

MAPFRE PREPARES ITSELF FOR A BRIGHT FUTURE

THE GENERAL ASSEMBLY OF MUTUAL MEMBERS APPROVES THE NEW CORPORATE STRUCTURE

FUNDACIÓN MAPFRE WILL CONTROL THE MAJORITY OF THE GROUP AND WILL EXPAND ITS ACTIVITIES FOR THE BENEFIT OF SOCIETY

RESULTS AS AT MAY (TOTAL REVENUES OF €6,040 MILLION, A 12% RISE, AND PRE TAX PROFITS €455 MILLION, AN INCREASE OF 15%) POINT TOWARDS 2006 BEING ONCE AGAIN AN EXCELLENT YEAR FOR THE GROUP

The Extraordinary General Assembly of MAPFRE MUTUALIDAD, held today in Madrid, approved the new corporate structure of SISTEMA MAPFRE, which had been proposed by the Board at its meeting of May 29th. With this transformation, MAPFRE wants to rank among the largest Insurance Groups, both in Europe and worldwide, and among the ten largest companies in Spain by market capitalisation. The Chairman of MAPFRE, José Manuel Martínez, anticipated that 2006 will be the best year in the Group's history.

At the Assembly, a record level of attendance was achieved. The proposals presented were overwhelmingly approved by more than 2,000 mutual members in attendance and by delegated votes in excess of 115,000.

The approval of the new business model will permit the integration of all the Group's activities, including the Motor insurance business currently in MAPFRE MUTUALIDAD, within the listed holding company CORPORACION MAPFRE, to be renamed MAPFRE



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S.A. FUNDACIÓN MAPFRE will become the majority shareholder of the new company and will control the Group, as it will hold more than 50% of its share capital.

The integration of all businesses and Companies under the new MAPFRE S.A. will significantly enhance the Group's financial flexibility. This will open up new business opportunities, accelerating the Group's growth and allowing it to take on new projects and acquisitions, aimed at increasing its size, both in Spain and in the other markets in which it operates, thereby achieving a significant presence in Europe, the USA and the Far East.

Furthermore, the new structure will clearly separate, both economically and managerially, non-profit activities for the benefit of Society, to be managed by FUNDACIÓN MAPFRE, and business activities, which will be undertaken by MAPFRE S.A. This will comply with the increasing demands of the markets, eliminate conflicts of interest and allow for a more transparent and clear view of the Group's activities as a whole.

FUNDACIÓN MAPFRE will expand its activities and size for the benefit of Society, while carrying out a key role within SISTEMA MAFRE, preserving both its institutional principles and independence.

In his speech to the Assembly, the Chairman, José Manuel Martínez, stated that the new structure, which strictly complies with MAPFRE's byelaws, "culminates a process initiated in 1970, which has transformed MAPFRE MUTUALIDAD into a strong Insurance Group with international presence".

Mr. Martínez made reference to the broad and ambitious plans of all of MAPFRE's Units, stressing that the new structure, while increasing the number of shareholders (current Mutual members can become shareholders for free), "will considerably increase MAPFRE's market capitalisation and will enhance its ability to attract new funding", in order to finance the Group's development in the coming years, in accordance with its new size.



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He also underlined that the “masterly and ahead of its time” concept of MAPFRE, an institution at the service of the public, will be further strengthened by the new corporate structure, which will benefit also Society as a whole, through the general interest activities carried out by a larger FUNDACIÓN MAPFRE. In addition, all the mutual members, employees, customers, agents and collaborators will all benefit from the larger size and efficiency of the company.

Furthermore, he indicated that everybody should be proud because an operation “of such important economic dimensions, will be carried out in an exemplary manner, without any of MAPFRE’s directors, managers, employees or collaborators benefiting over and above the rest of the mutual members”. Mr. Martínez added “This has been carried out in a transparent, ethical, generous and exemplary manner”.

José Manuel Martínez greeted the birth of the new MAPFRE as the great Spanish multinational insurance company of the 21st century. Finally, he highlighted MAPFRE’s outstanding capital strength and announced that the results as at May (total revenues of € 6,040 million, a rise of 12%, and a profit before tax and minorities of € 455 million, an increase of 15%) point towards 2006 being an excellent year for the Group.

Madrid, June 15, 2006

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