be 21%.

For the calculation of the net income, the administrative and deposit expenses from the shares will be deductible, pursuant to the Personal Income Tax Act. The dividend or income will be included in the tax base, without being possible to apply a double tax deduction to the dividends.

Dividends and other income received in their capacity as shareholders will be subject, in general terms, to a 19% withholding or payment on account.

##### *Taxation on capital gains*



When transferring **Shares** for good and valuable consideration, the capital gains or losses will be accounted for the difference between the acquisition price and the transfer price.

For this purpose, the acquisition price of the new shares will be determined by the sum of the amount paid, if any, for the acquisition of the pre-emptive subscription rights, and the amount paid for the subscription or acquisition of the **Shares**, and the transfer price will be the actual amount of the transfer (trading price, or the price agreed should it be higher) reduced by the costs and amounts inherent therein, which have been paid by the transferor.

In the event that an investor holds shares which have been acquired in different dates, those acquired in the first place shall be considered as those transferred.

The capital gains resulting from the transfer of shares, regardless of the time elapsed from the acquisition thereof to the date of transfer, or from subscription rights that correspond to acquired securities, will be included in the savings income tax base, at a 19% tax rate over the first €6,000 of the taxable base and at a 21% over the excess thereof.

The capital gains achieved by the natural persons who are Spanish residents will not be subject to withholding or payment on account.

b) Wealth tax

Wealth tax charges have been fully relieved by Law 4/2008, of 23<sup>rd</sup> December, with retroactive effect to 1<sup>st</sup> January 2008. Said relief will remain in force unless otherwise stated by a legally binding rule.

c) Inheritance and Gift Tax

Transfers of shares without valuable consideration (due to death or donation) in favour of individuals who are Spanish residents will be subject to the Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones, hereafter "ISD") pursuant to the Law governing ISD. The taxpayer shall be the acquirer of the shares, without prejudice to the specific rules, if any, approved by each Autonomous Community. The tax rate to be applied, depending on the general tax scale and certain circumstances of the acquirer, will range from 0% to 81.6%.

Corporate Income Taxpayers

### *Taxation on dividends*

IS taxpayers who receive dividends (which shall be understood as those considered as such in the accounting standards to be applied) shall include in their tax base the gross amount of such dividends or shares in profits received pursuant to articles 10 *et seq.* of the Law governing IS. They will also be entitled to deduct, unless for some exceptions, as a deduction for the double taxation on dividends, 50% of the gross amount corresponding to the tax base arising from such dividends.

Nevertheless, the preceding deduction will be 100% of the gross tax payable when the percentage of participation, direct or indirect, in the Company is 5% or higher (or higher than 3% as regards transactions subject to the tax system specific to mergers), provided such percentage has been held constantly during the year prior to the day on which the profit to be distributed is payable or, in default thereof, it is held during the time required to complete the one-year term.

The amounts not deducted due to insufficient gross tax payable might be deducted from the gross taxes payable of the tax periods which end in the immediately successive seven years, quantifying the deduction according to the tax rates in force in the tax period in which it is to be applied.

The dividends paid by the Company to those investors who are corporate income taxpayers shall be subject, as a general rule, to a 19% withholding or payment on account, unless for certain exceptions. This withholding or payment on account shall be deducted from the IS gross amount, and the excess over the amount resulting from the self-assessment, if any, will be refunded *ex-officio* by the Revenue Service.

### *Taxation on income arising from the transfer of shares*

IS taxpayers shall include in their tax base the income arising from the transfer of **Shares**, as envisaged in article 10 *et seq.* of the Law governing IS.

IS taxpayers who, prior to the transfer, have a percentage of participation, direct or indirect, of 5% or higher in the share capital of the Company and have held such percentage during the year prior to the date of transfer, shall be entitled to deduct from their gross tax payable the amount resulting from applying the rate that corresponds to the net increase in non-distributed profits generated

by the Company which correspond to the participation transferred during the time the said participation was held, or to the income considered if it is lower, under the terms and conditions set out for deductions in order to avoid the double taxation on internal capital gains.

Moreover, as regard the part of the income that does not benefit from the above mentioned double taxation deduction, such investors can benefit from the deduction for reinvestment of extraordinary profits envisaged in the Law governing IS, if they reinvest the amount obtained from the transfer of the shares within the stipulated periods and in accordance with the requirements set out in the aforementioned article.

The capital gains arising from the transfer of **Shares** shall not be subject to withholding.

#### Investors who are not Spanish residents

##### a) Non-Resident Income Tax

This section analyses, in general terms, the tax treatment applicable to investors who are not Spanish residents, excluding those who operate in Spain on a permanent basis to which the shares of the Company are linked, the tax system of which is exactly the same as that set out for resident investors that are IS taxpayers.

In order to avoid double taxation, investors shall take account of any Treaties which their Countries of residence might have signed with Spain and which might be applicable.

#### *Taxation on dividends*

The dividends distributed by the Company to shareholders who are not Spanish residents will be, in general terms, subject to IRNR taxation at a 19% tax rate over the total amount distributed; however, an annual exemption of €1,500 will be established, provided the recipient thereof resides in another EU member state or in countries or territories with which tax information is exchanged effectively.

In general terms, the Company shall apply, upon payment of the dividend, a 19% withholding against the IRNR, which will also affect the tranche that might be exempt (€1,500) when the provisions of the previous paragraph are applicable, and without

prejudice to the right of taxpayers to be returned the amount paid in excess. However, whenever a reduced tax rate is established by virtue of any Treaty in order to avoid the double taxation envisaged in Spain, one of the following options shall be applied, as appropriate: –whether an internal exemption, without withholding or payment on account, or –the reduced tax rate set out in the Treaty with regard to dividends.

For these purposes, a special procedure is currently in force, approved by an Order of the Spanish Ministry of Economy and Finance of 13<sup>th</sup> April 2000, to make effective the application of withholdings according to the rate applicable in each case, or the exclusion from withholdings, whenever financial institutions domiciled, resident or represented in Spain, which are depositaries of or manage the collection of dividends arising from negotiable securities, take part in the payment process. According to this rule, when distributing the dividend, the Company shall apply a 19% withholding over the gross amount thereof and transfer the net amount to the depositaries. The depositaries that, in turn, provide evidence of the shareholders' right to the application of reduced rates or the exclusion from withholding (for which purpose they shall provide the depositary with a tax residence certificate or the specific form applicable, if any, prior to the 10<sup>th</sup> day of the month following that in which the dividend is distributed) shall forthwith receive the amount withheld in excess for the payment thereof.

In any case, once the withholding has been applied or the origin of the exemption has been recognised, non-resident shareholders will not be required to file IRNR returns in Spain.

#### *Right to tax refund*

When a withholding or reduced tax rate envisaged in a Treaty is applicable, and the investor has not provided evidence of his/her right to a reduced tax rate or to the exemption from withholding within the period established in the preceding paragraph, the investor may request from the Spanish Treasury Department (Hacienda Pública) the refund of the amount withheld in excess, pursuant to the procedure and tax return form set out in the Ministerial Order of 23<sup>rd</sup> December 2003.

Investors are advised to consult their lawyers or tax advisors about the procedure to be followed in each case in order to request the previously mentioned refund to the Spanish Treasury Department.

#### *Taxation on capital gains*

The capital gains achieved by non-resident investors resulting from the transfer of **Shares** shall be considered as income obtained in Spain and, in general terms, shall be subject to IRNR taxation at the 19% general rate.

However, capital gains from the transfer of **Shares** shall be exempt from the IRNR in the following cases:

- When the transferor resides in a Country which, in order to avoid double taxation, has signed with Spain a Treaty including a provision for the exchange of information (currently, all the Treaties signed by Spain contain this provision); or
- When the transferor resides in another EU member state, provided it has not a direct or indirect stake in at least 25% of the share capital of such company during the 12-month period prior to the transfer.

None of the previous exemptions shall be applicable in the event that the capital gains are achieved through countries or territories statutorily considered as tax havens. In addition, it will be necessary to provide evidence of the tax residence by means of a residence certificate issued by the tax authorities of the country of residence.

Moreover, capital gains shall not be subject to IRNR taxation provided the transferor is entitled to the application of a Treaty to avoid the double taxation agreed upon by Spain, which envisages that such capital gains can only be subject to taxation in the Country in which the transferor resides. To this end, it will be necessary to provide a tax residence certificate issued by the relevant tax authority, which expressly states that the taxpayer resides in that country according to the provisions of the applicable Treaty.

Capital gains and losses shall be calculated and taxed separately for each transfer, not being possible to offset capital gains and losses. When an investor holds similar securities acquired on different dates, those acquired in the first place shall be considered as those transferred.

The capital gains achieved by non-resident investors shall not be subject to withholding or payment against IRNR. Resident investors will be required to file their tax return, calculating and paying, where necessary, the corresponding tax debt. The tax return and payment can also be made by their tax representatives in Spain, or by the depository or manager of the shares, with

accordance to the procedure or tax return form set out in the Ministerial Order of 23<sup>rd</sup> December 2003.

b) Wealth tax

Wealth tax charges have been fully relieved by Law 4/2008, of 23<sup>rd</sup> December, with retroactive effect to 1<sup>st</sup> January 2008. Said relief will remain in force unless otherwise stated by a legally binding rule.

c) Inheritance and Gift Tax

Acquisitions without valuable consideration of assets located in Spain or of rights which might be also exercised in Spain undertaken by individuals who are not Spanish resident, regardless of the transferor's residence, shall be subject to ISD. In general, ISD taxation on acquisitions of non-residents subject to this tax shall be made in the same manner as for residents. Companies not resident in Spain are not ISD taxpayers, and the income resulting from acquisitions without valuable consideration shall be generally taxed according the IRNR rules described above.

Non-resident investors are advised to consult their lawyers or tax advisors about the terms under which, in each specific case, the ISD tax shall be applicable and, in those cases in which it is applicable, the possible application of Treaties signed by Spain to avoid double taxation on inheritances.

*Responsibility for withholding taxes at source*

The Company, as the issuer and payer of income which may arise from the ownership of the **Shares**, assumes responsibility for the application of withholding taxes at source in Spain, pursuant to the regulations in force.

## **5. TERMS AND CONDITIONS OF THE OFFER**

### **5.1 Conditions, offer statistics, expected timetable and action procedure for the subscription of shares.**

#### **5.1.1 Conditions to which the issue is subject.**

The Capital Increase envisaged in this Share Securities Note is not subject to any conditions.

#### **5.1.2 Total amount of the issue, distinguishing the securities offered for sale and those offered for subscription; if the amount is not**

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**fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.**

The total nominal value of the capital increase is €7,723,472.60, and is represented by 77,234,726 ordinary shares, of €0.10 par value each.

The **Shares**, of the same class and series as those already outstanding, will be issued at a 2,466% rate, i.e. €2.466 per share, €0.10 of which correspond to its par value and the remainder €2.366 to the share premium.

The capital increase amounts to €190,460,834.32 in total.

If the shares corresponding to the foreseen capital increase were not subscribed and paid up in full once the pre-emptive subscription period has expired, the share capital will be increased in the actual subscription amount.

**5.1.3 The time period, including any possible amendments, during which the offer will be open and description of the application process.**

The shareholders of the Company who are duly registered with IBERCLEAR at the end of the stock market session prior to the day on which the pre-emptive subscription period starts shall have pre-emptive rights for the subscription of the newly issued shares as envisaged in the Spanish Companies Act, which can be exercised in the fifteen days after the rights offering is announced on the official news board of the Spanish Registrar of Companies (BORME); it shall be possible to subscribe one new share for every 39 existing shares.

In order to achieve that the number of pre-emptive rights required to subscribe the new shares is an integer, CARTERA MAPFRE, the majority shareholder of the Company, has resolved not to exercise 37 pre-emptive subscription rights.

Once published the rights offering on the BORME, the Agent will give notice, through IBERCLEAR, of the issue periods to all the Member Companies.

The pre-emptive subscription rights shall be transferable under the same terms and conditions as the shares to which they attach, pursuant to section 306 of the Spanish Companies Act, and shall be tradable on the Madrid and Barcelona Stock Exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market).

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The rights offering is expected to be published on the BORME on 6th June 2011, and accordingly the pre-emptive subscription period will go from 7th June to 21st June 2011, inclusive.

The result of the subscription will be published by means of a Relevant Fact to the CNMV and a notification to the Madrid and Barcelona Stock Exchanges. Both notifications will be sent as from 29th June 2011, the date on which the deed for the capital increase will be granted.

**5.1.4 An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.**

No circumstances have been envisaged which could give rise to the withdrawal or revocation of this issuance of shares apart from those that might result from the application of Law or compliance with a judicial or administrative decision.

**5.1.5 A description of the possibility to reduce subscriptions and the manner for refunding the excess amount paid by applicants.**

There is no possibility of reducing subscriptions.

**5.1.6 Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).**

The minimum number of **Shares** that MAPFRE's shareholders can subscribe in exercise of their pre-emptive subscription right shall be that resulting from applying the rate set out in section 5.1.8, i.e. it will be possible to subscribe 1 new share for every 39 existing shares.

**5.1.7 An indication of the period during which an application may be withdrawn, provided that shareholders are allowed withdraw their subscription.**

Subscription requests filed during the pre-emptive subscription period shall be considered to be firm and, therefore, irrevocable.

**5.1.8 Method and time limits for paying up the securities and for delivery of the securities.**

The shareholders of the Company will be eligible to subscribe the shares to which they are entitled in the exercise of their pre-emptive subscription right, at a rate of 1 new share for every 39 existing shares.



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The Pre-emptive Subscription Period will commence on the day following the publication of the capital increase on the BORME and will end fifteen days after the said announcement.

The total issuance price of each share subscribed shall be paid in full, including its par value and the share premium, i.e. €2.466, upon the subscription of the Shares through the IBERCLEAR Members through which the subscription orders have been placed.

The purpose of the capital increase is to offer the company's shareholders the possibility to allocate 81% of the 2010 gross final dividend agreed at the Annual General Meeting held on 5<sup>th</sup> March 2011, to the acquisitions of newly issued shares of the Company, as set out in section 3.4 of this Share Securities Note.

In accordance with the aforementioned resolutions, the final dividend will be paid from 22<sup>nd</sup> June 2011 onwards and it amounts to €240,972,348.08 gross in total, at a rate of €0.08 per share, payable to shares numbered from 1 to 3,012,154,351, both inclusive.

The Member Companies, in turn, will pay the amounts received for the subscription of shares to the Agent –which will receive it on behalf of MAPFRE– on the fifth working day following the day on which the Pre-emptive Subscription Period ends, and with value date of that same day, in line with the instructions set out by the Agent to this end.

#### **5.1.9 A full description of the manner and date in which the results of the offer are to be made public.**

Once the Pre-emptive Subscription Period expires, the Company shall inform the CNMV as well as the Madrid and Barcelona Stock Exchanges about the results of the offer, pursuant to the provisions of section 5.1.3 of this Securities Note.

#### **5.1.10 The procedure for the exercise of any pre-emptive subscription right, the negotiability of subscription rights and the treatment of subscription rights not exercised.**

##### Exercise of rights

Holders of pre-emptive subscription rights, as described in section 5.1.3 above, shall be entitled to exercise their rights within fifteen days as from the date on which the capital increase is announced on the BORME. In order to exercise the pre-emptive subscription rights, their holders shall contact the Member Company with which they have registered their

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securities, indicating their wish to exercise their pre-emptive subscription rights.

Each outstanding share will grant its holder one pre-emptive subscription right. The shareholders of the Company shall be entitled to subscribe the newly issued shares at a rate of one new share for every 39 existing shares; or, in other words, 39 subscription rights will be necessary to subscribe a new MAPFRE share.

Member Companies shall submit the subscription orders they received to the Agent, and hand over to the Agent any electronic support that contains the details of such orders no later than 12.00 hours of the first day following the expiry of the pre-emptive subscription period.

Requests for exercising pre-emptive subscription rights submitted after the day and hour previously mentioned shall not be accepted, without prejudice to the responsibility in which the Member Company may incur against the holders of subscription orders timely placed.

#### Negotiability

Pre-emptive subscription rights shall be transferable under the same terms and conditions as the shares to which they attach, pursuant to section 306 of the Spanish Companies Act, and shall be tradable on the Madrid and Barcelona Stock Exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market).

#### Theoretical value

The theoretical value of pre-emptive subscription rights shall be calculated based on the trading price of MAPFRE's shares at the stock exchange closing of the day prior to the beginning of the pre-emptive subscription period according to the following formula:

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$$\text{TVR} = \frac{(\text{TP} - \text{IP} - d) \times n}{N + n}$$

where,

TVR	=	Theoretical value of rights
TP	=	Trading price prior to the capital increase
IP	=	Issuance price (€2.466)
N	=	Number of shares prior to the capital increase (3,012,154,351)
n	=	Number of newly issued shares (77,234,726)
d	=	Difference in economic rights between the existing shares and those newly issued (€0.08)

According to the price of the shares at the stock exchange closing on last 26<sup>th</sup> May 2011, which amounted to €2.594, the theoretical value of the subscription rights shall amount to €0.001.

It must be noted that there is no certainty about the final price of the pre-emptive subscription rights, or whether it will be equivalent to the theoretical value calculated according to the formula above, as this value will depend on the market supply and demand for subscription rights.

#### Subscription rights not exercised

The pre-emptive subscription rights referring to the shares which are issued as a result of the capital increase will be automatically terminated when the pre-emptive subscription period expires.

## **5.2 Plan of distribution and allotment.**

**5.2.1 The various categories of potential investors to which securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been reserved or is being reserved for certain countries, indicate any such tranche.**

The **Shares** shall be offered to those MAPFRE shareholders who are duly registered in the accounting registers of IBERCLEAR at the stock exchange closing prior to the beginning of the pre-emptive subscription period.

The **Shares** shall also be offered to all those natural and legal persons, regardless of whether they are Spanish citizens or not, who want to acquire subscription rights with the aim of subscribing new MAPFRE shares, except for those foreign investors for whom, pursuant to the

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regulations applicable thereto, the acquisition of the shares offered for subscription is restricted or not allowed.

The offer is not subject to registration pursuant to any other legislation other than Spanish law. The information contained herein shall not be published or distributed to persons who reside in the USA or in any other country in which the offer is legally restricted, and it shall not be understood as a sales offer or acquisition request of securities in the USA or in any other country where it is not lawful to make an offer or request under the terms set out in this Securities Note.

It must be noted that neither the pre-emptive subscription rights nor the new MAPFRE shares have been registered according to the U.S. Securities Act of 1933, or according to the securities acts of any other country other than Spain, and MAPFRE has not undertaken any action to allow or make possible the transfer of the pre-emptive subscription rights or of the new shares in a country other than Spain.

**5.2.2 To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's administrative, management or supervisory bodies intend to subscribe in the offer, or whether any person intends to subscribe for more than 5% of the offer.**

As at 26<sup>th</sup> May 2011, FUNDACIÓN MAPFRE's shareholding in MAPFRE S.A. was 64.42% (64.40% through CARTERA MAPFRE and 0.02% through INSTITUTO TECNOLÓGICO DE SEGURIDAD MAPFRE, S.A. Unipersonal).

CARTERA MAPFRE, the majority shareholder of MAPFRE S.A., has expressed its intention to subscribe the newly issued shares to which it is entitled, pursuant to the terms of the capital increase referred to in this Securities Note, exercising the pre-emptive subscription rights conferred by the outstanding shares it currently holds, except for those it will not exercise for matching purposes, pursuant to section 5.1.3.

On the above mentioned date, the stake of the Grupo Banco Financiero y de Ahorros in MAPFRE, S.A. through Caja Madrid Cibeles was 14.96%. There is no information available about whether the shareholder Grupo Banco Financiero y de Ahorros intends or not to subscribe the shares to which it is entitled by virtue of the capital increase referred to in this Securities Note.

**5.2.3 Pre-allotment disclosure.**

Not applicable

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#### **5.2.4 Process for notification to applicants of the amount allotted and indication whether dealing may begin before the notification is made.**

The result of the subscription shall be reported by the Member Companies to the interested parties on the fifth working day following the expiry of the pre-emptive subscription period; on that same date, the Company shall disclose it to the public by means of a Relevant Fact to the CNMV and a notification to the Madrid and Barcelona Stock Exchanges.

#### **5.2.5 Over-allotment and green shoe.**

Not applicable

### **5.3 Pricing.**

**5.3.1 An indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities, indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of any expenses and taxes specifically charged to the subscriber or purchaser.**

The shares will be issued with a par value of €0.10 and a share premium of €2.366 per share.

The Company shall not pass any expenses whatsoever on to the subscribers. No expenses shall be accrued against the investors that participate in the capital increase in relation to the first registration of MAPFRE's shares in the accounting registers of IBERCLEAR's Member Companies. Nonetheless, IBERCLEAR's member companies responsible for the bookkeeping of holders of MAPFRE's shares may freely determine, in accordance with the regulations in force, the commissions and expenses which may be charged for the administration, custody, processing of subscription orders as well as the sale and purchase of subscription rights, arising from the bookkeeping of securities in its accounting records, in accordance with the relevant rate sheets duly registered with the CNMV and the Bank of Spain.

#### **5.3.2 Process for the disclosure of the offer price.**

The issuance price amounts to €2.466 per share, and results from applying the arithmetical average of the weighted average prices of MAFRE, S.A.'s shares during the stock market sessions of 23<sup>rd</sup>, 24<sup>th</sup> and

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25<sup>th</sup> May 2011, equivalent to €2.596, a 5% reduction and rounded to the nearest thousandth of Euro, in accordance with the resolution adopted by the Board of Directors on 4<sup>th</sup> May 2011.

**5.3.3 If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.**

Not applicable

**5.3.4 Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.**

Not applicable

## **5.4 Placing and Underwriting**

**5.4.1 Name and address of the coordinator(s) of the global offer and of certain parts thereof and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.**

Not applicable

**5.4.2 Name and address of any paying agents and depository agents in each country.**

The Agent for the issue is Banco Bilbao Vizcaya Argentaria, S.A., with registered office in Plaza de San Nicolás, 4, Bilbao.

**5.4.3 Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and details of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements. Indication of the material features of the arrangements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.**

Not applicable

#### **5.4.4. When the underwriting agreement has been or will be reached.**

Not applicable

## **6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

### **6.1 An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets, with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.**

The Board of Directors, at its meeting held on 4<sup>th</sup> May 2011, resolved to request the admission to trading on the Madrid and Barcelona Stock Exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market) of the new 77,234,726 shares of €0.10 par value each, or those finally issued in the event of an incomplete subscription, and request to IBERCLEAR (Sociedad de Gestión de los Servicios de Registro, Compensación y Liquidación de Valores, S.A.U.) that it also proceeds to duly register the new shares in the Accounting Register for Book-entries.

The Company undertakes to make every effort to comply with all the requirements necessary so that all the Shares are admitted to trading in the shortest possible time, which is not expected to exceed one month following the expiry of the pre-emptive subscription period. In the event of a delay in the admission to trading, the Company shall inform the CNMV of the reason for the delay and make it public in a national newspaper as well as in the Official Quotation Gazettes of the Governing Bodies of the Madrid and Barcelona Stock Exchanges, without prejudice to any responsibilities the Company may incur.

MAPFRE knows the requirements and conditions for trading, listing and delisting the shares representing its share capital in the aforementioned regulated markets, pursuant to the legislation in force and the requirements of their governing bodies, and undertakes to observe them.

The pre-requirements for the admission to trading on the Stock Exchanges mentioned above and for listing through the Stock Exchange Interconnection System are in general terms as follows:

- (a) Granting of the relevant public deed of capital increase and registration in Madrid's Registrar of Companies;
- (b) Deposit of the notarial act or authorised copy of the public deed registered in Madrid's Registrar of Companies, the CNMV, IBERCLEAR and the Governing Bodies of the Madrid and Barcelona Stock Exchanges;
- (c) Verification by the CNMV of the documents and requirements necessary for the admission; and
- (d) Agreement regarding the official admission to trading of the new shares on the Madrid and Barcelona Stock Exchanges, adopted by their respective Governing Bodies.

**6.2 All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.**

3,012,154,351 shares, numbered from 1 to 3,012,154,351, representing the Company's share capital are admitted to trading on the Madrid and Barcelona Stock Exchanges and incorporated into the Spanish Stock Exchange Interconnection System; all the shares are represented by book-entries and have a par value of €0.10 each, equivalent to a total nominal value of €301,215,435.10.

**6.3 If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.**

Not applicable

**6.4 Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.**



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Not applicable

- 6.5 Stabilisation: where an issuer or a selling shareholder has granted an over-allotment or it is otherwise proposed that price stabilising activities may be entered into in connection with the offer.**

Not applicable

## **7. SELLING SECURITIES HOLDERS**

- 7.1 Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons have had within the past three years with the issuer or any of its predecessors or affiliates.**

Not applicable

- 7.2 The number and class of securities being offered by each of the selling security holders.**

Not applicable

- 7.3 Lock-up agreements. The parties involved. Content and exceptions of the agreement. Indication of the period of the lock up.**

Not applicable

## **8. EXPENSE OF THE ISSUE/OFFER**

- 8.1 The total net proceeds and an estimate of the total expenses of the issue.**

Set out below is an estimate of the expenses that the Company will assume in relation to the issuance of the shares, based on the total amount of the capital increase and excluding the Value Added Tax and the Property Transfer and Stamp Duty Tax, where it refers to corporate transactions:

<b>ITEM</b>	<b>EUROS</b>
Legal Expenses (Notary and Registrar of Co.)	40,000.00
CNMV Fees (issuance)	1,760.21

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CNMV Fees (admission)	1,760.21
Stock Exchange Expenses	2,000.00
IBERCLEAR fees and commissions	10,000.00
Legal advertising	3,000.00
<b>Total</b>	<b>58,520.42</b>

## **9. DILUTION**

### **9.1 The amount and percentage of immediate dilution resulting from the offer.**

The issue referred to in this Note represents 2.56% of MAPFRE's share capital prior to the execution of the capital increase and 2.50% of MAPFRE's share capital resulting after the capital increase.

### **9.2 In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.**

Not applicable

## **10. ADDITIONAL INFORMATION**

### **10.1 If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.**

Not applicable

### **10.2 An indication of other information in the Securities Note which has been audited or reviewed by auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.**

Not applicable

### **10.3 Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest, if any, of the issuer. If the report has been produced at the issuer's request, a statement to the effect that such statement or report is included, the form and context in which**

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**it is included, with the consent of the person who has authorised the contents of that part of the Securities Note.**

Not applicable

**10.4 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that, as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.**

Not applicable

**10.5 Update of the Registration Document.**

The audited Financial Statements of MAPFRE, S.A. for financial year 2010, approved at the Annual General Meeting held on 5<sup>th</sup> March 2011, are included by reference. They can be consulted on the company's website (mapfre.com) and on the website of the Spanish Securities and Exchange Commission ([cnmv.es](http://cnmv.es)).

Set out below are the unaudited Consolidated Balance Sheet and Income Statement of MAPFRE S.A. as at 31st March 2011, which have been prepared according to the EU international financial reporting standards.

### **BALANCE SHEET**

	<b>31.3.11</b>	<b>31.12.10</b>	<b>Variation</b>
<b>ASSETS</b>			
Goodwill	2,203.1	2,258.4	-2.4%
Fixed assets	383.8	399.3	-3.9%
Cash & equivalents	983.4	1,497.4	-34.3%
Investments & real estate	33,898.8	33,707.2	0.6%
Partic. of reinsurance in tech.reserves	2,998.7	3,092.6	-3.0%
Other assets	8,635.1	7,717.4	11.9%
<b>TOTAL ASSETS</b>	<b>49,102.9</b>	<b>48,672.3</b>	<b>0.9%</b>
<b>LIABILITIES</b>			
	<b>31.3.11</b>	<b>31.12.10</b>	<b>Variation</b>
Shareholders' Equity	6,435.9	6,541.9	-1.6%
Minority interests	1,249.7	1,253.9	-0.3%
Financial & subordinated debt	2,036.1	2,122.1	-4.1%
Technical reserves	33,734.9	33,461.9	0.8%
- Life assurance reserves <sup>(1)</sup>	19,297.6	19,649.8	-1.8%

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- Other technical reserves	14,437.3	13,812.1	4.5%
Reserves for risks and expenses	696.6	713.2	-2.3%
Other liabilities	4,949.7	4,579.3	8.1%
<b>TOTAL LIABILITIES</b>	<b>49,102.9</b>	<b>48,672.3</b>	<b>0.9%</b>

*Figures in million Euros*

1) Includes unit-linked

The variations in assets and liabilities are mainly due to:

- Depreciation of the US Dollar and most of the Latin American currencies.
- Partial investment of cash balances in longer dated assets.
- Negative impact of the increase in the risk premium on the market value of investments.
- Consolidation of the insurance operations of CATALUNYACAIXA and the acquisition of INSURE AND GO.

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## **INCOME STATEMENT**

	3M 2011	3M 2010	% Var.
<b>NON-LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	3,937.4	3,632.6	8.4%
Premiums earned, net of ceded and retroceded reinsurance	2,938.2	2,648.2	11.0%
Net claims incurred and variation in other technical provisions	-2,091.1	-1,956.9	6.9%
Operating expenses, net of reinsurance	-730.3	-620.3	17.7%
Other technical income and expenses	-16.1	-5.8	177.6%
<b>Technical Result</b>	<b>100.7</b>	<b>65.2</b>	<b>54.4%</b>
Net fin'l. income and other non-technical income and expenses	193.5	275.2	-29.7%
<b>Result of Non-life business</b>	<b>294.2</b>	<b>340.4</b>	<b>-13.6%</b>
<b>LIFE ASSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	1,181.7	1,302.7	-9.3%
Premiums earned, net of ceded and retroceded reinsurance	1,076.6	1,186.4	-9.3%
Net claims incurred and variation in other technical reserves	-1,019.8	-1,154.4	-11.7%
Operating expenses, net of reinsurance	-168.9	-154.4	9.4%
Other technical income and expenses	182.7	0.1	---
<b>Technical Result</b>	<b>70.6</b>	<b>-122.3</b>	<b>---</b>
Net fin'l income and other non-technical income and expenses	188.9	245.5	-23.1%
Unrealised gains and losses in Unit-Linked products	23.8	-6.5	---
<b>Result of Life business</b>	<b>283.3</b>	<b>116.7</b>	<b>142.8%</b>
<b>OTHER BUSINESS ACTIVITIES</b>			
Operating revenues	108.3	152.9	-29.2%
Operating expenses	-111.2	-151.2	-26.5%
Other revenues and expenses	-63.0	-34.6	---
<b>Results from other business activities</b>	<b>-65.9</b>	<b>-32.9</b>	<b>---</b>
<b>Result on restatement of financial accounts</b>	<b>-5.0</b>	<b>-3.1</b>	<b>61.3%</b>
<b>Result before tax and minority interests</b>	<b>506.6</b>	<b>421.1</b>	<b>20.3%</b>
Taxes	-155.5	-116.4	33.6%
<b>Result after tax</b>	<b>351.1</b>	<b>304.7</b>	<b>15.2%</b>
Result after tax from discontinued operations	-1.6	-0.2	---
<b>Result for the year</b>	<b>349.5</b>	<b>304.5</b>	<b>14.8%</b>
Result attributable to minority shareholders	-39.4	-31.4	25.5%
<b>Result attributable to the controlling Company</b>	<b>310.1</b>	<b>273.1</b>	<b>13.5%</b>

*Figures in million Euros*

The key points of the income statement are detailed below:

➤ **Non-Life**

- Sustained growth in premiums, which reflects:
  - the development of the international and reinsurance businesses;

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- the difficult economic environment in Spain, where nonetheless MAPFRE's market share continues to grow in Motor and Home insurance.
- The excellent performance of the loss experience<sup>4</sup>, which has offset:
  - the estimated impact of the earthquakes in Japan and New Zealand, which nevertheless was lower than that of Chile's earthquake in the same period of 2010;
  - significant weather-related losses in the USA.
- Increase in the expense ratio as a result of:
  - higher VAT and the costs of launching VERTI<sup>5</sup> in Spain;
  - a greater weight of the operations originated by brokers in the global businesses.
- Full consolidation of INSURE AND GO<sup>6</sup>.
- Lower realisation gains from financial and real estate investments: €56.9 million (€157.9 million in 3M 2010).

➤ **Life**

- The premiums development mainly reflects:
  - different schedules for sales campaigns in Spain, which in 2010 were implemented principally in the first quarter;
  - business growth in Latin America.

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<sup>4</sup> Relation existing between "Premiums earned, net of ceded and retroceded reinsurance" and "Net claims incurred and variation in other technical provisions"

<sup>5</sup> Insurance subsidiary specialising in direct sales via the Internet and telephone

<sup>6</sup> British subsidiary specialising in on-line travel insurance

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- The significant increase in the underwriting and financial result mainly reflects a gain of €181.5 million before taxes corresponding to the cancellation at market value of the put option on the 51% shareholding in MAPFRE NOSSA CAIXA VIDA E PROVIDENCIA, granted to MAPFRE upon its acquisition, once the authorisation to proceed to the establishment of the joint venture with BANCO DO BRASIL was granted, which has offset:
  - a lower underwriting result in Brazil;
  - a decrease in business volumes in the quarter.
- Consolidation of the insurance operations of CATALUNYACAIXA.

➤ **Other Business Activities**

- Operating revenues and expenses: sharp decline due to the reclassification of MAPFRE QUAVITAE's assistance business as a discontinued operation by virtue of the purchase agreement reached with the SAR Group and decrease in MAPFRE FAMILIAR's non-insurance operations.
- Other revenues and expenses: it includes mainly an impairment of €40.8 million as a result of the sale of the shareholding in BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE. It also reflects a noteworthy improvement in the results of BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE.

➤ **Taxes, minorities and other items**

- The pre-tax result includes a negative impact of €-5.0 million arising from the restatement of financial accounts in Venezuela (€-3.1 million in 3M 2010).
- The larger income tax mainly reflects the rate applied to the gain recognised in Brazil. In 2010, the tax charge was proportionally lower due to a greater weight of realisation gains.

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- Increase in the result attributable to minority shareholders due to a larger contribution from bancassurance JVs and the international operations.

From the date of the Registration Document (14<sup>th</sup> October 2010) to the date of this Share Securities Note, no significant events have occurred which might significantly affect the issuer's Financial Statements, both individual and consolidated, unless for those set out in the aforementioned Annual Financial Statements and those disclosed by means of a Relevant Fact.

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Esteban Tejera Montalvo  
Member of the Board –General Manager  
31<sup>st</sup> May 2011