



MAPFRE, S.A.

**REPORT ON THE DIRECTORS'
REMUNERATION POLICY**

February 2010

REPORT ON THE MAPFRE DIRECTORS'
REMUNERATION POLICY IN THE
FINANCIAL YEAR 2010

1. POLICY

In accordance with the Company's Articles of Association, Directors who do not perform executive functions in the Company or in Group companies (External Directors) will receive a fixed sum as their base remuneration, and it may be higher for individuals holding office on the Board itself or for those chairing the Steering Committee or Board's Delegated Committees. This remuneration may be supplemented with other non-cash benefits (life or healthcare insurance, bonuses, etc.) generally provided to the company's personnel. The members of the Board who are members of the Steering Committee, the Executive Committee or the Delegated Committees shall also receive a *per diem* allowance for attending the meetings.

The members of the Board of Directors who perform executive functions in the Company or in Group companies (Executive Directors) will receive the remuneration allocated to them for the performance of their executive functions (salaries, incentives, whether linked or otherwise to the Company's share price, supplementary bonuses, etc.) in accordance with the established policy for the remuneration of senior executives, according to the provisions of their respective contracts, which may also establish pertinent indemnity clauses in the event they are dismissed from such functions or their relationship with the Company is terminated. They will not receive the remuneration assigned to the External Directors, except for any remuneration assigned to the members of the Steering Committee, the Executive Committee or the Delegated Committees, if it is resolved by the Board of Directors, which thus far has only done so in respect of members of the Steering Committee.

Regardless of the remuneration established in the two preceding paragraphs, all Directors will be paid for their travel, mobility and other expenses incurred to attend the meetings of the Company or for the performance of their functions.

2. DIRECTORS' REMUNERATION IN FINANCIAL YEARS 2009 AND 2010

a) External Directors.

The base annual remuneration for External Directors consists in a fixed annual sum as members of the Board of Directors, amounting to €43,171 in 2009 and which is expected to be the same amount in 2010, representing a 0% increase. Said amount is increased by 50% for individuals holding office

on the Board itself or for those chairing the Steering or Delegated Committee, but these increments are not accumulated when a person holds several positions. Life Insurance is also provided so that in the event of death there is an assured capital of €150,253, and they also have certain benefits acknowledged to the personnel, such as Healthcare Insurance.

External Directors who are members of the Steering Committee or of Delegated Committees also receive a *per diem* allowance for attending meetings, which in 2009 amounted to €4,317 for attending the meetings of the Steering Committee and €3,778 for attending other Committees, and they are scheduled to be the same in 2010, representing a 0% increase.

b) Executive Directors

The Executive Directors receive the remunerations established in their contracts, which include a fixed salary, variable incentives linked to results (representing approximately 50% of their remuneration), life and disability insurance and other benefits generally provided to the Company's personnel. In addition, they also benefit from certain pension supplements in the event of retirement, externalised by means of a life assurance policy, all of which falls under the remuneration policy established by the Group for its senior executives, whether or not they are Directors. However, they do not receive the remunerations established for External Directors, with the exception of *per diem* allowances for attending the Steering Committee meetings.

The cost of the remuneration and other benefits received by the Executive Directors in 2009 amounted to €4.58 million. For 2010, increases of 0% are anticipated.

In 2009 the defined benefit pension related commitments have been eliminated and the plans of this nature have been settled to all staff that were entitled to these types of rights, which have been replaced by defined contribution plans. In this settlement process, the persons affected have transferred the rights granted by the defined benefit system, which have expired; and the companies have exercised the surrender right stipulated for this circumstance and have compensated each beneficiary with an amount equivalent to that accumulated for their rights up to the settlement date.

Pension and retirement bonus commitments with the members of the Board of Directors are covered by collective insurance policies for these risks. For these items, and with regard to Executive Directors, in financial year 2009 the accrued premium for defined benefit plans amounted to €0.93 million and the accrued premium for defined contribution plans amounted to €6.52 million. In 2010 a significant decrease of these figures is expected, as the extraordinary settlement of the aforementioned plans will not take place, while savings start being accrued due to the replacement of defined benefit plans with defined contribution plans. It should be borne in mind that the sum of the annual

premiums accrued by all beneficiaries may vary due to people joining or leaving the defined group.

3. INCENTIVES LINKED TO THE SHARE PRICE

The Extraordinary General Meeting held on 4th July 2007 approved an Incentive Plan for Group executives linked to the share's market price.

This Plan was supported by a favourable report from the Appointments and Remuneration Committee on 23rd May 2007 and by the Company's Board of Directors on 1st June 2007, and it was extensively disclosed via the Company's website and the Spanish Security Exchange Commission's website.

The members of the Board of Directors are not included, in their role as such, within the group of beneficiaries thereof. However, some members, in addition to being a Director, are also Senior Executives of MAPFRE, S.A. or its subsidiaries, for which reason, provided they also meet the other conditions for participating, are included among the beneficiaries of the Plan. As of the date of this report such circumstance applies to Messrs. Andrés Jiménez Herradón, Antonio Huertas Mejías, José Manuel González Porro, Esteban Tejera Montalvo and Ignacio Baeza Gómez.

4. SIGNIFICANT CHANGES IN THE REMUNERATION POLICY

During financial year 2010 no significant changes are expected to be made to the Company's remuneration policy.

5. TERMS AND CONDITIONS OF THE CONTRACTS

The senior management contracts of the Executive Directors stipulate that their term of office will end on 1st January following the date on which the executive turns 60, with the exception of annual extensions decided upon by the Company until such date on which the executive turns 65 at the latest.

There are no clauses relating to contract bonuses. Any severance pay for dismissal at the Company's discretion, unless there are grounds to justify fair dismissal, will be subject to the provisions of section 56.1. a) of the Workers' Statute, considering that in a majority of the cases there is a prior labour relationship. The prior notice term is three months.

6. APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee fully supports the remuneration policy described herein and, as the case may be, it proposes or reports on each and every resolution resulting from said policy to the Board of Directors.

In particular, this report will be submitted to the Board's consideration to enable it to issue a favourable opinion or otherwise in respect of its contents.

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This report on the remuneration policy for the Company's Directors was passed by the Board of Directors of MAPFRE, S.A. at its meeting held on 3rd February 2010, following a favourable report by the Company's Appointments and Remuneration Committee issued at a meeting held on the same day.