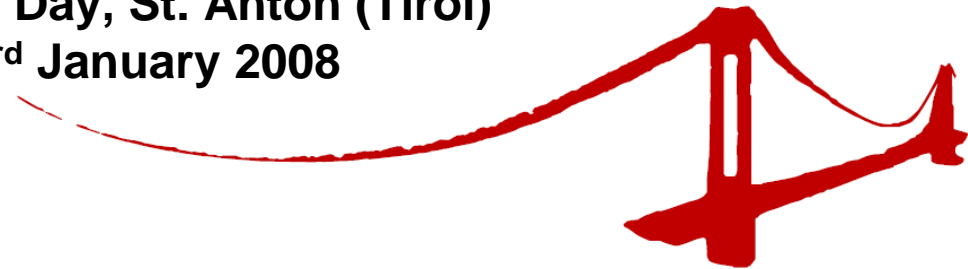


MAPFRE: a growth strategy based on specialisation and exclusive networks

Domingo Sugranyes

**Insurance Day, St. Anton (Tirol)
23rd January 2008**



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MAPFRE S.A. does not undertake to update or revise periodically the content of this document.



A snapshot of MAPFRE

Specialisation: MAPFRE's competitive advantages in Spain

Distribution: a client-centred approach



MAPFRE at a glance

- MAPFRE is an independent Spanish group which carries out activities in the fields of insurance and reinsurance primarily in Spain, Europe and Latin America, with new ventures recently started in Europe and the US.
- MAPFRE has direct presence in 40 countries across various business lines. Its presence is strongest in Spain and Latin America:
 - Spain's leading insurance group, with the strongest brand name, the widest distribution network and market shares of 17.4% in Non-Life insurance premiums and 8.3% in Life assurance premiums (2006 figures);
 - Largest Non-life insurer in Latin America with a 6.2% market share and 3rd largest overall, with a 4.5% market share (2006 figures).
- Recent acquisitions will further increase the level of diversification and consolidate MAPFRE's position as a Top 10 Non-life insurer in Europe:
- At year-end 2006, MAPFRE recorded premium volume of €10.9 bn, third-party funds under management of €20.5 bn and a pretax profit of €1.2 bn.



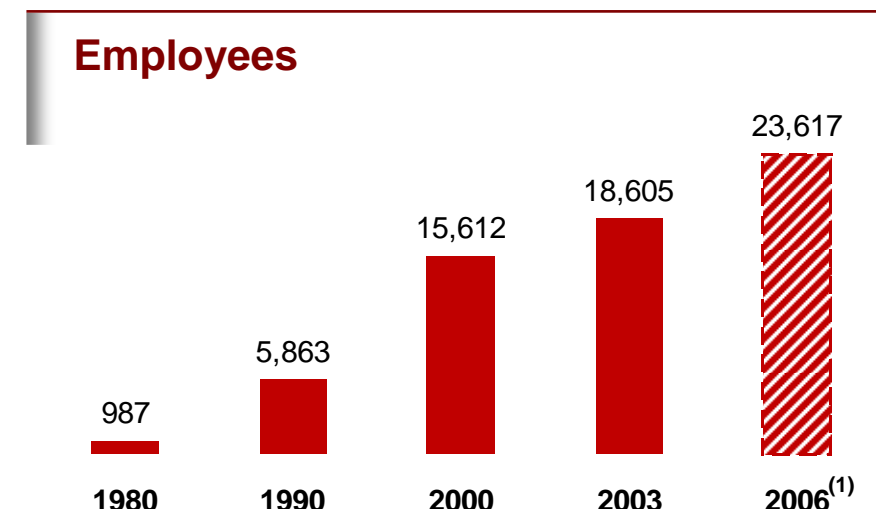
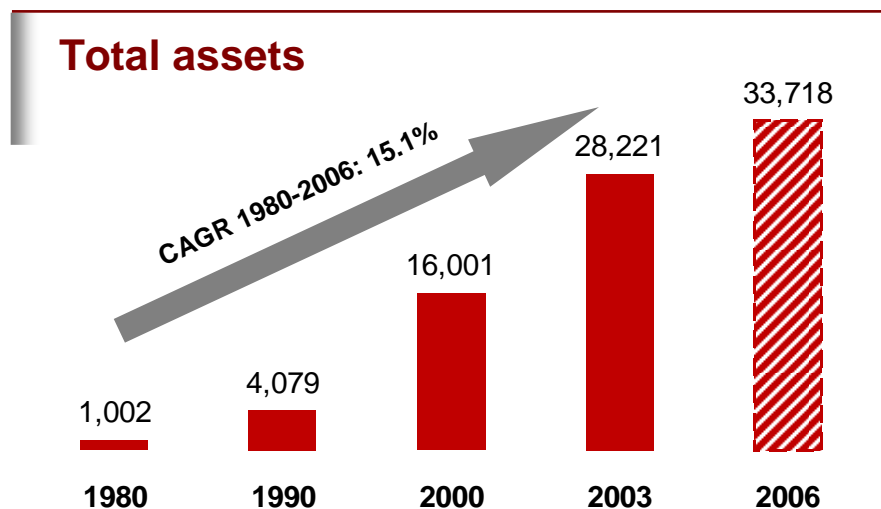
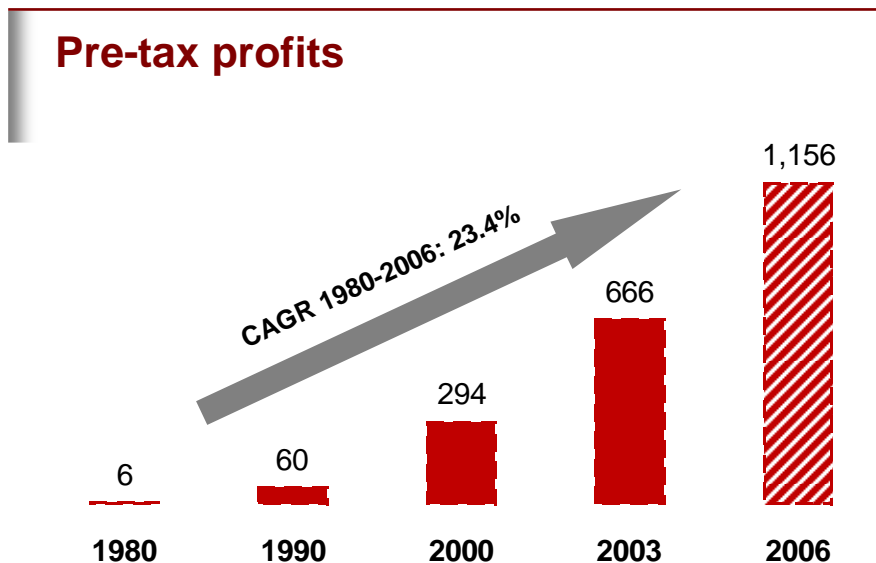
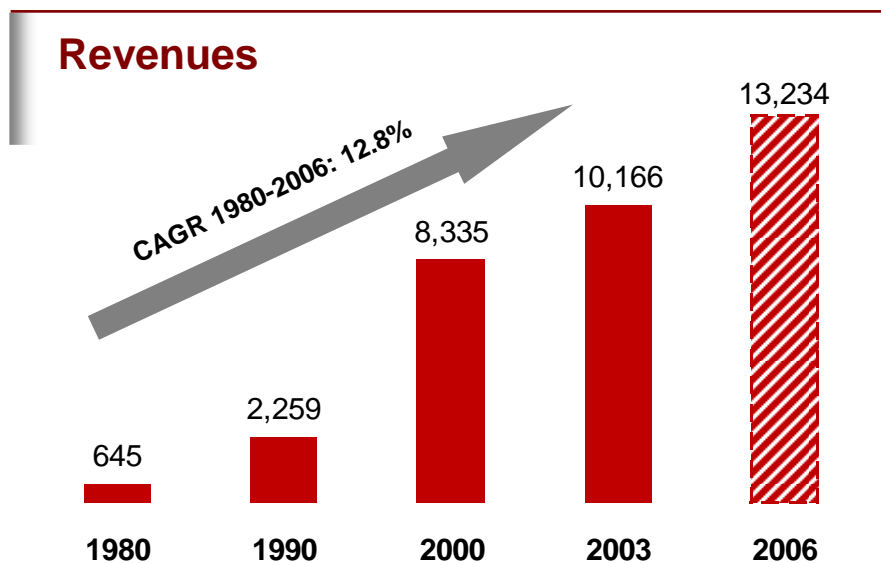
Selected historical milestones



- MAPFRE is created as an agricultural mutual insurer established to cover Workmen Compensation for farms.
- After the Spanish Civil War, MAPFRE continues without institutional links to the agricultural world.
- MAPFRE MUTUALIDAD begins operating in Motor insurance.
- New management steps in after severe crisis due to Health Insurance.
- Employers' Workmen Compensation is nationalized, operated by Mutuals which act as agents of the Social Security system. MAPFRE is split up: the opportunity of forced specialization.
- MAPFRE MUTUALIDAD specialises in Motor insurance and sets up subsidiaries for other Non-life lines and for Life assurance.
- CORPORACIÓN MAPFRE is created as the Group's listed holding company, majority owned by MAPFRE MUTUALIDAD.
- Start of specialised Reinsurance subsidiary, MAPFRE RE.
- MAPFRE makes its first investment in Latin America (Argentina).
- MAPFRE reaches the no.1 position in the Spanish insurance market.
- The strategic alliance between MAPFRE and CAJA MADRID begins.
- The Motor business is transferred to MAPFRE AUTOMÓVILES, a subsidiary of MAPFRE S.A. (previously CORPORACIÓN MAPFRE), which becomes the holding company for all Group activities. FUNDACIÓN MAPFRE is the new majority shareholder.
- Announcement of international acquisitions outside Latin America (Turkey, USA).



MAPFRE's growth path: main figures (deflated)



Figures in € million

(1) Excluding QUAVITAE, which had 4,474 employees as at Dec. 2006

Source: MAPFRE, Spain's statistical office

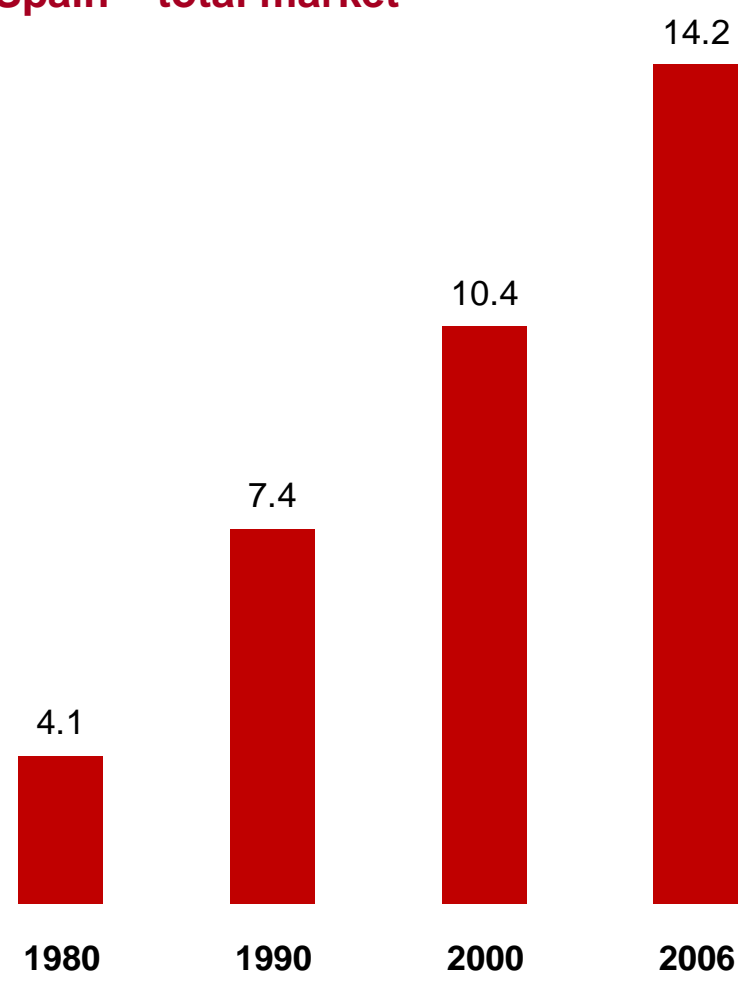
A snapshot of MAPFRE

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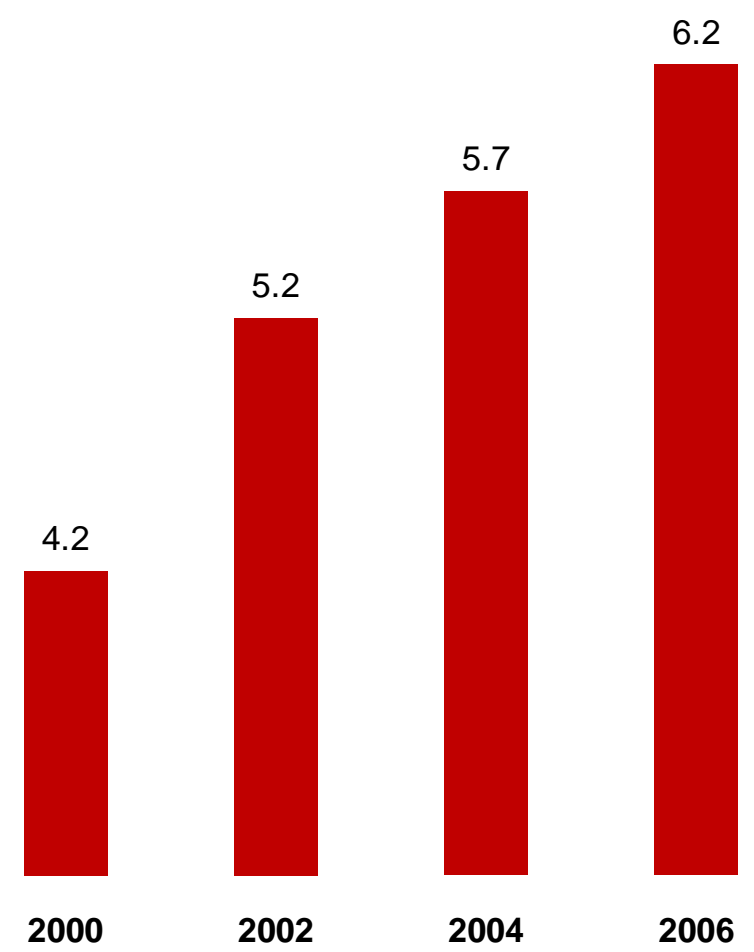


MAPFRE's growth path: market share

Spain – total market



Latin America – non-life



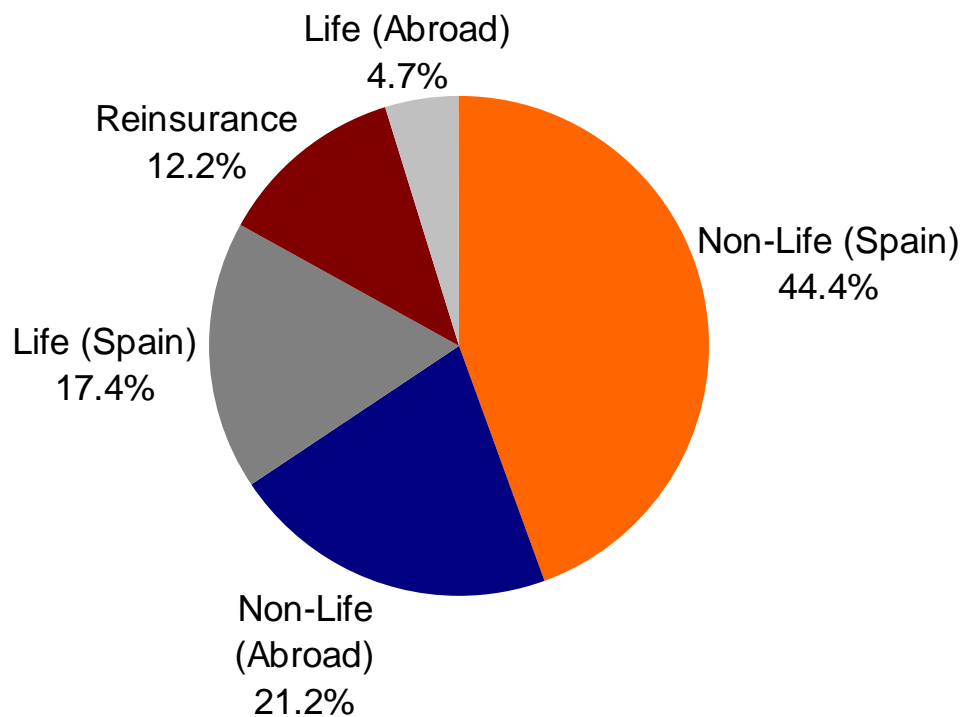
Figures in %

Source: local regulators and insurance associations
A snapshot of MAPFRE
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MAPFRE TODAY: Breakdown of premiums and profits

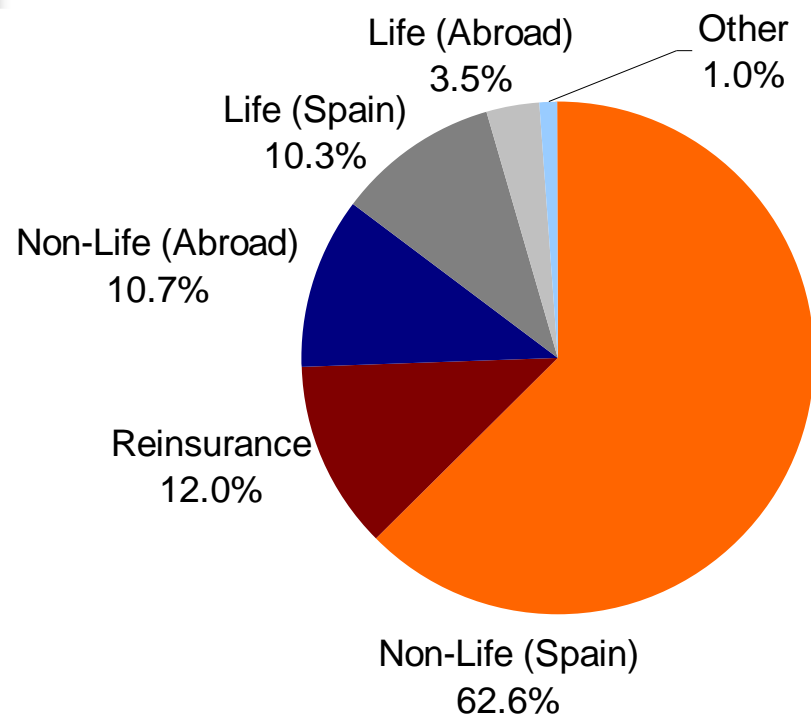
Premiums – 3Q07⁽¹⁾



€9,367.7 million

+11.8%

Profits – 3Q07⁽²⁾



€505.2 million

+10.6%

(1) Aggregated figures for MAPFRE

(2) Result after tax and minority interests. Consolidated figures for MAPFRE



MAPFRE's new international expansion: Turkey

- In March 2007, MAPFRE announced the acquisition of an 80% stake in GENEL SIGORTA, Turkey's 10th largest Non - Life insurer and 6th largest Motor insurer.
- MAPFRE's decision to invest in GENEL SIGORTA was based on:
 - Its substantial growth potential in a fast-growing economy with a low insurance penetration.
 - Its strong similarities with MAPFRE:
 - Strict technical underwriting approach.
 - Strong customer service focus.
 - Prudent investment policy.
 - Its effective and loyal distribution network.
- MAPFRE's initial approach with GENEL SIGORTA will centre on:
 - Maintaining the existing management team.
 - Deploying management control and IT systems used by MAPFRE in its international operations.
 - Adding new covers to existing products and expanding the range offered to customers.
 - Reinforcing the existing distribution network and analysing the possibility of adding new channels (bancassurance, direct distribution).



MAPFRE's new international expansion: USA

- MAPFRE is offering to acquire all shares of Commerce at a price of \$36.70 each, paid entirely in cash, implying:
 - A total consideration of \$2,207mn (€1,538mn).
 - Multiples of 13.1x 2008 expected earnings (First Call consensus) and 1.65x book value (Q3 '07).
 - A premium to market of 17.9% vs. 30th October's closing price, 22.5% vs. the 30-day average and of 20.4% vs. the 3-month average.
- The acquisition will be funded initially through a bridging loan. Long-term funding expected to come from an equity capital raising of €500mn, the issuance of hybrid debt of up to €800mn and internal resources.
- The transaction will be immediately EPS accretive (€ 0.007 in 2008 and € 0.008 in 2009).
- MAPFRE envisages launching specific product offerings for the Hispanic community (21.8 million people in the States where Commerce currently operates).
- Furthermore MAPFRE should be able to leverage on its current operating platform and product offering in Puerto Rico (MAPFRE Puerto Rico), the island's third largest insurer.



MAPFRE's new international expansion: USA

- Leading position in motor insurance in Massachusetts.
- Licenses in 50 states.
- Large network of independent agents, strongly loyal to the company.
- Strategic relationship with numerous American Automobile Association (AAA) clubs.
- Quality operations and consistent underwriting profits.
- Low-cost structure, high degree of centralisation and unsurpassed economies of scale.
- Recurring investment yields from a high-quality investment portfolio.
- Experienced management team with proven track record.



MAPFRE's new international expansion

China

- Initial phases:
 - ROAD CHINA ASSISTANCE
 - Representative office in Beijing
- Large growth potential, through direct distribution and bancassurance agreements.
- Agreements have been signed with local banks to distribute Assistance products.
- A licence to operate in direct insurance has been requested.

ROAD ASSISTANCE

- Operates currently in 44 countries, including:
 - USA, CANADA, CHINA, ITALY, RUSSIA
- New operations established in India (December 2007) should provide strong growth potential
- Room for more agreements in high growth economies.

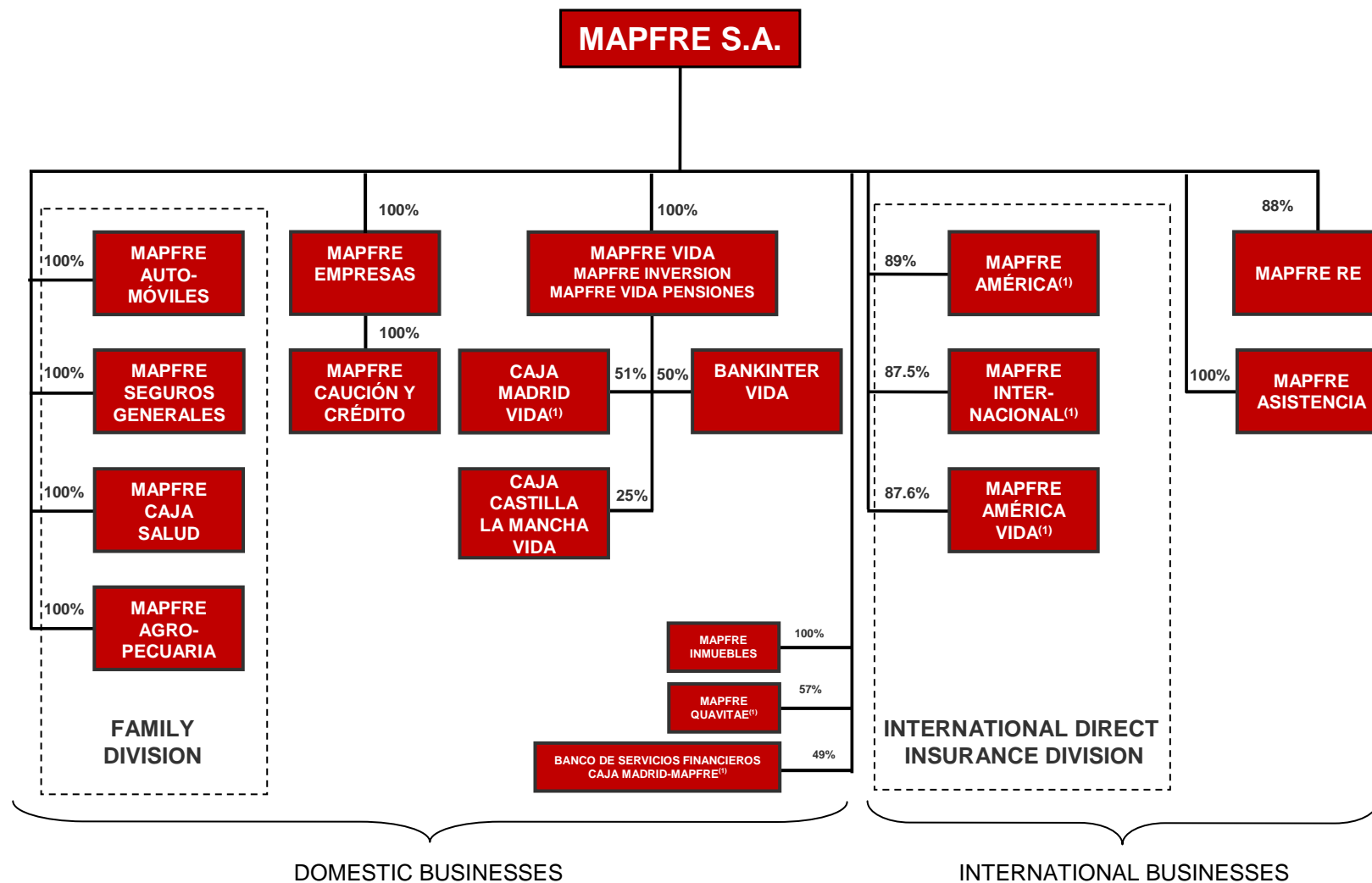


Reorganisation of the alliance between MAPFRE and CAJA MADRID

- MAPFRE and CAJA MADRID have announced on 17/12/2007 an agreement to reorganise the structure of their alliance.
- Under the new structure, MAPFRE-CAJA MADRID HOLDING will be merged into MAPFRE S.A.
- In exchange, CAJA MADRID will receive:
 - a 15% stake in MAPFRE S.A.;
 - a 49% stake in a new company (CAJA MADRID VIDA) managed by MAPFRE that will be created to distribute Life assurance through CAJA MADRID's network;
 - a 12.5% stake in MAPFRE INTERNACIONAL, the holding company for MAPFRE's international business outside of Latin America .
 - the 30% stakes that MAPFRE currently has in CAJA MADRID's asset management and brokerage subsidiaries.
- CAJA MADRID will keep its stakes in MAPFRE's holding companies for the Latin American business, while MAPFRE will maintain its stake in BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE.



Expected new organisational chart



1) Subsidiaries in which CAJA MADRID has a stake



A snapshot of MAPFRE

Specialisation: MAPFRE's competitive advantages in Spain

Distribution: a client-centred approach



MAPFRE: specialisation has allowed the company to develop competitive advantages

- Excellent quality of service
- The MAPFRE Network
- Linea MAPFRE AUTOS (>8 million calls handled)
- Online quotes

- Market's widest database -unparalleled ability to calculate and personalise tariffs
 - High degree of specialisation and internalisation of claims management
- 100% of appraisals by own staff
 - 50% of appraisals done at MAPFRE's drive – in centres

CLIENT SERVICE

TECHNICAL FUNDAMENTALS

- Wide product range
- Differentiation
- Segmentation
- Innovation

PRODUCT

COST CONTROL

- Rigorous budgets
- Accurate allocation of all expenses
- Expense ratio below the market
- Economies of scale

- Simple
- Decentralised
- Cutting-edge

IT

SALES POLICY

- Discipline
- Consistent with management policies
- Transparent for clients



MAPFRE's competitive advantages: Client focus

Proximity to clients

- Convenient customer access, provided by the most extensive insurance network in Spain, banking distribution, telephone and internet

Broad product offering

- MAPFRE has the widest product offering, with flexible coverage, which allows the client to choose the product which best suits his/her needs

Strong focus on innovation

- MAPFRE offers the most innovative covers and is usually the first to launch new products to the market

Value for money

- Given similar pricing, the MAPFRE client receives a better service and quality

Immediate service

- Immediate underwriting: the client leaves the office with an active policy and coverage



MAPFRE's competitive advantages: Pricing

Underwriting

- Underwriting based strictly on technical criteria: pricing aims to achieve a positive technical result

Pricing

- Independent pricing: cross-subsidized systems are avoided. The achievement of a technical profit in one cover does not justify a technical loss in another, thus if a policy is suffering a technical loss, tariffs will be increased. This strategy is applied both at subsidiary and Group level: each company is responsible for a single business line and its technical results

Risk-adjusted

- Pricing is adjusted for risk, based on:
 - a large database: MAPFRE is Spain's largest insurer in almost every business line
 - segmentation through a wide set of risk factors
 - isolation of the risk factors critical for pricing.
 - analysis of the client's claims profile



MAPFRE's competitive advantages: Claims Management

Adjustment

- MAPFRE is renowned for its specialized and fast claims adjustment, based on several unique strengths:
 - Auto insurance: drive-in centres where claims are adjusted on the spot, giving clients the option of towing and repairing the car immediately at the repair-shop of their choice
 - Home insurance: 24/7 call centre with a fast response time, which is customized to the urgency of the claim (less than 1 hour in the case of leaks, structural problems, electrical failures, etc.)
 - Health insurance: real time management of authorization requests. Request management is completely automated, which allows cost savings and particularly fast response times: if no issues are found in the antifraud checks, the claim is settled promptly.

Tight control

- In-sourcing: claims adjusters, call-centre operators and medical staff of Auto-TPL are on MAPFRE's payroll. Likewise, MAPFRE owns its adjustment centres and call centres, as well as several branches and clients. No key service is outsourced: MAPFRE has direct contact with clients and suppliers

Superior delivery

- The factors mentioned above allow us a strict control of claims costs and quality of service, contributing decisively to achieve shorter lead times



MAPFRE's competitive advantages: Costs

Economies of scale

- MAPFRE is the largest player in the Spanish market, with a business volume that in some segments equals the 2nd and 3rd players put together. This provides economies of scale which cannot be achieved by most of our competitors

Lower acquisition costs

- Direct distribution: approximately 25% of premiums are sourced through our own workforce, whose acquisition cost is below tied agents' and is competitive with direct insurers

Accurate price allocation

- Precise expense allocation by type of cover, product and network, backed by a monthly monitoring system



MAPFRE's competitive advantages: specialisation model

Evolution of the specialisation model

- Until 2000, the specialisation principle was embodied into separate MAPFRE companies for each product line, with separate IT and administration systems and with specialised sales networks. This model proved successful in an underdeveloped market (little “co-ordination” costs).
- As Spain has become a more mature market, the need for more simplified procedures and unified customer information has led to restructuring and moving towards common back-offices.
- The culture of specialised underwriting and claims handling remains strong, while MAPFRE pragmatically corrects the drawbacks of its previous business model.



A snapshot of MAPFRE

Specialisation: MAPFRE's competitive advantages in Spain

Distribution: a client-centred approach



Distribution is the backbone of growth

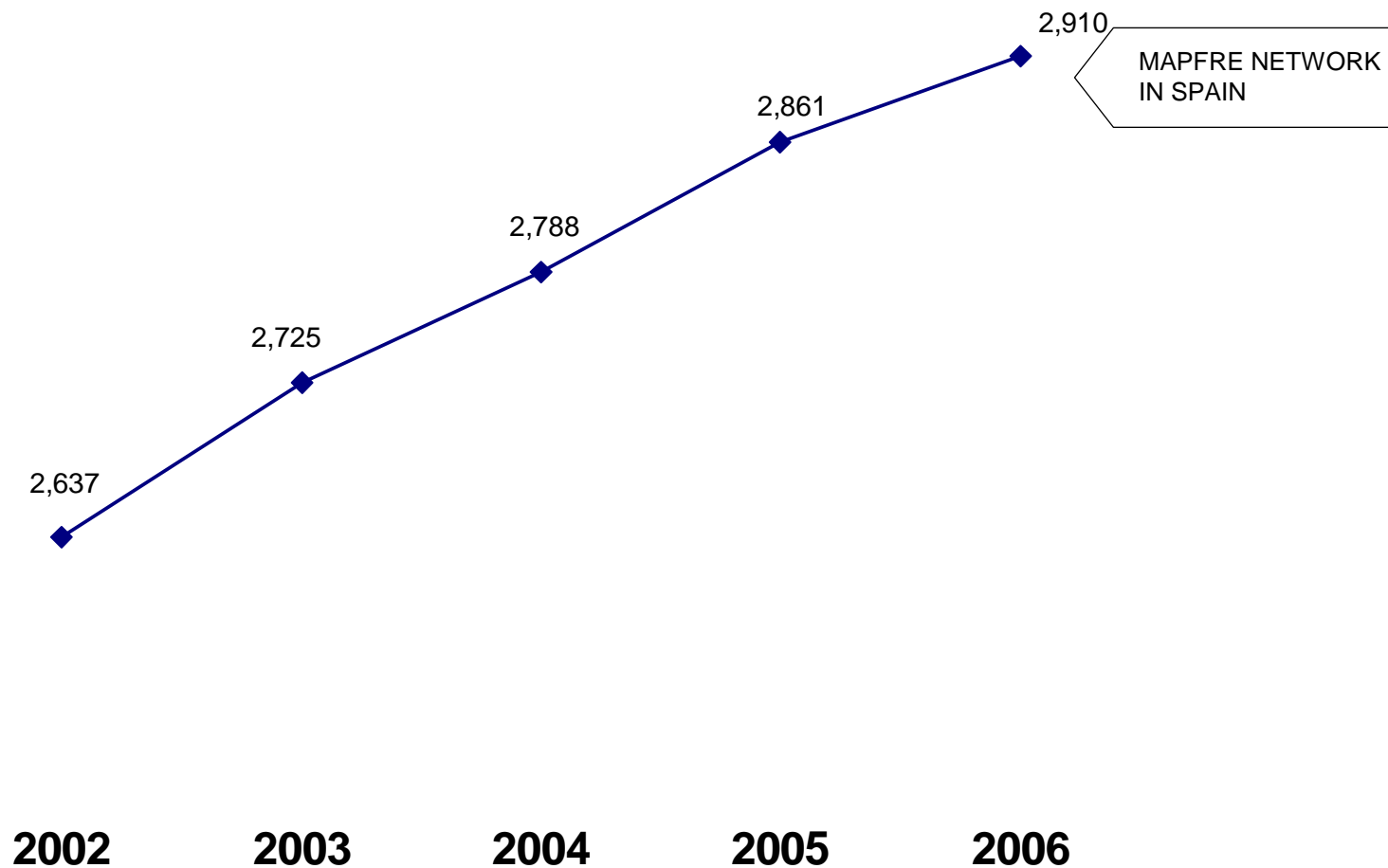
The MAPFRE EXCLUSIVE NETWORK IN SPAIN

- 2,910 MAPFRE branches and agencies, plus the banking branches of our strategic partners
- Extensive complementary networks
- Outstanding customer focus and quality of service
- Highly loyal agents
- Control over costs: distribution and operating costs ratio consistently below market average
- Exceptionally low customer rotation
- Wide-ranging restructuring implemented in 2005 to improve efficiency and boost cross selling



Distribution is the backbone of growth

The MAPFRE EXCLUSIVE NETWORK⁽¹⁾



(1) Own braches and franchise agencies

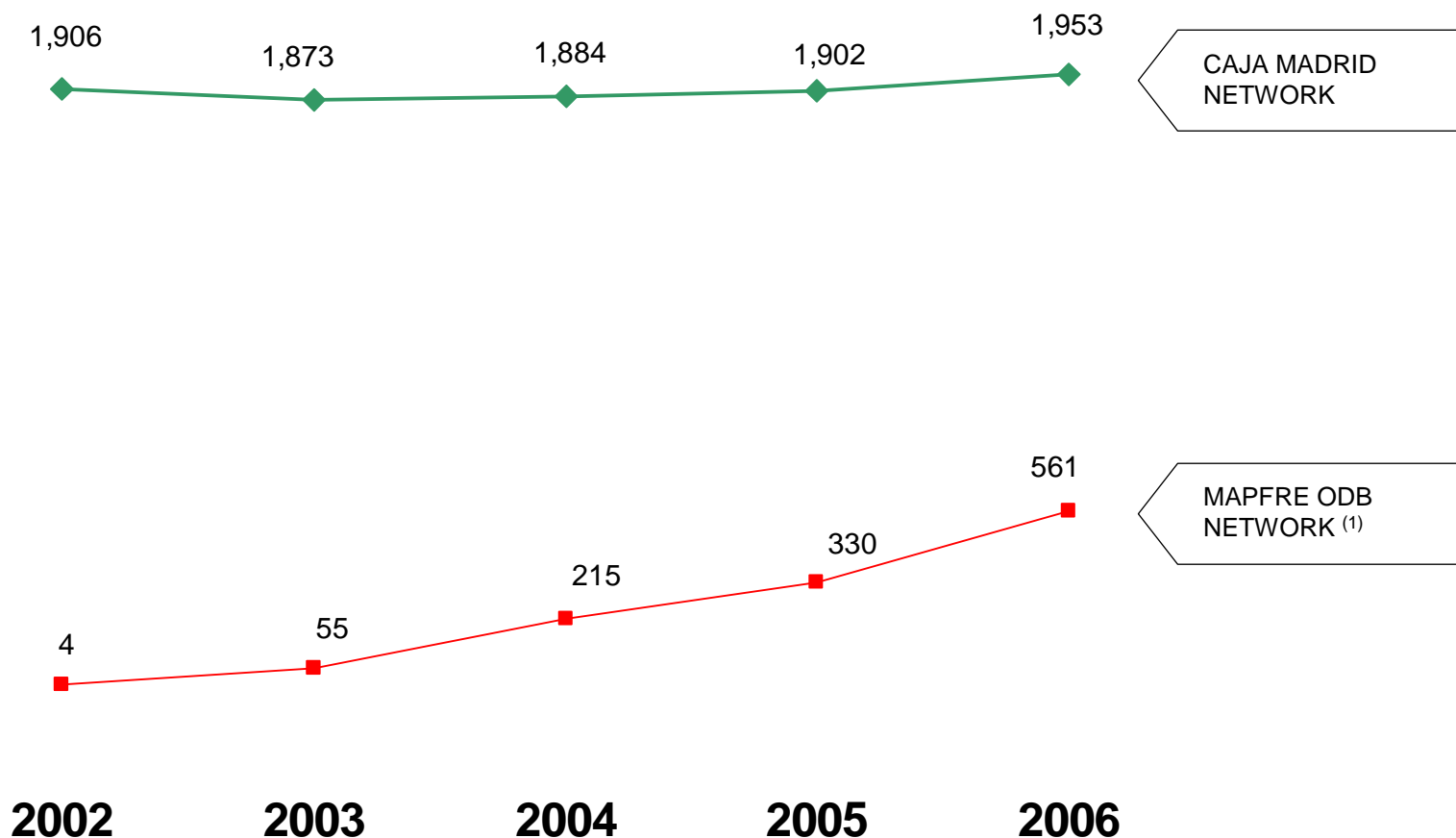


Life insurance: MAPFRE VIDA´s leading multi-channel strategy

- MAPFRE is the clear leader in the distribution of life assurance agents, with a 14.3% market share (2006 figures)
- In addition, MAPFRE VIDA has actively sought to become one of the leading bancassurers in Spain, and is a partner to Spain's largest bancassurance agreement
 - In 1999, MAPFRE and Caja Madrid signed a strategic alliance, under which MAPFRE had the exclusivity to distribute insurance products through Caja Madrid´s network.
 - Given the success of this agreement, it was extended to assurfinance, and MAPFRE´s agents network has started distributing Caja Madrid´s banking products
- In the last two years, MAPFRE Vida has sought to expand its geographic footprint, and has signed two further bancassurance agreements with
 - Caja Castilla-La Mancha (CCM), a savings bank strong in Central Spain
 - Bankinter, a mass-affluent bank, with a strong presence in Madrid and Eastern Spain



The MAPFRE-CAJA MADRID alliance

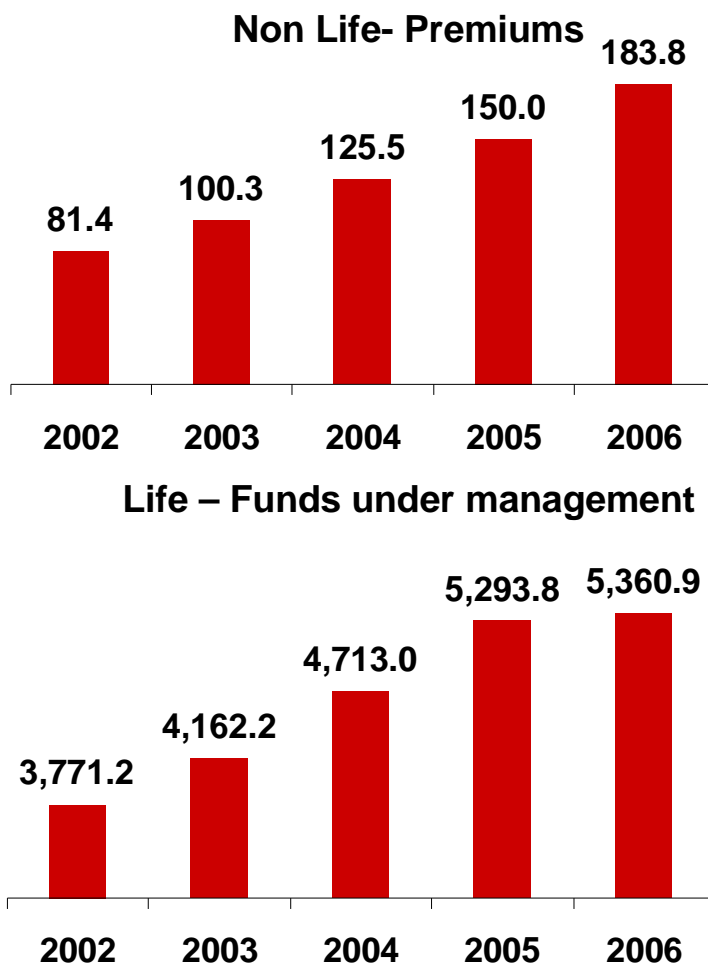


(1) ODB Network: MAPFRE branches and agencies which are capable of providing banking services. NOTE: All of MAPFRE's branches and agencies are capable of selling Caja Madrid's banking products. However, ODB branches and agencies are in addition capable of handling deposit taking, have ATM facilities, etc.

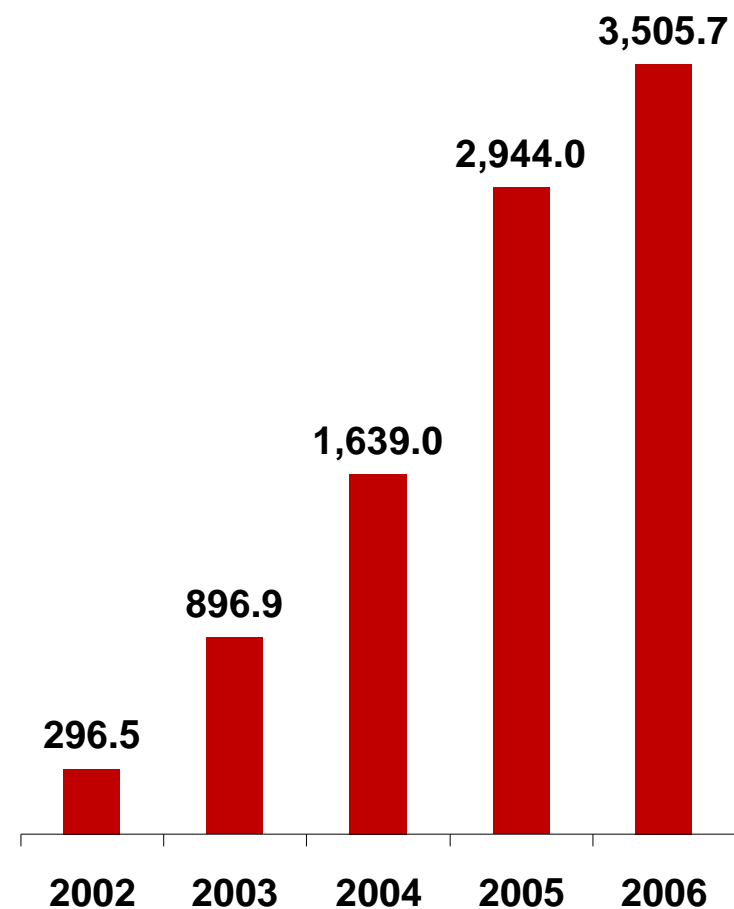


The MAPFRE-CAJA MADRID alliance

MAPFRE products sold through the CAJA MADRID network



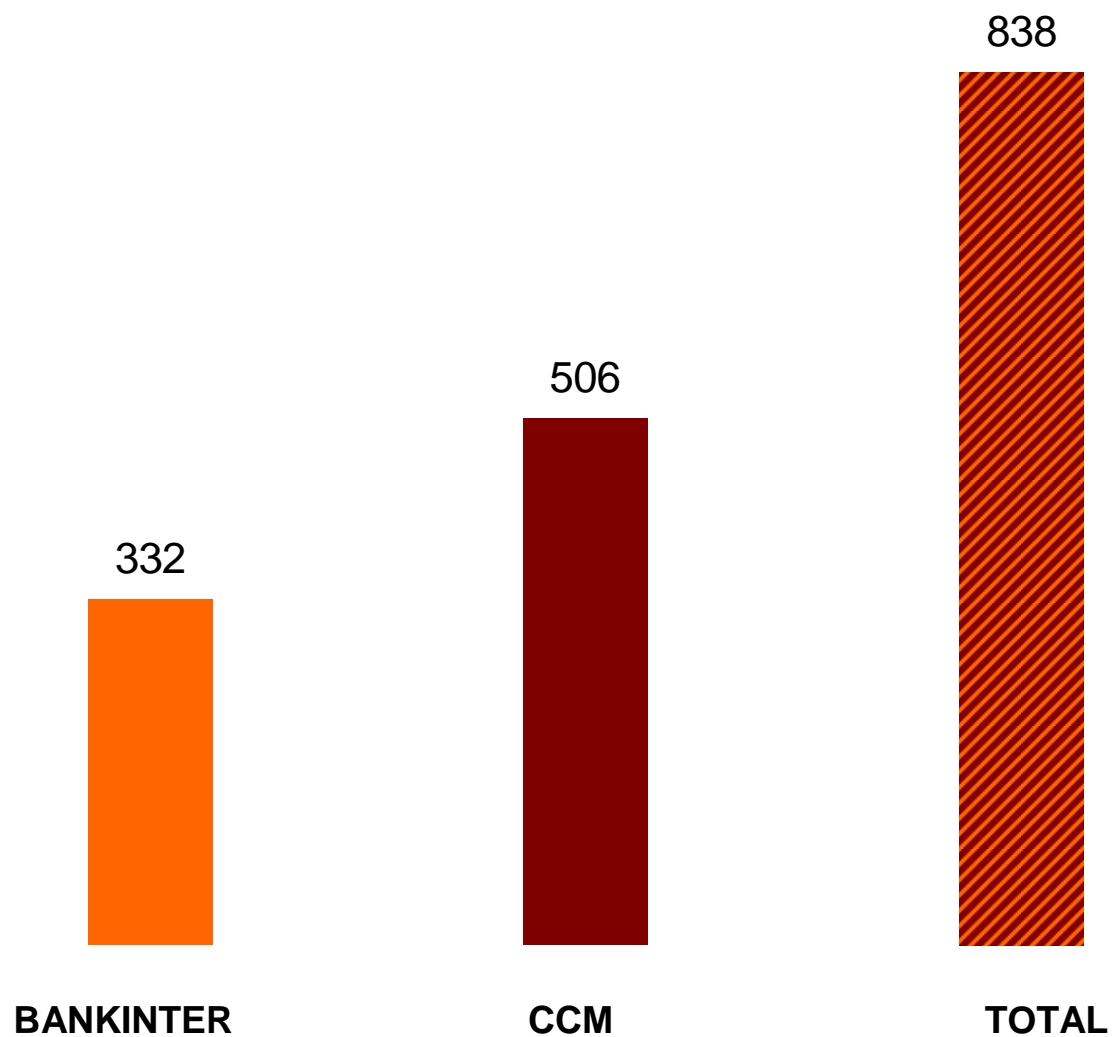
CAJA MADRID's products originated by MAPFRE's network



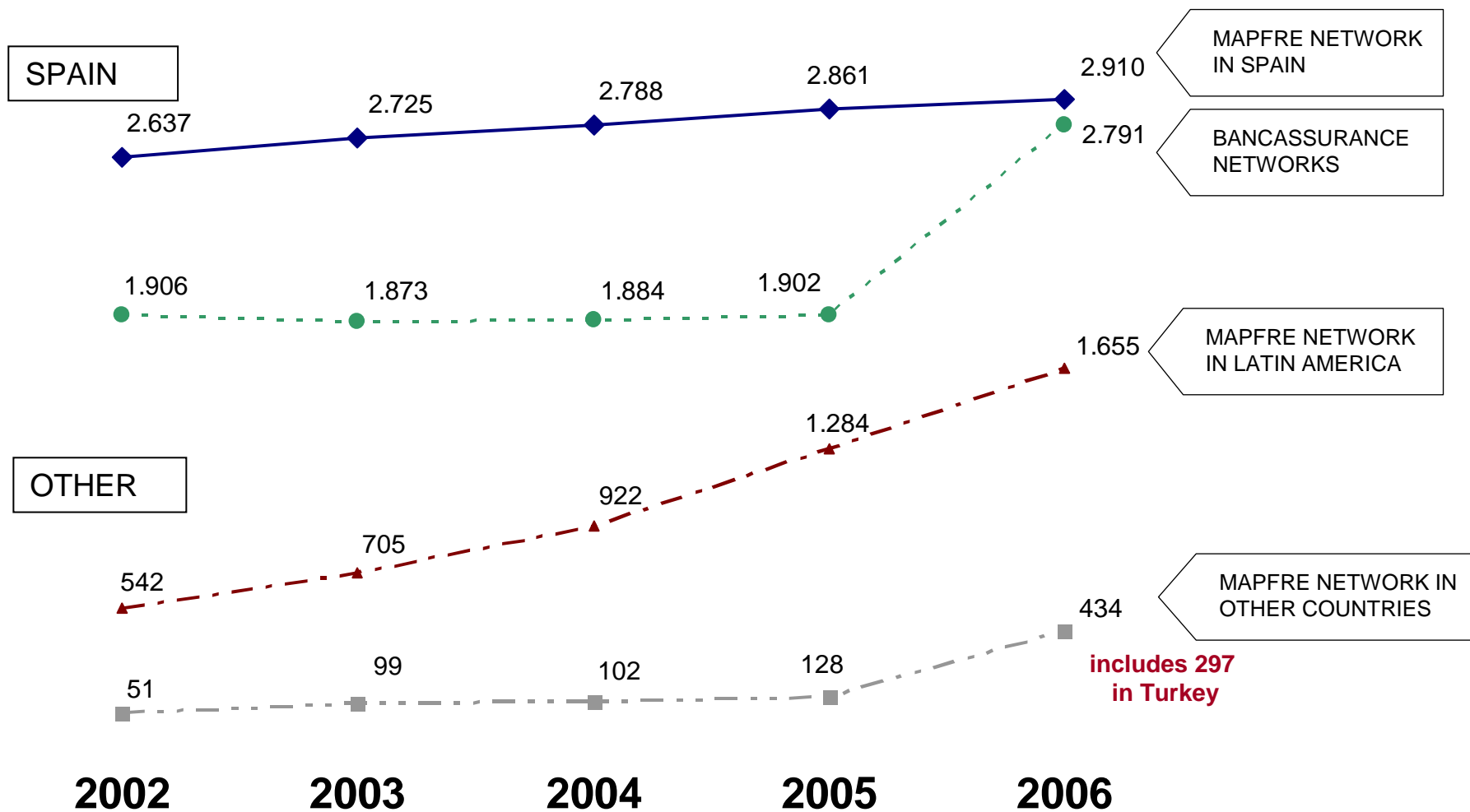
Figures in million euros



MAPFRE's new bancassurance agreements (branches)



Distribution networks: number of exclusive and bancassurance sales points



MAPFRE's distribution capillarity

Capitals of Spain's Autonomous Regions⁽¹⁾

Share of policies outstanding	MAPFRE	Largest competitor ⁽²⁾
TOLEDO	24,30%	7,95%
LAS PALMAS	23,97%	10,94%
VALLADOLID	22,76%	8,57%
PAMPLONA	21,14%	7,20%
SEVILLA	18,79%	6,01%
CACERES	18,05%	9,47%
ASTURIAS	17,97%	8,80%
ZARAGOZA	17,30%	11,26%
VALENCIA	17,27%	7,14%
SANTANDER	16,20%	12,49%
BALEARES	15,54%	18,53%
MADRID	15,33%	13,13%
LA RIOJA	14,84%	12,69%
MURCIA	14,48%	8,19%
LA CORUÑA	13,92%	11,74%
VIZCAYA	12,13%	13,57%
BARCELONA	5,63%	12,45%
CEUTA	5,40%	5,81%
MELILLA	4,60%	9,62%
SPAIN	14,6%	

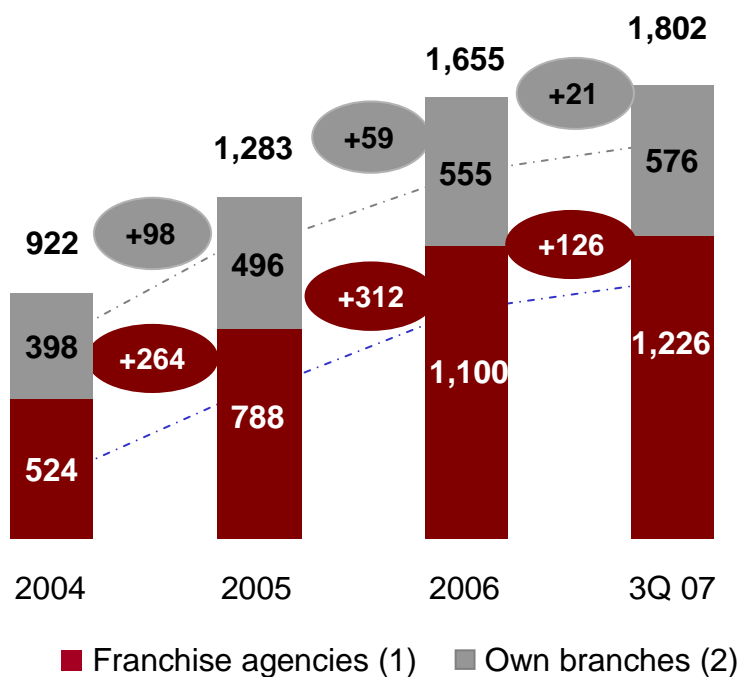
(1) Figures correspond to the province where the capital is located.

(2) Largest competitor in each province.

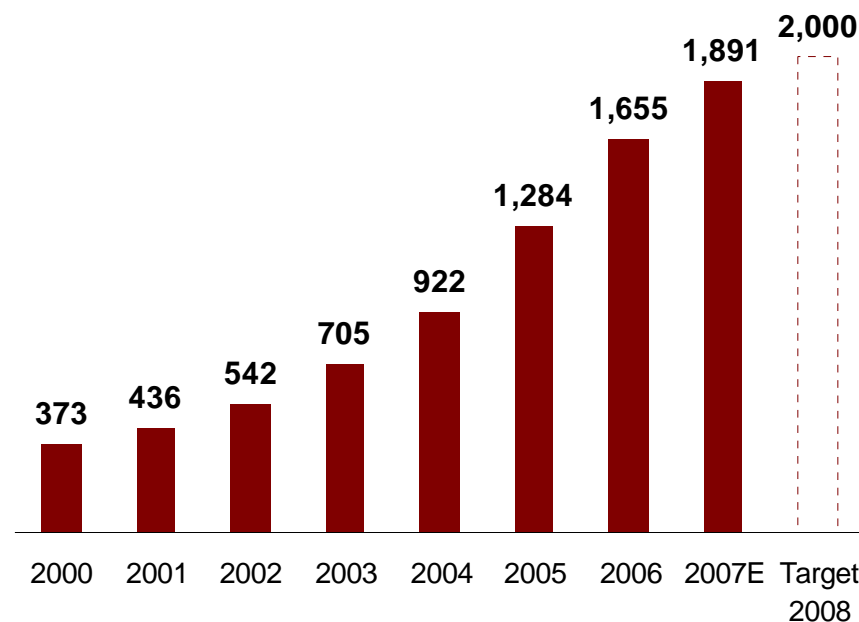


Expansion of the Latin American distribution network

Number of branches



Development and targets



- (1) Franchise Agencies: they are managed by Franchise Agents and act as sales and customer service points. The remuneration of their staff, who operate on the basis of a representation contract with MAPFRE, comes solely from commissions for the sale of products and the retention of the portfolio. They are supervised and supported by the Own Branches
- (2) Own Branches: they are responsible for achieving the sales targets in their catchment area and act as sales and customer service points



Sell, sell, sell: managing a client-centred salesforce

Client-centred

- MAPFRE has actively sought to free the branches from as much administration workload as possible, in order to agents to focus on further improving the clients' experience. In addition, the MAPFRE network is capable of generating an insurance policy directly in the branches, creating greater customer satisfaction. Also the network can generally handle the initial processing of Auto insurance claims for customers, helping to reduce errors in documentation and providing a value added service for our customers.

Incentives

- In order to assist agents in their portfolio-building efforts, MAPFRE will pay the starting agents a small fixed sum that aims to cover out-of-pocket expenses. These agents will typically work from a MAPFRE-owned branch
- Once the agent has managed to achieve critical mass, the fixed sums will gradually disappear until the agent's remuneration is fully volume-driven



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