



**MAPFRE, S.A.**

REPORT OF THE BOARD OF DIRECTORS ON  
THE PROPOSED AMENDMENT OF THE BYLAWS RELATING TO  
ARTICLES 1, 4, 6, 11, 12, 18, 24, 35 AND 36

Madrid, 8th February 2012

## I. PROPOSAL BACKGROUND AND JUSTIFICATION

The Recast Text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2nd July, which repealed the Recast Text of the Law on Public Limited Companies, has led to certain articles of the Bylaws of MAPFRE, S.A. becoming outdated with regard to the regulatory references that they contain as well as certain amendments introduced to the regulations in force. Accordingly, it is proposed that the regulatory references contained in articles 1, 6, 18, 35 and 36 of the Bylaws be amended. Likewise, it is proposed that article 12 be amended in order to make statutory provision for the Regulations of the General Shareholders' Meeting as the rule applicable to the aforementioned body (the said regulation is binding on listed companies in accordance with article 512 of the Spanish Companies Act).

Likewise, Act 12/2010, of 30th June, amended the additional provision eighteen of Act 24/1988, of 28th July, concerning the Securities Market, regulating the powers of the Audit Committee of listed companies, as such it is deemed appropriate to amend article 24 of the Bylaws in line with the said regulatory change.

Moreover, it is considered advisable to transfer the registered office from its current location in Madrid, Paseo de Recoletos no. 25, to Majadahonda (Madrid), Carretera de Pozuelo no. 52, where the company head office is actually situated. The aforementioned proposal will enable the registered office to be situated in the location where the Company's effective administration and management is currently located.

It is also advisable to amend article 11 for the purposes of introducing the possibility that the General Meeting be held at a location other than the site of the registered office should the Board of Directors see fit (in accordance with article 175 of the Spanish Companies Act), giving the Company the necessary flexibility in terms of the choice of venue for holding the General Meeting, fulfilling the special capacity and accessibility needs that the venue where the General Meeting of a listed company is held must meet.

In this context, it is proposed:

- To amend articles 1, 6, 18, 35 and 36 in order to amend the legal references contained therein.
- To amend article 4 in order to transfer the registered office to the location where the company has its head office.
- To amend article 11 for the purposes of adapting it in accordance with the provisions of article 175 of the Spanish Companies Act, which provides for the possibility of holding the General Meeting at a location other than the site of the registered office should the Board of Directors see fit.

- To amend article 12 in order to refer to the Regulations of the General Shareholders' Meeting as the rule applicable to the aforementioned body.
- To amend article 24 for the purposes of adapting the powers of the Audit Committee in line with provision eighteen of the Securities Market Act, following its amendment by the 12/2010 Act.

## II. PROPOSED RESOLUTIONS

- To amend the first paragraph of article 1 of the Bylaws, which shall read as follows:

*By the name of MAPFRE, S.A. a company is set up that is governed by these Bylaws and **by the regulations** which apply **to limited companies**.*

- To amend the first sentence of article 4 of the Bylaws, which shall read as follows:

*The registered office is located in **Majadahonda (Madrid), at Carretera de Pozuelo, 52.***

- To amend the last sentence of article 6 of the Bylaws, which shall read as follows:

*Shareholders shall be entitled to receive a minimum annual dividend of 5% and to benefit from all other rights **stipulated by the legislation in force**.*

- To amend the second sentence of the first paragraph of article 11 of the Bylaws, which shall read as follows:

*Nevertheless, **the General Meeting may be held at any other venue nationwide if the Board of Directors sees fit when calling the meeting. Likewise, when the meeting is a General Shareholders' Meeting, it may be held anywhere in the country.***

- To amend article 12 of the Bylaws, which shall read as follows:

*Where no provision is made in these Bylaws **or in the Regulations of the General Shareholders' Meeting**, the requirements for the valid setting up of the General Meeting, the shareholders' attendance at the meeting, the shareholders' right to information, the majority required to adopt agreements, the submission of shareholders to the agreements of the majority and, in general, everything relating to this administrative order, shall be governed by the provisions of the legislation in force.*

- To amend the first sentence of the third paragraph of article 18 of the Bylaws, which shall read as follows:

*Agreements shall be adopted by an absolute majority of the members of the Board attending the session, **except in the cases provided for by the legislation in force.***

- To amend article 24 of the Bylaws, which shall read as follows:

In any case, there will be an Audit Committee, the majority of whose members, including the Chairman, shall be non-executive members of the Board, who may only be re-elected after one year has elapsed following the expiry of their term of appointment. The Secretary of this Committee will be the Secretary to the Board of Directors. This Committee shall have the following powers:

- 1. To report to the Annual General Meeting with regard to questions raised about any matter within its remit.*
- 2. To oversee the effectiveness of the company's internal control, internal audit and risk management systems, as well as to discuss with the accounts auditors or audit firms any significant weaknesses detected in the internal control system in the course of an audit.*
- 3. To supervise the preparation and reporting of regulated financial information.*
- 4. To propose to the Board of Directors, for approval by the Annual General Meeting, the appointment of the accounts auditors or audit firms, in keeping with the rules applicable to the Company.*
- 5. To build the necessary relationships with the accounts auditors or audit firms to receive information on those issues that may compromise their independence, for their consideration by the Committee, and any other relationships referring to the development of an accounts audit, as well as those communications envisaged by law with regard to accounts audits and audit rules. Under all circumstances, it shall always receive from the accounts auditors or audit firms a written confirmation of their independence from the entity or entities linked thereto, both directly or indirectly, as well as information on any additional services of whatever nature provided to the said entities by the aforementioned auditors or firms, or by the persons or entities linked to them in accordance with the legislation in force on accounts audits.*
- 6. To draw up an annual report –before the report on the accounts audit is issued– delivering an opinion on the independence of the accounts auditors or audit firms. This report shall address, in any case, the provision of the additional services referred to in the previous section.*

- To amend the last sentence of article 35 of the Bylaws, which shall read as follows:

*In the liquidation of the Company, the provisions of the **legislation in force concerning limited companies in relation to the supervision of private insurance** as well as all other applicable provisions shall be taken into account.*

- To amend article 36 of the Bylaws, which shall read as follows:

*Any matter that may arise between the shareholders and the Company, or directly between the shareholders in their capacity as such, shall be submitted to equitable arbitration in accordance with the legal provisions regarding this matter, without prejudice to the right of the parties to initiate legal actions, or the provisions of **the legislation in force** concerning challenges to corporate resolutions.*