

Proposed Resolutions



- To approve the Annual Accounts, both individual and consolidated relating to fiscal year 2004.
- To approve the distribution of profits as proposed by the Board of Directors, and as a result, to distribute a total dividend of (0.27) euros gross per share for shares numbered from 1 to 238,900,706 both inclusive. Part of this dividend, in the amount of 0.15 euros gross per share was advanced under a resolution of the Board of Directors passed on 27 October 2004, and the remainder, up to the approved total, will be paid as from 14 March 2005.
- To approve the management of the Board of Directors during fiscal year 2004.
- To re-elect Santiago Gayarre Bermejo as a member of the Board of Directors for a further period of four years.

This proposal for re-election has the support of the Remuneration and Appointment Committee.

- To amend the first paragraph and the last insertion of the second paragraph of Article 17 of the company's by-laws, which shall have the following wording:

First paragraph

"Those Board members who do not have executive functions within the company or companies which are part of its Group (external Directors) shall receive a fixed basic remuneration which may be greater for those persons who have duties within the Board or carry out the functions of chairman of the Executive Committee or another Delegated Committee. This remuneration may be complemented by additional non-monetary compensation (life or health insurance, bonuses, etc.) generally established for company personnel. The Board Members who form part of the Executive Committee or of the Delegated Committees shall receive an additional stipend for attending the meetings of these committees."

Last insertion in the second paragraph

"They shall not receive the remuneration to which external Directors are entitled, except for those granted the members of the Executive Committee or of the Delegated Committees as long as it has been agreed upon by the Board of Directors."

- To establish 25,000 euros as the fixed allocated remuneration for non-executive directors who are members of the Board of Directors as of 1 January 2005. Said amount shall be applicable during 2005 and it shall be increased in following years by the same percentage established for salary increases for company personnel. The allocated amount shall be increased by 35% for those persons occupying the position of president or vice-president of the Board or president of an Executive Committee or Delegated Committee. Such increase shall be non-cumulative where the same person occupies more than one position.

The remuneration for members of an Executive Committee or Delegated Committee for attending such respective meetings for 2005 shall be fixed at a 2,500 euros allowance, revisable according to the terms set out in the previous paragraph. Where meetings of two or more bodies are held together, only one allowance shall be paid.

- To authorize the Board of Directors, in accordance with Company law, article 153, to increase the share capital once, or more than once, up to a maximum of 59,725,176 euros, equivalent to 50% of the present share capital during the next five years from the date of said resolution. The Board shall freely fix the terms and conditions of such capital increase under said authorization, and therefore be able to issue shares, with or with no voting rights, at a premium, and amend, in its case, article 5 of the by-laws in order to adapt it to the resulting share capital. The present authorization implies the revocation of the authorization granted on 21 April 2001 in the part which is no longer used.
- File an application with the Stock Exchange to list the shares issued by the company as a result of capital increases the Board of Directors could carry out in exercising its authority referred to in the preceding agreement, in accordance with article 27 b) of the Stock Exchange Rules, and Royal Decree 1.536/81, and according to the same terms and conditions anticipated in said article. It is expressly agreed that in the case of a subsequent application for exclusion from listing, this resolution shall be adopted with the same formalities, and in such case, the interest of shareholders who either oppose the resolution or do not vote shall be guaranteed. The resolution to officially list the shares presumes compliance with Stock Exchange regulations at any time, especially regarding trading, permanence and exclusion from official listing.

- To renew the appointment of the firm Ernst & Young, S.L. as Auditors of the company both for the Individual Annual Financial Statements and for the Consolidated Accounts, should the company be under a duty to formulate such accounts or decide to do so voluntarily, for a period of one year, that is, for fiscal year 2005, notwithstanding that the said appointment may be revoked by the Shareholders' meeting prior to the end of the said period, should there be just cause.
- To delegate the widest of powers to the Chairman of the Board of Directors, Mr. Carlos Álvarez Jiménez, the Executive Vice-Chairman, Mr. Domingo Sugranyes Bickel, and the Secretary to the Board, Mr. José Manuel González Porro so that they may, separately, execute the aforesaid resolutions and engross them in public format whenever necessary, and to adapt them, should the donees deem this to be pertinent, to conform to any observations made by the Companies Register.
- To thank all those involved in the management of the company for their loyal co-operation during this fiscal year.



*Corporate
Governance
Annual Report*

Corporate Governance Annual Report

OWNERSHIP STRUCTURE

1) Share Capital

The share capital of CORPORACIÓN MAPFRE amounts to ONE HUNDRED NINETEEN MILLION, FOUR HUNDRED FIFTY THOUSAND, THREE HUNDRED FIFTY-THREE (119,450,353) EUROS, represented by 238,900,706 ordinary shares with a par value of €0.50 each, numbered consecutively from 1 to 238,900,706, both inclusive, which are all fully paid up. All the shares are equal, and all shareholders have the same rights and duties.

The most recent increase in the company's share capital was approved on March 6, 2004 and consisted of the issue and placement of 57,336,170 ordinary shares with a value of €0.50 each. Shares were issued at the rate of 1,746%, that is, at € 8.73 each. The capital increase was fully subscribed and paid up.

2) Shareholders with direct or indirect substantial holdings, as at 31.12.04

Tax Identification Number	Name or business name of the shareholder	Number of shares held directly	Number of shares held indirectly	% of the total share capital
G/28010619	MAPFRE MUTUALIDAD	133,230,776	-	55.77

The following are the most significant variations in the shareholder structure that have occurred during the fiscal year and of which the company is aware:

Tax Identification Number	Name or business name of the shareholder	Date of the transaction	Description of the transaction
Z00000000	FIDELITY INTERNATIONAL LIMITED	9.12.2004	Shares sold on the Stock Exchange

3) Information regarding shares of the company held by members of the Board of Directors

Tax Identification Number	Name	Date of joining Board	Date of last re-election	Number of shares held directly	% of share capital
12,136,496 V	MR. CARLOS ÁLVAREZ JIMÉNEZ	27.6.1981	20.4.02	10,992	0.00460
50,713,224 H	MR. DOMINGO SUGRANYES BICKEL	23.4.1988	6.3.04	7,500	0.00314
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	12.3.2003	29.3.03	10	0.00000
37,695,926 F	MR. RICARDO BLANCO MARTÍNEZ	4.12.2002	4.12.02	28,107	0.01177
132,859 B	MR. VICTOR BULTÓ MILLET	17.9.2003	6.3.04	100	0.00004
2,149,588 P	MR. JUAN FERNANDEZ-LAYOS RUBIO	27.6.1981	20.4.02	7,890	0.00330
1,497,613 Z	MR. ANTONIO MIGUEL-ROMERO DE OLANO	17.4.1999	29.3.03	396	0.00017

Total % of share capital held by the board of directors

0.02302

4) Relationships among significant shareholders

There do not exist, or the Company is unaware of, relationships of a family, commercial, contractual or business nature among the owners of substantial shareholdings.

5) Relationships between the company and significant shareholders

The company is part of the consolidated Group of MAPFRE MUTUALIDAD. In this respect, there are no relationships of a commercial, contractual or business nature between this owner of substantial shareholdings and the company beyond the ordinary course of business.

6) Shareholders' agreements or joint actions

The company is not aware of any shareholders agreement or of any joint action agreed by the shareholders.

7) Control of the company

The company is controlled by its majority shareholder, MAPFRE MUTUALIDAD.

8) Portfolio of own shares

The company does not have a portfolio of its own shares, nor has the General Meeting granted any authority to the Board of Directors to carry out transactions with the shares of the company.

9) Restrictions on the acquisition or transfer of shares or on the right to vote

There are no restrictions on the acquisition or transfer of holdings in the share capital. There are no restrictions on the right to vote, given that every share entitles the holder to one vote. Nevertheless, in accordance with the Company by-laws, a minimum of 1,500 shares is required in order to attend a Shareholders Meeting, which must be recorded in the corresponding Register at least five days in advance of the date on which the meeting is to be held. Shareholders who hold fewer shares may pool them together with those of other shareholders until the said minimum requirement is reached, appointing a representative among themselves.

CORPORATE MANAGEMENT STRUCTURE

A) Board of Directors

1) Maximum and minimum numbers of directors provided for in the Company by-laws

	
Maximum number of directors	20
Minimum number of directors	5

2) Members of the Board of Directors

Tax Identification Number	Name	Position	Date of first appointment	Date of latest appointment	Election Process
12,136,496 V	MR. CARLOS ÁLVAREZ JIMÉNEZ	Chairman	27.6.1981	20.4.02	General Meeting
50,713,224 H	MR. DOMINGO SUGRANYES BICKEL	First Vice Chairman	23.4.1988	6.3.04	General Meeting
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	Second Vice Chairman	12.3.2003	29.3.03	General Meeting
37,695,926 C	MR. RICARDO BLANCO MARTÍNEZ	Managing Director	4.12.2002	4.12.02	General Meeting
132,859 B	MR. VICTOR BULTÓ MILLET	Member	17.9.2003	6.3.04	General Meeting
2,149,588 P	MR. JUAN FERNANDEZ-LAYOS RUBIO	Member	27.6.1981	20.4.02	General Meeting
16,435,243 H	MR. RAFAEL GALARRAGA SOLORES	Member	28.4.1984	6.3.04	General Meeting
40,002,735 P	MR. SANTIAGO GAYARRE BERMEJO	Member	12.5.1989	21.4.01	General Meeting
8,118,096,421	MR. DIETER GÖBEL BRÚCKNER	Member	7.4.2000	6.3.04	General Meeting
50,280,227 L	MR. LUIS HERNANDO DE LARRAMENDI	Member	17.4.1999	29.3.03	General Meeting
120,773 T	MR. LUIS ITURBE SANZ DE MADRID	Member	6.3.2004	6.3.04	General Meeting
27,770,965 Y	MR. MANUEL JESUS LAGARES CALVO	Member	17.4.1999	29.3.03	General Meeting
31,528,672 L	MR. ALBERTO MANZANO MARTOS	Member	28.5.1987	29.3.03	General Meeting
22,394,123 N	MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Member	28.5.1987	29.3.03	General Meeting
1,497,613 Z	MR. ANTONIO MIGUEL-ROMERO DE OLANO	Member	17.4.1999	29.3.03	General Meeting
21,348,426 X	MR. FILOMENO MIRA CANDEL	Member	27.6.1981	20.4.02	General Meeting
2,185,705 S	MR. ALFONSO REBUELTA BADÍAS	Member	17.4.1999	29.3.03	General Meeting
5,359,921 R	MR. JOSÉ MANUEL GONZÁLEZ PORRO	Member-Secretary	17.4.1999	29.3.03	General Meeting

Total number of Directors

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3) Directors who have left the Board in the Year

Tax Identification Number	Name or business name of the board member	Leaving date
16,304,231 Z	MR. FELIPE RODRIGO ZARZOSA	16.2.2004
14,437,024 Q	MR. PEDRO UNZUETA UZCANGA	19.5.2004

4) Position of the Members of the Board of Directors

EXECUTIVE DIRECTORS			
Tax Identification Number	Name or business name of the board member	Proposed by	Position
50,713,224 H	MR. DOMINGO SUGRANYES BICKEL	Appointments and Remuneration Committee	First Vice Chairman
37,695,926 F	MR. RICARDO BLANCO MARTÍNEZ	Appointments and Remuneration Committee	Managing Director
132,859 B	MR. VICTOR BULTÓ MILLET	Appointments and Remuneration Committee	Managing Director, MAPFRE VIDA

EXTERNAL DIRECTORS NOMINATED BY THE SHAREHOLDERS

Tax Identification Number	Name or business name of the board member	Position	Name or business name of the substantial shareholder represented or who has proposed the appointment	Proposed by
12,136,496 V	MR. CARLOS ÁLVAREZ JIMÉNEZ	Chairman	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	Second Vice Chairman	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
2,149,588 P	MR. JUAN FERNANDEZ-LAYOS RUBIO	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
16,435,243 H	MR. RAFAEL GALARRAGA SOLORES	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
40,002,735 P	MR. SANTIAGO GAYARRE BERMEJO	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
50,280,227 L	MR. LUIS HERNANDO DE LARRAMENDI	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
31,528,672 L	MR. ALBERTO MANZANO MARTOS	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
22,394,123 N	MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
1,497,613 Z	MR. ANTONIO MIGUEL-ROMERO DE OLANO	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
21,348,426 X	MR. FILOMENO MIRA CANDEL	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
2,185,705 S	MR. ALFONSO REBUELTA BADÍAS	Member	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee
5,359,921 R	MR. JOSÉ MANUEL GONZÁLEZ PORRO	Secretary	MAPFRE MUTUALIDAD	Appointments and Remuneration Committee

INDEPENDENT EXTERNAL DIRECTORS

Tax Identification Number	Name or business name of the board member	Position	Proposed by	Profile
8118096421	MR. DIETER GÖBEL BRÚCKNER	Member	Appointments and Remuneration Committee	Degree in Insurance (Munich) Member of the Managing Board of Munich RE until 2000
27,770,965 Y	MR. MANUEL JESÚS LAGARES CALVO	Member	Appointments and Remuneration Committee	Doctor of Economic Science Professor of Public Finance State Tax Inspector (on leave)
120,773 T	MR. LUIS ITURBE SANZ DE MADRID	Member	Appointments and Remuneration Committee	Degree in Law Director of the Madrid Stock Exchange until 2003 BBVA Director until 2002

5) Changes in the position of Board Members occurred in 2004

Tax Identification Number	Name or business name of the board member	Date	Previous Position	Present Position
5,359,921 R	MR. JOSÉ MANUEL GONZÁLEZ PORRO	1.2.04	Executive Director	External Director Nominated by the Shareholders

6) Classification of board members according to the articles of association

The classification of the board members set out in the prior sections corresponds to the definitions envisaged in the articles of association.

7) Authorization of the Managing Director

The managing director does not have delegated authority although he does have limited powers of attorney.

8) Members of the Board of Directors who hold the position of director or manager in other companies which form a part of the group of the listed company

Name of director	Name of subsidiary	Position
MR. CARLOS ÁLVAREZ JIMÉNEZ	MAPFRE ACONCAGUA A.R.T.	Chairman
	MAPFRE ACONCAGUA HOLDING	Chairman
	MAPFRE ACONCAGUA SEGUROS	Chairman
	MAPFRE ACONCAGUA SEGUROS DE VIDA	Chairman
MR. DOMINGO SUGRANYES BICKEL	MAPFRE AMÉRICA	Member
	MAPFRE ASISTENCIA	Member
	MAPFRE-CAJA MADRID HOLDING	Member
	MAPFRE CAJA SALUD	Member
	MAPFRE GUANARTEME	Member
	MAPFRE INMUEBLES	Member
	MAPFRE RE	Member
MAPFRE SEGUROS GENERALES	Member	
MR. FRANCISCO RUIZ RISUEÑO	MAPFRE RE	Member
	MAPFRE VIDA	Member
MR. RICARDO BLANCO MARTÍNEZ	ITSEMAP SERVICIOS TECNOLÓGICOS	Member
	MAPFRE CAUCIÓN Y CRÉDITO	Member
	MAPFRE INDUSTRIAL	Member
	MAPFRE RE	Member
MR. VÍCTOR BULTÓ MILLET	MAPFRE INVERSIÓN	Managing Director
	MAPFRE VIDA	Managing Director
	MAPFRE VIDA PENSIONES	Joint and Several Manager
MR. JUAN FERNÁNDEZ-LAYOS RUBIO	MAPFRE INMUEBLES	Member

Name of director	Name of subsidiary	Position
MR. RAFAEL GALARRAGA SOLORES	MAPFRE CAJA SALUD	Member
	MAPFRE INMUEBLES	Member
	MAPFRE SEGUROS GERAIS	Chairman
MR. SANTIAGO GAYARRE BERMEJO	MAPFRE AMÉRICA	Chairman
	MAPFRE-CAJA MADRID HOLDING	Member
	MAPFRE VIDA	Member
MR. JOSÉ MANUEL GONZÁLEZ PORRO	MAPFRE INMUEBLES	Member
	MUSINI	Member
MR. LUIS HERNANDO DE LARRAMENDI	MAPFRE VIDA	Second Vice Chairman
MR. MANUEL JESÚS LAGARES CALVO	MAPFRE VIDA	Member
MR. ALBERTO MANZANO MARTOS	MAPFRE-CAJA MADRID HOLDING	Chairman
	MAPFRE VIDA	Member
	MUSINI	Vice Chairman
MR. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE-CAJA MADRID HOLDING	Member
	MAPFRE INMUEBLES	Member
	MAPFRE VIDA	Member
MR. FILOMENO MIRA CANDEL	MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO	Chairman
	MAPFRE-CAJA MADRID HOLDING	Member
	MAPFRE CAUCIÓN Y CRÉDITO	Chairman
	MAPFRE INDUSTRIAL	Chairman
	MAPFRE SEGUROS GENERALES	Chairman
	MAPFRE VIDA	Member
MUSINI	Chairman	
MR. ALFONSO REBUELTA BADÍAS	MAPFRE AMÉRICA	Member
	MAPFRE CAUCIÓN Y CRÉDITO	Second Vice Chairman
	MAPFRE INDUSTRIAL	Second Vice Chairman

9) Board members of the company who are members of the Board of Directors of other companies listed in Spain that are not part of its group and who have informed the company of such

The company is not aware of any of its board members being on the management board of any other company listed on any stock exchange in Spain other than the companies belonging to SISTEMA MAPFRE.

10) Remuneration of the directors earned during the fiscal year

A) FROM THE COMPANY WHICH IS THE SUBJECT OF THIS REPORT:

Remuneration item	
Fixed Salary	475.65
Variable Salary	270.97
Allowances	153.03
Gifts allowed under the bylaws	-
Stock options and/or other financial instruments	-
Other	256.51
TOTAL	1,156.16

Amount in thousand euros

Other benefits	
Advances	-
Loans granted	-
Funds and pension plans: contributions	19.24
Funds and pension plans	-
Outstanding obligations	-
Life insurance premiums	1,730.43
Granted by the company to Guarantees Directors	-

Amount in thousand euros

B) BY VIRTUE OF BEING MEMBERS OF OTHER BOARDS OF DIRECTORS AND/OR OF THE SENIOR MANAGEMENT OF GROUP COMPANIES:

Remuneration item	
Fixed Salary	233.25
Variable Salary	120.60
Allowances	134.79
Gifts allowed under the bylaws	-
Stock options and/or other financial instruments	-
Other	129.59
TOTAL	618.23

Amount in thousand euros

Other benefits	
Advances	-
Loans granted	-
Funds and pension plans: contributions	8.92
Funds and pension plans:	-
Outstanding obligations	-
Life insurance premiums	1,021.27
Guarantees granted by the Company to Directors	-

Amount in thousands euros

C) BREAKDOWN OF THE TOTAL REMUNERATION PAID TO DIRECTORS BY POSITION

Type of Director	By company	By group
Executive	716.26	369.24
External	364.50	227.11
Independent external	75.40	21.88
Total	1,156.16	618.23

Amounts in thousand euros

D) RELATIVE TO THE ATTRIBUTABLE PROFIT OF THE CONTROLLING COMPANY:

Total directors' remuneration	1,774.39%
Total directors' remuneration /attributable profit of the controlling company	0.97%

Amounts in thousand euros

11) Guarantee clauses

The guarantee clauses in the event of dismissal in favour of senior managers of the company or of its group consist in a contractual acknowledgment that they are entitled to the application of the provisions of the Employment Act governing staff with ordinary employment status.

Number of beneficiaries	3
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Said clauses are authorised by the Board of Directors of the company and the Board of Directors of MAPFRE MUTUALIDAD, which controls the majority of the capital of the company. The Shareholders' General Meeting shall be informed about the reference of the clauses to the provisions of the Act referred to in the previous paragraph.

12) Process for establishing the remuneration of the members of the Board of Directors and relevant provisions of the Company by-laws

Pursuant to the provisions of clause 17 of the Company by-laws, the directors shall receive the following remuneration:

- The basic remuneration for external directors consists in an allowance for attendance at board meetings, which in 2004 amounted to € 1,987. Furthermore they have a life insurance policy covering death, with an insured capital of € 150,253, and they benefit from some staff perks, such as health insurance.

External directors who are members of Committees or Delegated Committees also receive a fixed annual amount by virtue of this, which in 2004 amounted to € 13,985 for the Executive Committee and € 10,490 for the Delegated Committees.

- Executive directors receive the remuneration laid down in their employment agreements, which include a fixed salary, variable compensation linked to results, life and disability insurance and other payments generally laid down for the company's staff. Furthermore, certain pension supplements are awarded to them in the event of retirement, which are externalised by way of a life insurance policy, all of which is within the framework of the remuneration policy laid down by SISTEMA MAPFRE for its Senior Managers, whether they are directors or not.

Executive directors, however, do not receive the remuneration laid down for external directors.

The basic remuneration for external directors is proposed for approval to the Shareholders Meeting by the Board of Directors, following a report by the Appointments and Remuneration Committee. The remuneration of the executive directors and the fixed amounts paid to the external members of the Delegated Committees are approved by the Board of Directors following a report from the said Committee.

13) Members of the Board of Directors who are simultaneously members of the board of directors or executives of companies which have a substantial holding in the listed company or in companies of the group

Name of the Director	Tax Identification Number of the Significant shareholder	Name or business name of the Substantial Shareholder	Position
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	G/28010619	MAPFRE MUTUALIDAD	Chairman
MR. FILOMENO MIRA CANDEL	G/28010619	MAPFRE MUTUALIDAD	First Vice Chairman
MR. FRANCISCO RUIZ RISUEÑO	G/28010619	MAPFRE MUTUALIDAD	Second Vice Chairman
MR. ALBERTO MANZANO MARTOS	G/28010619	MAPFRE MUTUALIDAD	Third Vice Chairman
MR. SANTIAGO GAYARRE BERMEJO	G/28010619	MAPFRE MUTUALIDAD	Managing Director
MR. DOMINGO SUGRANYES BICKEL	G/28010619	MAPFRE MUTUALIDAD	Member
MR. JUAN FERNANDEZ-LAYOS RUBIO	G/28010619	MAPFRE MUTUALIDAD	Member
MR. RAFAEL GALARRAGA SOLORES	G/28010619	MAPFRE MUTUALIDAD	Member
MR. LUIS HERNANDO DE LARRAMENDI	G/28010619	MAPFRE MUTUALIDAD	Member
MR. ANTONIO MIGUEL-ROMERO DE OLANO	G/28010619	MAPFRE MUTUALIDAD	Member
MR. ALFONSO REBUELTA BADIÁS	G/28010619	MAPFRE MUTUALIDAD	Member
MR. JOSÉ MANUEL GONZÁLEZ PORRO	G/28010619	MAPFRE MUTUALIDAD	Deputy General Secretary

14) Links of the members of the Board of Directors with substantial shareholders

Messrs. Martínez Martínez, Mira Candel, Manzano Martos, González Porro and Gayarre Bermejo are senior managers at MAPFRE MUTUALIDAD; Messrs. Ruiz Risueño, Fernández-Layos, Hernando de Larramendi, Miguel-Romero and Rebuelta are independent directors of MAPFRE MUTUALIDAD; Messrs. Galarraga and Sugranyes are directors of MAPFRE MUTUALIDAD.

15) The Regulations of the Board of Directors

The Regulations of the Board of Directors were approved by the Board at its meeting held on February 17th 2004 and shareholders were informed of such and supplied with the Regulations at the Shareholders' Meeting held on March 6th 2004. They are available on the company's website www.MAPFRE.com, on the official registry of the National Securities Market Commission and are recorded in the Mercantile Registry of Madrid.

**16) Procedure for the appointment, re-election, evaluation and removal of directors.
Description of the relevant bodies, actions to be taken and the criteria pertaining to each procedure**

Those persons who are offered the position of director of CORPORACIÓN MAPFRE or of one of its subsidiaries shall make a prior statement, which shall be truthful and complete, of their relevant personal, family, professional or business circumstances, with a particular emphasis on anything that may give rise to any incompatibility in accordance with the law, the Company by-laws, and the Code of Good Governance, or any conflict of interest. The said statement shall be delivered in the relevant form established by SISTEMA MAPFRE for this purpose.

Only after the Company's Appointments and Remuneration Committee has first made a proposal shall the Board of Directors put forward candidates to the Shareholders Meeting, and shall the Shareholders Meeting take a decision regarding the appointment of directors.

The proposals for re-election of directors shall be subject to a process which shall necessarily include a report issued by the Appointments and Remuneration Committee, which shall assess the quality of the work that has been performed and the commitment to the position that has been shown by the directors whose re-election is proposed throughout the time they have held office.

When the director in question holds a position on the Board (Chairman, Vice Chairman, or Secretary), the report shall include an assessment of how the said position has been performed so that the Board may express an opinion with regard to his/her continuing to hold it.

Where the Board of Directors should depart from the proposals of the Committee, it should provide reasons for its decision, and these should be reflected in the corresponding minutes.

17) Cases in which directors must resign

Pursuant to the provisions of the Company by-laws, all members of the Board of Directors shall cease to hold office upon reaching the age of 70. The Executive Vice Chairman, the Managing Director, and the Secretary of the Board of Directors shall cease to hold office upon reaching the age of 65, but may continue as directors.

Directors shall be required to place their position in the hands of Board of Directors, and to tender their resignation, should this be considered necessary, in the following cases:

- Where they should cease to hold the executive position to which their appointment as a director is linked.
- Where they should fall within any of the reasons for incompatibility or prohibition provided for by law.
- Where they should be prosecuted for an alleged criminal offence, or be subject to a disciplinary inquiry for a serious or very serious offence conducted by any supervisory body.
- Where they should receive a serious reprimand from the Compliance Committee for having breached their duties as directors.

- Where their continued presence on the Board of Directors may put the interests of the Company at risk.
- Where the reasons for which they were appointed – should there be any– cease to exist.

18) Chairman of the Board of Directors and chief executive officer of the company

The Chairman of CORPORACIÓN MAPFRE is an external director nominated by the shareholders and does not perform any executive functions. The chief executive officer is the First Vice Chairman, who is the chairman of the Executive Committee. The chairmen of the main subsidiaries are usually their chief executive officers, however, this is not viewed as an excessive concentration of power, since decisions are taken collectively by the Board of Directors and its Committees.

19) Operation of the Board of Directors

A meeting of the Board of Directors shall be quorate when those in attendance, either in person or by proxy, represent one half plus one of the directors, and resolutions shall be approved by a majority of the directors in attendance at the meeting, except in the case provided for in Article 141.2 of the Limited Companies Act (appointment of Managing Director, or permanent delegation of powers), which requires a vote in favour of two thirds of the members of the Board. No reinforced majority is required for any other type of decision that the Board may take.

20) Specific requirements for appointment as Chairman

There are no specific requirements in order for a director to be appointed as Chairman.

21) Casting vote

The Chairman shall have a casting vote in the event of a tie.

22) Age limit for directors

Pursuant to the provisions of the Company by-laws and the Regulations of the Board of Directors, all Board members shall cease to hold office upon reaching the age of 70. The Executive Vice Chairman, the Managing Director, and the Secretary of the Board of Directors shall cease to hold office upon reaching the age of 65, but may continue as directors.

23) Term limit for independent directors

There is no limited term for independent directors laid down in either the Company by-laws or the Board of Directors Regulations.

24) Procedures for granting a proxy within the Board of Directors

There are no formal procedures for the grant of a proxy within the Board of Directors.

25) Number of meetings of the Board of Directors during the fiscal year

Number of board meetings	8
Number of board meetings without the attendance of the chairman	none

26) Number of meetings of the Delegated Committees

Number of meetings of the Executive Committee	1
Number of meetings of the Audit Committee	5
Number of meetings of the Appointment and Remuneration Committee	7
Number of meetings of the Compliance Committee	1

27) Certification of annual financial statements

The individual and consolidated annual financial statements which are submitted to the Board for approval are not certified by the Chairman, the Managing Director, or the Chief Financial Officer.

28) Audit report

The company has never submitted financial statements subject to qualifications in the audit report.

The company has an Internal Auditing and Legal General Management Areas to supervise the various aspects of the annual financial statements. There is also the Audit Committee of CORPORACIÓN MAPFRE, which was set up for this purpose as a delegated body of the Board of Directors, and which has supervisory powers in this regard since fiscal year 2000.

As established in the Code of Good Governance of SISTEMA MAPFRE, the Board of Directors shall seek to formulate the annual financial statements in a manner that will not create any reservations on the part of the external auditors. Nevertheless, when the Board considers that it should maintain its criteria, it shall publicly explain the contents and the extent of its discrepancy.

29) Measures adopted regarding information made available to the market

The Internal Code of Conduct regarding listed securities issued by CORPORACION MAPFRE sets out the procedures and rules relating to the release of relevant information, which those in charge of the company shall first file with the CNMV and thereafter communicate to the market via the company's website or by any other means of communication deemed appropriate or required by law.

30) The Secretary of the Board of Directors

The Secretary of the Board of Directors of CORPORACIÓN MAPFRE is also a Director, and has the appropriate position and means to adequately carry out his function, which is to oversee the formal and actual compliance with legal requirements of the activities of the Board of Directors.

31) Mechanisms established for preserving the independence of auditors, financial analysts, investment banks and rating agencies

In addition to legal requirements, the company has decided to voluntarily propose the compliance with clear and precise general guidelines for securing and maintaining the necessary independence of the external auditors as set out in the Code of Good Governance of SISTEMA MAPFRE which establishes the following criteria for its Board of Directors in regard to external auditors:

- The relationship between the Board of Directors and the external Auditors shall be maintained via the Audit Committee.
- The Board of Directors shall refrain from hiring those auditing firms which earn or are expected to earn from SISTEMA MAPFRE yearly fees, taking into account all compensation items, in excess of 5% of their total yearly revenues.
- In its annual public documents, the Board of Directors shall disclose the global fees which have been paid by the Company and its consolidated Group to the audit firm for services other than the Audit.

Without detriment to the powers and functions of the Audit Committee as specified in the bylaws and the regulations of the Board of Directors of the Company, the Committee shall be informed, at least every six months, of all the services provided by the external auditors and of their respective fees.

Likewise, the Audit Committee shall annually evaluate every year the Auditors of the Accounts, the scope of the audit and the degree of independence of the external auditor, assessing whether the quality of the audit controls is adequate and the services provided, other than the Audit of Accounts, make it possible to maintain the independence of the auditors.

Pursuant to the requirements of the Internal Code of Conduct regarding listed securities issued by CORPORACION MAPFRE, which sets out the procedures and rules relating to the reporting of relevant information, financial analyst shall not be provided with any information which is not public.

32) Other assignments carried out by the audit firm for the Company and/or its Group

	Company	Group	Total
Amount from works other than the audit (million of euros) *	292	558	850
Amount from works other than the audit/ total amount billed by the audit firm (in %)	82%	25%	33%

(*) Includes services related to the audit of accounts

33) Number of consecutive years over which the present audit firm has been auditing the annual accounts of the Company and/or its Group

	Company	Group
Number of consecutive years	15	15

	Company	Group
Number of years audited by the present audit firm/ Number of years over which the company has been audited (in %)	100%	100%

34) Members of the Board of Directors who hold shares in companies which operate in the same, or an analogous, or a complementary line of business as the company

The holdings of members of the Board of Directors in the share capital of companies which operate in the same, or an analogous, or a complementary line of business as that of the corporate goals, both of the company and of its group, and which have been communicated to the company, are as follows:

Tax Identification Number of the Director	Name or business name of the director	Name of company	Number of shares	% holding	Position or powers
37,695,926 F	Mr. Ricardo Blanco Martinez	Aegon, N.V.	6,124	-	-
2,149,588 P	Mr. Juan Fernández-Layos Rubio	Aegon	9,800	-	-
		Münchener	3,000	-	-
50,713,224 H	Mr. Domingo Sugranyes Bickel	Münchener Ruck	67	0.000015	-
		Aegon NV	320	-	-
		Axa	142	-	-
		Fortis	200	-	-
		Ing	190	-	-

Directors of this company who have a holding or who perform duties in other companies that form part of SISTEMA MAPFRE have not been taken into account as it is considered that they do not impinge on the duty of loyalty, nor generate any conflict of interest.

35) Procedure to be followed when directors wish to obtain external advice

As envisaged in the Internal Code of Conduct of SISTEMA MAPFRE and in order to obtain advice in the exercise of their functions, the external directors may hire legal advisors, accountants, business persons or other experts, whose services shall be paid for by the Company. The assignment must be necessarily related with specific issues of sufficient importance and complexity that may arise in connection with the activities of the external directors.

The hiring decision should be communicated to the Chairman of the Company and may be vetoed by the Board of Directors if it is determined:

- That it is not necessary in order to perform thoroughly the functions entrusted to the external directors.
- That its cost is not reasonable compared to the importance of the issue and to the company's assets and revenues.
- That the technical assistance obtained may be adequately provided by the company's own experts and technicians.

36) Procedures to ensure that directors are provided with the necessary information to prepare meetings with sufficient time

In general terms, the documents should be sent at least three days ahead of the meeting. In particular, when the documents are mailed for delivery on a Friday or the day prior to a holiday, delivery should be guaranteed for the morning of said day before noon.

This aspect is subject to a specific analysis by the company's Board of Director's in its annual session of self evaluation, which examines the report of the Compliance Committee in charge of controlling the effectiveness of the procedure envisaged.

37) Liability Insurance

The directors and senior management of the company and the group are covered by a third-party liability insurance policy.

B) Committees of the board of directors

1) Delegated bodies of the Board of Directors

Name of body	Number of members	Functions
Executive Committee	11	Coordination and supervision of the activities of the company and its subsidiaries in operational and management matters.
Audit Committee	7	Verification of financial information, proposal of appointment of the external auditor and supervision of the Internal Auditing service.
Appointment and Remuneration Committee	7	Co-ordination of the appointments and remuneration policy to be applied to Senior Company Officers and Managers of CORPORACIÓN MAPFRE and its principal subsidiary companies.
Compliance Committee	5	Supervision of the correct application of the rules of good governance which must be applied in the company.

2) Composition of the Delegated Committees of the Board of Directors

EXECUTIVE COMMITTEE		
Tax Identification Number	Name	Position
50,713,224 H	MR. DOMINGO SUGRANYES BICKEL	Chairman
12,136,496 V	MR. CARLOS ÁLVAREZ JIMÉNEZ	First Vice Chairman
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	Second Vice Chairman
37,695,926 F	MR. RICARDO BLANCO MARTÍNEZ	Member
132,859 B	MR. VICTOR BULTÓ MILLET	Member
40,002,735 P	MR. SANTIAGO GAYARRE BERMEJO	Member
31,528,672 L	MR. ALBERTO MANZANO MARTOS	Member
1,497,613 Z	MR. ANTONIO MIGUEL-ROMERO DE OLANO	Member
21,348,426 X	MR. FILOMENO MIRA CANDEL	Member
2,185,705 S	MR. ALFONSO REBUELTA BADÍAS	Member
5,359,921 R	MR. JOSÉ MANUEL GONZÁLEZ PORRO	Member - Secretary

AUDIT COMMITTEE

Tax Identification Number	Name	Position
27,770,965 Y	MR. MANUEL JESÚS LAGARES CALVO	Chairman
12,136,496 V	MR. CARLOS ÁLVAREZ JIMÉNEZ	First Vice Chairman
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	Second Vice Chairman
50,280,227 L	MR. LUIS HERNANDO DE LARRAMENDI M.	Member
1,497,613 Z	MR. ANTONIO MIGUEL-ROMERO DE OLANO	Member
2,185,705 S	MR. ALFONSO REBUelta BADÍAS	Member
5,359,921 R	MR. JOSÉ MANUEL GONZÁLEZ PORRO	Member - Secretary

APPOINTMENTS AND REMUNERATION COMMITTEE

Tax Identification Number	Name	Position
50,713,224 H	MR. DOMINGO SUGRANYES BICKEL	Chairman
12,136,496 V	MR. CARLOS ÁLVAREZ JIMÉNEZ	First Vice Chairman
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	Second Vice Chairman
2,149,588 P	MR. JUAN FERNANDEZ-LAYOS RUBIO	Member
50,280,227 L	MR. LUIS HERNANDO DE LARRAMENDI M.	Member
2,185,705 S	MR. ALFONSO REBUelta BADÍAS	Member
5,359,921 R	MR. JOSÉ MANUEL GONZÁLEZ PORRO	Member - Secretary

COMPLIANCE COMMITTEE

Tax Identification Number	Name	Position
5,047,370 C	MR. FRANCISCO RUIZ RISUEÑO	Chairman
50,280,227 L	MR. LUIS HERNANDO DE LARRAMENDI M.	Member
120,773 T	MR. LUIS ITURBE SANZ DE MADRID	Member
27,770,965 Y	MR. MANUEL JESÚS LAGARES CALVO	Member
2,185,705 S	MR. ALFONSO REBUelta BADÍAS	Member

3) Description of the rules governing the organisation, function and powers of the each one of the committees of the Board of Directors**EXECUTIVE COMMITTEE**

This body, which reports to the Board of Directors, is responsible for the co-ordination and supervision at the highest level of the activities of the company and its subsidiaries in operational and management matters, as well as for the formulation and execution of the plans which are required for the proper development of the company and the approval or authorisation of decisions within the powers assigned to it by the Board of Directors.

The Executive Committee shall comprise a maximum of twelve members, who shall all be members of the Board of Directors. The posts of Second Vice Chairman and Secretary of the said Committee shall be held ex officio by the persons holding those posts on the Board of Directors.

AUDIT COMMITTEE

The Audit Committee shall comprise a minimum of three and a maximum of seven members, the majority of who shall be non-executive directors. The Chairman of the Committee shall be appointed from amongst the non-executive directors. The Chairman's tenure shall be for a maximum of four years, and he/she may be re-elected after a period of one year has elapsed from the time that he/she left office. The Secretary of the Committee shall be the same as for the Board of Directors.

The Committee shall have the following responsibilities:

- a) To verify that the annual financial statements, as well as the six-monthly and quarterly financial statements, and all other financial information that is required to be filed with the regulatory or supervisory bodies, is true, complete, and adequate, and that it has been drawn up in accordance with the applicable accounting regulations and the criteria laid down on an internal basis by the General Secretary of SISTEMA MAPFRE, and that these are supplied within the proper time limit and with the correct content.
- b) To propose to the Board of Directors, for approval by the Shareholders Meeting, the appointment of the Company's External Auditor, as well as to receive information regarding the activities of the said External Auditor and regarding any event or circumstance which may compromise his/her independence.
- c) To supervise the activities of the Internal Auditing Service, for which purpose it shall have full access to information regarding its action plans, the results of its work, and the follow-up of the recommendations and suggestions of the external and internal auditors.
- d) To be informed of the financial reporting and internal control process of the Company, and to formulate such observations or recommendations as it may deem appropriate in order to improve it.
- e) To inform the Shareholders Meeting in relation to such questions as may arise regarding those matters within its powers.

APPOINTMENTS AND REMUNERATION COMMITTEE

This is the delegated body of the Board of Directors responsible for the co-ordinated implementation of the appointments and remuneration policy to be applied to Senior Company Officers and Managers of CORPORACIÓN MAPFRE and its principal subsidiary companies. These functions are exercised without prejudice to the powers which may legally or by way of operation of the Company by-laws rest with the representative and management bodies of CORPORACIÓN MAPFRE itself and of its subsidiary companies.

In general, the Committee shall ensure the transparency of the criteria established for setting the remuneration of Senior Executives.

The Appointments and Remuneration Committee shall comprise a maximum of seven members, the majority of whom shall be non-executive directors.

COMPLIANCE COMMITTEE

This is the delegated body of the Board of Directors responsible for supervising the correct application of the rules of good governance which must be applied in the Company.

These functions are exercised without prejudice to the powers which, pursuant to the law or the Company by-laws, may rest with the representative and management bodies of CORPORACIÓN MAPFRE itself.

The committee shall monitor the application of the rules of good governance in force at any given moment and shall propose, where necessary, the appropriate measures for improvement and the updating of the said rules, where this should be required.

The Compliance Committee shall comprise a maximum of five members, all of whom shall be non-executive members. Its Chairman shall be ex officio the second Vice Chairman of the Board of Directors.

The Committee may appoint a Minutes Secretary, chosen from amongst the members of the Legal Affairs Unit of SISTEMA MAPFRE.

4) Regulation of the committees of the Board of Directors

The basic functions, powers, composition, meetings schedule, and procedures for adopting resolutions of the delegated bodies of the Board of Directors are regulated by the Code of Good Governance of SISTEMA MAPFRE and the Regulations of the Board of Directors, which were approved on February 17th, 2004 and are available on the company's website www.mapfre.com and in the official register of the Spanish National Securities Market Commission, and are inscribed in the Mercantile Registry of Madrid.

When an ordinary General Meeting of Shareholders is called, the Audit Committee shall make available to the public a report on the activities it has carried out during the year.

5) Degree of delegation of power and autonomy of the Executive Committee

In order to fulfil its functions, the Executive Committee has been granted on a permanent basis the powers summarised below:

- All powers of representation resting with the Board, with the exception of: those that may not be delegated; those for representing the entity before the General Insurance Directorate ('Dirección General de Seguros y Fondos de Pensiones') or other official bodies in activities arising as a result of inspections or which may entail serious penalties for the entity.
- All administrative powers resting with the Board, with the following exceptions: those that may not be delegated; the signing of the annual financial statements; the transfer of the registered office within the same locality; the calling of shareholders meetings; the filling of vacancies on the Board; the appointment and setting of the regulations of the Executive Committee, the Managing Director, and the Director General; the appointment and dismissal of senior managers; the approval of institutional agreements with foundations set up by MAPFRE and other entities of SISTEMA MAPFRE.
- The following powers concerning disposals: to acquire, transfer, encumber or execute any other transaction of ownership of any financial and real estate asset; to incorporate new companies or to acquire a holding in them; to assign to, or release from, the coverage of technical reserves any real estate asset; any transactions with trading instruments, or asset or liability bank accounts; to grant loans and lines of credit, and to obtain sureties, bank guarantees, discount lines, etc.
- Special powers relating to the granting and revocation of powers of attorney.

6) Composition of Executive Committee

The Executive Committee is composed of external directors nominated by the shareholders (who make up the majority) and executive directors.

7) Composition of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee of the company has seven members. They are all external directors except for the Chairman and the Secretary.

RELATED TRANSACTIONS

1) Relevant transactions with substantial shareholders

There are no relevant transactions which involve a transfer of resources or liabilities between the company or its group of companies and the directors or managers of the company. Information regarding all types of transactions with companies of the group can be found in note 6.17 of the annual report.

2) Relevant transactions with directors or managers

There are no transactions which involve a transfer of resources or liabilities between the Company and/or its Group, and the directors or managers of the Company and of the group of companies of which the Company is part.

3) Relevant transactions with other companies of the Group

There are no transactions between the company and other companies that are part of the same group, which are not eliminated in the course of preparing the consolidated financial statements or which do not form part of the company's ordinary business purpose and/or conditions.

4) Mechanisms to detect and regulate possible conflicts of interest between the company and/or its group, and its directors, senior managers, or substantial shareholders

All Board members and managers are required to make a prior statement on these matters upon being appointed. Furthermore this statement should be updated every year and anytime a situation of possible conflict may arise.

Likewise, the Code of Good Governance of SISTEMA MAPFRE, and the Internal Code of Conduct regulate the special duties relating to potential conflicts of interest.

The Board of Directors has the authority to decide on these matters, following an examination carried out by the Appointments and Remuneration Committee of the Company, or the Institutional Control Committee of SISTEMA MAPFRE, as the case may be. There is a special procedure for approving resolutions in matters where there is a potential conflict of interest with a Board member. The Board member in question is required to abstain from participating in these decisions.

RISK CONTROL SYSTEMS

1) General description of the company and its group's risk policy

In keeping with the insurance and financial industry's current risk management trends, as well as the new legislation on solvency to be implemented in the near future, MAPFRE has continued to develop a Risk Management System (hereinafter the "SGR"), whose main goals are:

- To provide a suitable tool for identifying and evaluating the risks arising from the procedures, processes and operations of each company and at the consolidated level.
- To improve the internal control and business management processes of each operating unit by means of an ongoing evaluation of the control systems that have been implemented.
- To know at all times the global risk exposure and the existing tolerance margins with respect to the minimum solvency requirements.
- To provide criteria for an efficient allocation of capital among operating units, based on the risk/return principle, to increase value creation for the shareholders in the companies of the Group.

The SGR is based on an integrated risk management for each and every business process of the company, as well as on matching risk levels with the strategic objectives set by Management. Four areas or categories of risk have been defined which include different types of risk, as set forth below:

<ul style="list-style-type: none"> • Operational risks • Financial risks • Insurance business risks • Strategic and Corporate Governance risks 	<ul style="list-style-type: none"> • There are twenty-two types of risk grouped into the following risk areas: actuarial, legal, IT, personnel, suppliers, procedures, information, risk of fraud, market risk and tangible assets • Include interest rate, liquidity, exchange rate, investments and credit risks • This groups together, separately for Life and for Non-Life, the risks of insufficiency of premiums, sufficiency of technical reserves, and reinsurance • This includes the risks of business ethics and good corporate governance, organisational structure, alliances, mergers and acquisitions, risks arising from the regulatory environment, and finally, market and competition risks

The SGR is a project currently in its introductory phase with a timeline of specific tasks which extends to 2007. It is foreseeable that in said year the new regulations on solvency for insurance companies (Solvency II) will come into force. Throughout 2004 the calendar of activities has continued as planned, being it worth to note the following significant achievements:

- The completion of the second release of the risk management software.
- The implementation of the operational risks model in six companies: MAPFRE ARGENTINA, MAPFRE BRAZIL, MAPFRE LA SEGURIDAD, MAPFRE COLOMBIA, MAPFRE PUERTO RICO and MAPFRE USA.
- Several seminars and courses, which have been conducted to introduce the risk management methodology in the various units of SISTEMA MAPFRE.
- The selection of a stochastic model for the assessment of financial and insurance risk and the appointment of an external consulting firm for its implementation in the Reinsurance Operating Unit. The model will be available in the second quarter of 2005 and, in addition to serving as a pilot program for the rest of the entities, it will be compliant with the requirements of the FSA in Great Britain which are applicable to MAPFRE RE's business in that country.

2) Control mechanisms to evaluate, mitigate, or reduce the main risks

The identification, evaluation and quantification of operational risks is carried out by means of an IT application developed internally by MAPFRE called Riskm@p, which produces risk profiles for all entities.

The proposed Risk Management System is based on a dynamic analysis by Processes of the insurer, in which the management for each area/department identifies and periodically evaluates the potential risks that affect each of the following defined processes:

- Product Development
- Issuance
- Claims/ Provisions
- Administration
- Commercial Activities
- Human Resources
- Commissions
- Coinsurance / Reinsurance
- Technical Reserves
- Investments
- IT Systems
- Customer Service

Regarding financial investments, as in previous years, the guideline to mitigate the exposure to this type of risks is based on a conservative investment policy, concentrating most of the portfolio in fixed-income securities. Therefore, at the end of 2004, the financial investments in fixed-income securities of MAPFRE in Spain, without including the investments corresponding to unit-linked products, represented approximately 92.5% of the securities portfolio, the remainder being

invested in equities and mutual funds. Likewise, the financial investments of the subsidiaries operating abroad were concentrated predominantly in fixed-income securities and equivalents.

Regarding credit risk, the policy adopted by MAPFRE to mitigate exposure to this type of risk is based on prudence (issuer's solvency) and on the diversification of fixed-income investments. Therefore, at the end of 2004, approximately 57% of the portfolio in fixed income securities, in Spain was concentrated in securities with issued or guaranteed by governments of European Union countries. The rest was concentrated in securities issued by companies with a high credit rating. Consequently, as of December 2004, 98% of the fixed-income portfolio in Spain was made up by bonds rated "A" or higher, by Standard and Poor's.

Given MAPFRE's international focus and expansion into the Latin American markets, there is a continuous exposure to exchange rate risk. This risk factor is mitigated in part by business diversification across different countries and the concentration of the most profitable operations and with the largest requirements in terms of capital invested in countries whose currency is the US dollar or whose national currency has a strong correlation with the US dollar (e.g. Mexican peso).

3) Materialisation of some of the risks indicating those which caused such risk and if the established control systems have worked

The occurrence of various natural catastrophes in a short period of time is taken into account in the evaluation of insurance risk, in particular in MAPFRE RE and the companies of MAPFRE AMÉRICA which operate in areas with catastrophic exposure (hurricanes and earthquakes).

2004 has been a year characterised by a high frequency and intensity of hurricanes in the Caribbean and Southern United States. The mechanisms to control risks, which are assumed depending on available capacity, ceding the excess to other to reinsurance markets, have worked according to the plan for the retention of risk established for 2004. In this manner, the cost of catastrophic losses retained for the year has been moderate and has not had a relevant impact on MAPFRE's results.

4) Committee or other governing body entrusted with establishing and monitoring risk control mechanisms

MAPFRE's structure is based on Operating Units which have a high degree of autonomy in their management. The Management Bodies (the Executive Committee and the Board of Directors) approve the guidelines of the Units on risk management matters and supervise on a continuous basis, using indicators and ratios, the Units' exposure to risk. In addition, there are general guidelines of business conduct such as maximum levels of investment in equities or the credit rating of reinsurers, the objective of which is to mitigate exposure to risk.

Generally, the decisions to underwrite insurable risks, reinsurance coverage and the decisions to buy and sell investment are highly decentralised in the Units since they are established and supervised by their respective governing bodies. Aspects related to Operational Risk are supervised by the Audit Committee in a centralised manner although its implementation and monitoring is delegated to the Units under the coordination of the Internal Audit Department.

The gradual implementation of the SGR in all Units and the processing of the information of the group is coordinated by the Finance and Management Control Department in conjunction with the Internal Audit and Investment Management Areas.

GENERAL SHAREHOLDERS MEETING

1) Quorum required for the Shareholders Meeting

The quorum required for the Shareholders Meeting, as laid down in the Company by-laws, is the same as that laid down in the Companies Act.

2) Provisions for the approval of resolutions at Shareholders Meetings

The provisions for the approval of resolutions do not differ from the provisions laid down in the Companies Act. Shareholder's rights with regard to shareholders meetings are the same as those provided under the Companies Act, with the exception referred to under section 8 of the heading OWNERSHIP STRUCTURE of this report.

3) Shareholders' rights with regard to the Shareholders Meeting

There are no Shareholder's rights with regard to shareholders meetings which are different from those provided under the Companies Act.

4) Position of Chairman at the Shareholders Meeting

In accordance with Article 11 of the Company's by-laws, the Chairman of the Board of Directors shall hold the same position at the Shareholders Meeting, or whoever incidentally takes his place according to the provisions in the by-laws.

To date, there have been no incidents in the normal course of any meetings.

5) Regulations of the Shareholders Meetings

The Regulations of the Shareholders Meetings were approved at the Annual General Meeting on 6 March 2004, and are available on the company's website, www.mapfre.com, from the public register of the Spanish National Securities Market Commission (the 'CNMV') and the Mercantile Registry of Madrid.

6) The attendance figures for shareholders meetings held during the fiscal year are as follows

Date of Shareholders Meeting	Attendance figures			TOTAL
	% personal attendance	% by proxy	% by distance voting	
6.3.2004	0.92%	71.40%	0	72.32%

7) Resolutions approved at the shareholders meetings and the percentage of votes with which they were approved

At the Ordinary Shareholders Meeting, held on March 6th 2004, the following resolutions were unanimously approved:

- To approve the annual individual and consolidated financial statements for fiscal year 2003.
- To approve the distribution of results proposed by the Board of Directors and distribute a dividend of €0.21 gross per share to those shares numbered from 1 to 181,564,536, both inclusive. Part of this dividend, for an amount of €0.11 gross per share, was paid on an interim basis by agreement of the Executive Committee adopted on October 21st, 2003 and the remainder, up to the approved amount, shall be paid from March 18, 2004.
- To approve the activities of the Board of Directors during fiscal year 2003.
- To appoint Mr. Luis Iturbe Sanz de Madrid as Board member to substitute Mr. Felipe Rodrigo Zarzosa, who has retired after reaching the age limit set out in the by-laws.
- To ratify the appointment of Board member Mr. Victor Bulto Millet, made by the Board of Directors on 17th September 2003 in order to fill the vacancy caused by Mr. Sebastián Homet Duprá who left office, and appoint him for a period of four years.
- To re-elect, for a period of four years, the members of the Board of Directors Mr. Domingo Sugranyes Bickel, Mr. Rafael Galarraga Solores and D. Dieter Göbel.

All proposals for appointment and re-election have been approved by the Appointment and Remuneration Committee.

- Add a new Chapter 6 entitled "Audit Committee", which shall comprise articles 23 bis and 23 ter, to Title III of the company's by-laws.
- To approve the Regulation of the General Shareholders Meeting based on the draft submitted to the meeting by the Board of Directors.
- To renew the appointment of the firm Ernst & Young, S.L. as auditors of the company, both for the Individual and for the Consolidated Annual Accounts, should the company be under a duty to prepare such accounts or decide to do so voluntarily, for a period of one year, that is, for fiscal year 2004, notwithstanding that the said appointment may be revoked by the Shareholders Meeting prior to the end of the said period, should there be a just cause.
- To delegate the widest of powers to the Chairman of the Board of Directors, Mr. Carlos Alvarez Jiménez, to the Executive Vice Chairman, Mr. Domingo Sugranyes Bickel, and to the Secretary of the Board, Mr. José Manuel González Porro, so that any of them may, proceed to execute the aforementioned resolutions and engross them in public form as soon as is necessary, and to adapt them to any observations resulting from their examination by the Commercial Registry which ought, in the donees' opinion, to be accepted.
- To thank those involved in the management of the company for their loyal co-operation during this fiscal year.

8) Minimum number of shares required to attend a general meeting

Shareholders who own at least 1,500 shares, registered in the relevant Stock Register five days prior to the celebration of the meeting, will have the right to attend the meeting. Shareholders who hold fewer shares, may pool together their shares until they reach at least the required amount, appointing a delegate among them. The Secretary of the Board of Directors of the company should be informed of such five days prior to the meeting via a letter signed by all pooled shareholders and the name and acceptance of the delegate who shall exercise the voting right on behalf of all the pooled shareholders.

9) Delegation of Votes

The company does not follow any specific policy regarding the delegation of votes at the General Shareholders Meeting.

10) Policy regarding the participation of institutional investors in the General Shareholders Meeting

The company is not aware of any policy followed by the institutional investors to participate or not in the decisions of the company.

11) Address and means of access to the corporate governance content on the website

Access is as follows: www.mapfre.com.

- General Information
- SISTEMA MAPFRE
- Shareholders and Investors

DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS ON GOOD GOVERNANCE

The Governance of CORPORACIÓN MAPFRE and of all of its units and subsidiaries is regulated – in addition to the Company by-laws of each specific company – by the Code of Good Governance of SISTEMA MAPFRE, approved by the Board of Directors of MAPFRE MUTUALIDAD, the parent company of SISTEMA MAPFRE, at its meeting held on 20th March 2000, and accepted by the Boards of Directors and by the Board members and senior managers of all the companies of SISTEMA MAPFRE.

The said Code represents a mandatory framework of reference for all the entities of SISTEMA MAPFRE, of which CORPORACIÓN MAPFRE is a part, and their governing bodies. It sets out the RULES which govern the management structure of SISTEMA MAPFRE, and the operating PRINCIPLES of the governing bodies of the entities that make it up. It takes into account the progressive complexity of its corporate structure and the incomplete legal regulation of business groups, thus ensuring that its activities are co-ordinated and transparent.

The drawing up of the Code of Good Governance of SISTEMA MAPFRE was a result of extensive work carried out by a committee made up in equal proportions by external directors and executive directors which, over a period of over fifteen months, carried out an in-depth review of the structures and functioning of SISTEMA MAPFRE in the light of the publication of a Report by the Special Committee for research into a Code of Ethics for Company Boards of Directors (the so-called 'Olivencia Report').

Although the recommendations contained in the 'Olivencia Report' were aimed at the large companies listed on the Stock Exchange, the governing bodies of SISTEMA MAPFRE concluded that an isolated adjustment to the said recommendations on the part of CORPORACIÓN MAPFRE was not advisable, but rather a profound review and updating of the entire management structure of SISTEMA MAPFRE should be carried out in the light of the said recommendations.

In accordance with the said Code, compliance with the following corporate governance recommendations may be highlighted:

- The Boards of Directors of the various companies undertake, as their primary task, which may not be delegated, the general function of supervision, and they have established a catalogue of matters which are reserved for their knowledge alone, whereas day-to-day management is carried out by the Executive Committee of each company.

The highest supervisory and decision-making body of CORPORACIÓN MAPFRE and the supervisory body for all its subsidiaries is the Board of Directors of CORPORACIÓN MAPFRE, whilst business administration is the responsibility of the managerial and executive bodies of CORPORACIÓN MAPFRE and of the relevant corporate bodies of the aforementioned subsidiaries.

- The Board of Directors of CORPORACIÓN MAPFRE comprises, on the date on which this report is drawn up, eighteen members, of which fifteen are external (twelve nominated by the shareholders and three independent), and of the three remaining, two are the top executives of the company and the other one is the managing director of one of the main subsidiaries.

On the Boards of Directors of the main subsidiary companies, there is in general a majority of external Board members (nominated by the shareholders and independent directors).

- The Chairman of CORPORACIÓN MAPFRE is an external director nominated by the shareholders and does not perform any executive functions. The chief executive officer is the First Vice Chairman, who is the chairman of the Executive Committee. The chairmen of the main subsidiaries are usually their chief executive officers. However, this is not viewed as an excessive concentration of power, since decisions are taken collectively by the Board of Directors and their Committees.
- Both in CORPORACIÓN MAPFRE, and on the Boards of Directors of the main companies of SISTEMA MAPFRE, the position of Second Vice Chairman is held, as a rule, by an external director, who is also the chairman of the Compliance Committee.
- In CORPORACIÓN MAPFRE, the Secretary of the Board of Directors of CORPORACIÓN MAPFRE is also a Director, and has the appropriate position and means to adequately carry out his function, which is to oversee the formal and actual compliance with legal requirements of the activities of the Board of Directors.
- Both in the parent company, MAPFRE MUTUALIDAD, and in CORPORACIÓN MAPFRE, there are Appointments and Remuneration, Audit and Compliance Committees.

In the Appointments and Remuneration Committees of CORPORACIÓN MAPFRE, the only participating executive director is the executive Vice Chairman who chairs the committee. The Audit Committee is chaired by an independent director, who is a Professor of Public Finance and an expert on the subject, and there are no executive directors among its members.

The Compliance Committee comprises exclusively external directors and is chaired by the external Vice Chairman.

At the main subsidiaries of CORPORACIÓN MAPFRE there is also a Compliance Committee which is entrusted with ensuring that the rules of the Good Governance Code are properly complied with in each company.

The directors receive in advance documents which are specially prepared concerning the main issues included on the Agenda, and have powers to request as much information as they consider necessary in order to perform their duties properly.

The Boards of Directors hold five ordinary meetings a year, and the Executive Committees hold one ordinary meeting a month, notwithstanding any extraordinary meetings which may be required. The schedule for the meetings of the Delegated Committees is adjusted to meet the requirements of the issues which fall within their remit.

- The election and re-election of the members of the Board of Directors are carried out by way of a formal and transparent procedure, which includes the necessary proposal by the Appointments and Remuneration Committee of SISTEMA MAPFRE or of CORPORACIÓN MAPFRE itself, in accordance with the scope of the remit entrusted with each one thereof.
- The rights and duties of board members are regulated in detail by the Code of Good Governance and are almost completely in accordance with the reference regulations initially drawn up by the Spanish National Securities Market Commission.

The remuneration thereof is in line with the principle of moderation, and consists in an allowance for attendance at the meetings. Furthermore the members of the Committees and the Delegated Committees receive a fixed annual compensation for this duty. Information regarding the remuneration criteria, both for external directors and for executive directors, as well as the total figures for the remuneration received, may be found in the Annual Report, and elsewhere in this Report.

The age limit is set at 65 for executive directors and 70 for external directors.

- The periodical information and the Annual Financial Statements are drawn up using the same criteria, and are verified by the Audit Committee.

This Committee likewise receives information on a regular basis concerning relations with External Auditors and is aware of all the reports and recommendations that they formulate. It is also informed of the reports issued by the Internal Auditing Services and of the degree of compliance with its recommendations.

The remuneration earned by the External Auditors with regard to the CORPORACIÓN MAPFRE Group during fiscal year 2004 for the services corresponding to the auditing of the annual financial statements amounts to 1,732,583 euros. In addition, 640,854 euros has been earned for services related to accounts auditing, and 208,806 euros for other complementary services rendered. It is considered that neither of these last two figures places the auditors' independence at risk.

No qualification or proviso has been made by the External Auditors concerning the Annual Financial Statements for the entities of SISTEMA MAPFRE relating to fiscal year 2004.

- CORPORACIÓN MAPFRE provides its shareholders and institutional investors with ample information regarding its business and results and regarding its subsidiary companies. CORPORACIÓN MAPFRE, as a company listed on the Stock Exchange, undertakes an extensive communication activity for its shareholders, institutional investors, and for market operators, as is detailed in the management report.

In compliance with the rules laid down in the Code, the Compliance Committees of CORPORACIÓN MAPFRE and of its main subsidiaries regularly assess compliance with the Code by their respective companies, and the corresponding reports are submitted to their respective Boards of Directors and to the Institutional Control Committee of SISTEMA MAPFRE.

In all reports concerning the assessment of previous years compliance levels have been valued very positively and the high ethical standards applied in the entities regarding all aspects examined were highlighted, as was the efficient supervisory and control effort carried out by the Boards of Directors. Likewise, some aspects were pointed out for improvement and recommendations were given in this respect.

Likewise, the Board of Directors of CORPORACIÓN MAPFRE and those of its main subsidiaries have carried out during fiscal year 2004 an assessment of the quality and efficiency of their work by way of a detailed questionnaire that was completed by each member sufficiently in advance, and the comments and suggestions arising there from have been examined by each Board of Directors, and the appropriate measures have been put in place in order to improve the quality and effectiveness of their meetings.

At the present time, following the publication of the Aldama Report on January 8th 2003, and of the Financial and Transparency Act 44/2002, dated November 22nd, and of Act 26/2003, dated July 17th, a new Working Group has been set up, comprising four of the top MAPFRE executives and the Chairmen of the Compliance Committees of SISTEMA MAPFRE, who are all external directors, for the purpose of carrying out an in-depth review and update of the Code, taking into account both the said recommendations and provisions, and MAPFRE's own experience in the application of the current Code. Furthermore, the goals of this update, which will be released in the current year 2005, include increasing the co-ordination within SISTEMA MAPFRE as a whole, and simplifying and streamlining of the decision-making processes.

This Annual Report on Corporate Governance has been unanimously approved by the company's Board of Directors during its meeting held on February 8th, 2005.